

RESOLUTION NO. 2002-239

RESOLUTION FURTHER SUPPLEMENTING RESOLUTION NO. 89-84 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ON APRIL 25, 1989, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; FOR THE PURPOSE OF AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$4,500,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2002A, AND NOT EXCEEDING \$1,500,000 PRINCIPAL AMOUNT OF TAXABLE WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2002B, TO FINANCE THE COST OF REFUNDING THE COUNTY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1989, THE COST OF A RESERVE ACCOUNT INSURANCE POLICY RELATING TO THE SERIES 2002 BONDS AND THE COSTS OF ISSUING THE SERIES 2002 BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2002 BONDS THE PLEDGED FUNDS DESCRIBED IN RESOLUTION NO. 89-84; AUTHORIZING A NEGOTIATED SALE AND THE AWARD OF THE SALE OF THE SERIES 2002 BONDS; AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A PURCHASE CONTRACT WITH RESPECT TO THE SERIES 2002 BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2002 BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE SERIES 2002 BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A REGISTRAR AND PAYING AGENCY AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A MUNICIPAL BOND INSURANCE POLICY AND A RESERVE ACCOUNT INSURANCE POLICY WITH RESPECT TO THE SERIES 2002 BONDS; AUTHORIZING THE REFUNDING OF THE COUNTY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1989; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2002 BONDS; AND PROVIDING AN EFFECTIVE DATE.

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BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA:

ARTICLE 1

GENERAL

SECTION 1.1 Definitions.

When used in this Resolution, the terms defined in the Original Instrument (as hereinafter defined) shall have the respective meanings assigned thereto by the Original Instrument and the following terms shall have the following meanings, unless the context clearly otherwise requires:

“Act” shall mean Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No 86-89, as amended, and other applicable law.

“Bond Counsel” shall mean Foley & Lardner, Jacksonville, Florida, bond counsel to the Issuer with respect to the issuance of the Series 2002 Bonds.

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate of the Issuer with respect to the Series 2002 Bonds, substantially in the form on file with the Clerk as Exhibit E and incorporated herein by reference.

“County Administrator” shall mean the county administrator of the Issuer.

“Draft Preliminary Official Statement” shall mean the draft preliminary official statement relating to the Series 2002 Bonds, substantially in the form on file with the Clerk as Exhibit A and incorporated herein by reference.

“Financial Advisor” shall mean Public Financial Management, Inc.

“FSA Reserve Account Insurance Policy” shall mean the Reserve Account Insurance Policy relating to the Series 2002 Bonds issued by the Insurer.

“Insurance Agreement” shall mean the Insurance Agreement attached to the commitment of the Insurer relating to the FSA Reserve Account Insurance Policy.

“Insurer” shall mean, with respect to the Series 2002 Bonds, Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto.

“Original Instrument” shall mean St. Johns County Resolution No. 89-84 adopted by the Governing Body on April 25, 1989, as amended by St. Johns County Resolution No. 89-189 adopted by the Governing Body on August 9, 1989, St. Johns County Resolution No. 90-61 adopted by the Governing Body on March 27, 1990, St. Johns County Resolution No. 90-208 adopted by the Governing Body on November 14, 1990, St. Johns County Resolution No. 91-113 adopted by the Governing Body on July 23, 1991, St. Johns County Resolution No. 95-87 adopted by the Governing Body on May 9, 1995, St. Johns County Resolution No. 96-34 adopted

by the Governing Body on February 27, 1996, St. Johns County Resolution No. 98-99 adopted by the Governing Body on May 12, 1998, and St. Johns County Resolution No. 99-72 adopted by the Governing Body on April 27, 1999.

“Parity Obligations” shall mean the Series 1991A Bonds, the Series 1996 Bonds, the Series 1998 Bonds and the Series 1999 Bonds.

“Purchase Contract” shall mean the Bond Purchase Agreement to be executed between the Issuer and the Purchaser, substantially in the form on file with the Clerk as Exhibit B and incorporated herein by reference.

“Purchaser” shall mean William R. Hough & Co., the purchaser of the Series 2002 Bonds.

“Refunded Obligations” shall mean the Issuer’s outstanding Water and Sewer Revenue Bonds, Series 1989, authorized to be issued pursuant to the Original Instrument.

“Registrar and Paying Agency Agreements” shall mean, with respect to the Series 2002A Bonds and the Series 2002B Bonds, the Registrar and Paying Agency Agreements, between the Issuer and the Registrar and Paying Agent, substantially in the forms on file with the Clerk as Exhibit F and incorporated herein by reference.

“Registrar and Paying Agent” shall mean, with respect to the Series 2002A Bonds and the Series 2002B Bonds, the Person designated as such pursuant to Section 4.7 hereof and its successors and assigns.

“Resolution” and “this Resolution” shall mean this instrument, as the same may from time to time be amended, modified or supplemented.

“Series 1991A Bonds” shall mean the Issuer’s outstanding Water and Sewer Revenue Bonds, Series 1991A, authorized to be issued pursuant to the Original Instrument.

“Series 1996 Bonds” shall mean the Issuer’s outstanding Water and Sewer Revenue and Refunding Bonds, Series 1996, authorized to be issued pursuant to the Original Instrument.

“Series 1998 Bonds” shall mean the Issuer’s outstanding Water and Sewer Revenue Refunding Bonds, Series 1998, authorized to be issued pursuant to the Original Instrument.

“Series 1999 Bonds” shall mean the Series 1999A Bonds and the Series 1999B Bonds.

“Series 1999A Bonds” shall mean the Issuer’s outstanding Water and Sewer Revenue Refunding Bonds, Series 1999A, authorized to be issued pursuant to the Original Instrument.

“Series 1999B Bonds” shall mean the Issuer’s outstanding Taxable Water and Sewer Revenue Refunding Bonds, Series 1999B, authorized to be issued pursuant to the Original Instrument.

“Series 2002 Bonds” shall mean the Series 2002A Bonds and the Series 2002B Bonds.

“Series 2002A Bonds” shall mean the Water and Sewer Revenue Refunding Bonds, Series 2002A, authorized to be issued by the Issuer pursuant to Section 2.1 hereof.

“Series 2002B Bonds” shall mean the Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B, authorized to be issued by the Issuer pursuant to Section 2.1 hereof.

“Subordinated Indebtedness” shall mean the Issuer’s outstanding loan (the “State Loan”) under that certain State Revolving Fund Loan Agreement dated June 27, 1994, as amended and restated on September 12, 1995 (the “State Loan Agreement”), between the Issuer and the State of Florida Department of Environmental Protection (the “State Department”).

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms, shall refer to this Resolution; the term “heretofore” shall mean before the date of adoption of this Resolution; and the term “hereafter” shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.2 Authority for Resolution.

This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

SECTION 1.3 Resolution to Constitute Contract.

In consideration of the purchase and acceptance of any or all of the Series 2002 Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Series 2002 Bonds and shall be a part of the contract of the Issuer with any Credit Bank and any Insurer that pertains to the Series 2002 Bonds. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Series 2002 Bonds and for the benefit, protection and security of any Credit Bank and any Insurer insuring the Series 2002 Bonds. All of the Series 2002 Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2002 Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.4 Findings.

It is hereby ascertained, determined and declared as follows:

(A) The Issuer presently owns and operates a water and sewer system for the health, benefit and welfare of its citizen and inhabitants. In connection with the Series 1991A Bonds, the Issuer has not heretofore levied any Assessments, on its own behalf or as the governing body of a municipal service benefit unit, against the lots and parcels of real property specially

benefited by the capital project financed with the proceeds of the Series 1991A Bonds as permitted under the Original Instrument. Accordingly, no Assessments are pledged to the payment of the principal of and interest on the Parity Obligations.

(B) The Issuer has heretofore issued and has presently outstanding and unpaid the Refunded Obligations.

(C) The Issuer deems it necessary, desirable and in the best financial interest of the Issuer that the Refunded Obligations be refunded in order to effectuate interest cost savings and a reduction in the debt service applicable to bonded indebtedness. Simultaneously with the issuance of the Series 2002 Bonds, a sufficient portion of the proceeds of the Series 2002 Bonds and other funds available will be paid by the Issuer to the registrar and paying agent for the Refunded Obligations to effectuate the payment in full of the outstanding principal of, premium, if any, and accrued interest on the Refunded Obligations on the redemption date.

(D) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the issuance of the Series 2002 Bonds be authorized as provided herein for the purpose of financing the refunding of the Refunded Obligations.

(E) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Series 2002 Bonds. No part of the Pledged Funds shall be pledged or encumbered in any manner, except that the Pledged Funds have been pledged as security for the Parity Obligations and the Refunded Obligations, and except that the Pledged Funds have been pledged as security for the Subordinated Indebtedness;

(F) The Original Instrument, in Section 5.02 thereof, provides for the issuance of Additional Bonds payable from the Pledged Funds on a parity with the Parity Obligations under the terms, limitations and conditions provided therein. The Issuer will issue the Series 2002 Bonds as Additional Bonds within the authorization contained in Section 5.02(G) of the Original Instrument. The Series 2002 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Funds and in all other respects, with the Parity Obligations. Prior to the issuance of the Series 2002 Bonds, the Issuer will receive the written consent of the State of Florida Department of Environmental Protection (the "State Department") in accordance with Section 7.02 of the State Loan Agreement that the lien on the Pledged Funds in favor of the Series 2002 Bonds will be superior to the lien thereon in favor of the State Loan.

(G) No Bondholder shall ever be entitled to compel the payment of the principal of and interest on the Series 2002 Bonds or any other payments provided for in this Resolution from any funds or revenues of the Issuer other than the sources herein provided in accordance with the terms hereof, nor will any Bondholder or any Credit Bank or any Insurer have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the principal of or interest on the Series 2002 Bonds or to make any other payments provided for in this Resolution, and the Series 2002 Bonds shall not constitute a lien upon the System or any other property of the Issuer or any other property situated within its territorial limits, except the Pledged Funds.

(H) The Issuer has received from the Insurer its commitments to provide a Bond Insurance Policy with respect to the Series 2002 Bonds and the FSA Reserve Account Insurance Policy, copies of which commitments are on file with the Clerk as Exhibit C and incorporated herein by reference; pursuant to Section 4.06(A)(2)(d) of the Original Instrument, Financial Guaranty Insurance Company and MBIA Insurance Corporation, the insurers of the Parity Obligations, have approved in writing the FSA Reserve Account Insurance Policy, copies of which approvals are on file with the Clerk as Exhibit D and incorporated herein by reference; on behalf of the Issuer, Ben W. Adams, Jr., its County Administrator, accepted the Insurer's commitments; and it is in the best financial interest of the Issuer that the Issuer ratify such acceptance of said commitments.

(I) The Governing Body is advised that due to the present volatility of the market for tax-exempt and taxable public obligations such as the Series 2002 Bonds, it is in the best interest of the Issuer to sell the Series 2002 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 2002 Bonds and, accordingly, the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 2002 Bonds be authorized.

(J) The Purchaser has verbally agreed with the Governing Body to use its reasonable efforts to submit to the Issuer an offer to purchase the Series 2002 Bonds in the form of the Purchase Contract upon terms acceptable to the Governing Body as hereinafter authorized, and the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer to accept the offer of the Purchaser to purchase the Series 2002 Bonds at a negotiated sale and to authorize the execution and delivery of the Purchase Contract in the manner and upon the terms hereinafter provided; and upon the execution of the Purchase Contract by the Issuer and the Purchaser, the Series 2002 Bonds shall be sold to the Purchaser pursuant to the terms and provisions of the Purchase Contract.

(K) The Issuer is advised that because the terms of the Series 2002 Bonds cannot be determined on the date of adoption of this Resolution, it is in the best interest of the Issuer to delegate the authority to determine, in accordance with Sections 2.2 and 4.3 of this Resolution, the terms of the Series 2002 Bonds, including their date, Amortization Installments, maturity dates and interest rates, to the Chairman or the County Administrator in the manner hereinafter provided.

(L) It is appropriate that the Issuer approve and confirm the distribution of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 2002 Bonds and that the Issuer authorize the distribution of a preliminary official statement and a final official statement prior to or contemporaneously with the issuance and delivery of the Series 2002 Bonds. For this purpose, it is appropriate that the Draft Preliminary Official Statement be approved and confirmed and that preparation and distribution of a preliminary official statement and a final official statement be authorized in substantially the form of the Draft Preliminary Official Statement, the final form thereof to be

approved by the Chairman or County Administrator at any time at or prior to the issuance of the Series 2002 Bonds.

(M) It is necessary and appropriate that the Issuer appoint a Registrar and Paying Agent for the Series 2002 Bonds. In order to provide for the services of a Registrar and Paying Agent for the Series 2002 Bonds, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Registrar and Paying Agency Agreement between the Issuer and the Registrar and Paying Agent in the manner hereinafter provided.

(N) In order to provide for compliance with the requirements of Securities and Exchange Commission Rule 15c2-12, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Continuing Disclosure Certificate in the manner hereinafter provided.

SECTION 1.5 Authorization of Refunding.

The refunding of the Refunded Obligations in the manner herein provided is hereby authorized.

ARTICLE 2

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF SERIES 2002 BONDS

SECTION 2.1 Authorization of Series 2002 Bonds.

The Issuer hereby authorizes the issuance of Bonds of the Issuer to be designated as "St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2002A," in an aggregate principal amount not to exceed \$4,500,000 for the principal purpose of paying a part of the cost of refunding the Refunded Obligations, the cost of the FSA Reserve Account Insurance Policy and the costs of issuance incurred with respect to the Series 2002A Bonds. The Issuer hereby authorizes the issuance of Bonds of the Issuer to be designated as "St. Johns County, Florida, Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B," in an aggregate principal amount not to exceed \$1,500,000 for the principal purpose of paying a part of the cost of refunding the Refunded Obligations, the cost of the FSA Reserve Account Insurance Policy and the costs of issuance incurred with respect to the Series 2002B Bonds.

SECTION 2.2 Description of Series 2002 Bonds.

The Series 2002 Bonds shall be issued as fully registered Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R;" shall be in denominations of \$5,000 and integral multiples of \$5,000; and shall bear interest at the rates, not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable on June 1 and December 1 in each year, commencing on such date, shall mature on June 1 in such years not exceeding forty (40) years from their date, shall be dated such date, and shall have such other terms as are provided herein and in the Purchase Contract.

The principal of the Series 2002 Bonds is payable only upon presentation and surrender of the Series 2002 Bonds at the office of the Paying Agent. Interest payable on any Series 2002 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 2002 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of and interest on the Series 2002 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

From and after any maturity date of any of the Series 2002 Bonds, whether at fixed maturity, or otherwise (deposit of moneys and/or Securities for the payment of the principal and interest on such Series 2002 Bonds having been made by the Issuer with the Paying Agent), notwithstanding that any of such Series 2002 Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Series 2002 Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders shall have no rights in respect of such Series 2002 Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

The Series 2002 Bonds shall not be subject to redemption prior to maturity.

SECTION 2.3 Application of Series 2002 Bond Proceeds.

The proceeds derived from the sale of the Series 2002 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 2002 Bonds to the Purchaser, be applied by the Issuer as follows:

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

(B) An amount shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.06(A)(2)(d) of the Original Instrument, shall equal the Reserve Account Requirement.

(C) A sum which, together with the other available funds deposited with the registrar and paying agent for the Refunded Obligations, shall be sufficient to pay the redemption price and accrued interest on the Refunded Obligations on the redemption date, shall be transferred to the registrar and paying agent for the Refunded Obligations.

(D) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the "St. Johns County Water and Sewer Revenue Refunding Bonds, Series 2002, Costs of Issuance Account," which shall be used only for payment of the costs and expenses described in this subsection. The balance of the Series 2002 Bond proceeds shall be deposited in the Costs of Issuance Account. Such moneys shall be in an amount sufficient to pay all of the Issuer's costs and expenses in connection with the preparation, issuance and sale of the Series 2002 Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and all other similar costs and all such costs and expenses shall be promptly paid by the Issuer from said account to the Persons respectively entitled to receive the same. When all moneys on deposit to the credit of said account shall have been disbursed by the Issuer for the payment of such costs and expenses, said account shall be closed; provided, however, that if any balance shall remain in said account six months after issuance of the Series 2002 Bonds, such moneys shall be transferred by the Issuer to the Interest Account and the special account created pursuant to this subsection shall be closed.

SECTION 2.4 Execution of Series 2002 Bonds.

The Series 2002 Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman or any other member of the Governing Body whose signature shall have been filed with the Florida Department of State pursuant to Section 116.34, Florida Statutes, as amended, and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk or a deputy clerk. In case any one or more of the officers who shall have signed or sealed any of the Series 2002 Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Series 2002 Bonds so signed and sealed have been actually sold and delivered such Series 2002 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2002 Bonds had not ceased to hold such office. Any Series 2002 Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Series 2002 Bond shall hold the proper office of the Issuer, although at the date of such Series 2002 Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Series 2002 Bonds shall be actually sold and delivered.

SECTION 2.5 Book-Entry Only.

A Depository may act as securities depository for the Series 2002 Bonds. The ownership of one fully-registered, certificated Series 2002 Bond for each maturity, each in the aggregate principal amount of such maturity, may be registered in the name of a Depository or its nominee.

The Series 2002 Bonds in a Book-Entry System registered in the name of a Depository or its nominee shall be payable in lawful money of the United States of America in immediately available funds (i) in the case of principal of such Series 2002 Bonds, delivered or transmitted to the Depository or its authorized representative when due, and (ii) in the case of interest on the

Series 2002 Bonds, delivered or transmitted on any date interest is due to the Depository or nominee that was the Holder of that Series 2002 Bond (or one or more predecessor Series 2002 Bonds) at the close of business on the record date applicable to that interest payment date.

The Issuer will recognize the Depository or its nominee as the Holder for all purposes, including notices. Conveyance of notices and other communications by the Depository to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

In the event that (i) the Depository determines to discontinue providing its service with respect to the Series 2002 Bonds by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law, and the Issuer fails to appoint a successor Depository for the Series 2002 Bonds, or (ii) the Issuer determines to discontinue the Book-Entry System through a Depository, then bond certificates are required to be delivered as described in the Series 2002 Bonds. The purchasers of beneficial ownership interests in the Series 2002 Bonds (the "Beneficial Owners"), upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Series 2002 Bonds.

Neither the Issuer, the Registrar nor the Paying Agent will have any responsibility or obligation to any Beneficial Owner or any other person with respect to (i) the accuracy of any records maintained by the Depository or any persons participating by or through the Depository; (ii) the payment by the Depository or any persons participating by or through the Depository of any amount with respect to the principal or interest on the Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Supplemental Resolution; or (iv) any consent given or other action taken by the Depository as Holder.

SECTION 2.6 Authentication

No Series 2002 Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Series 2002 Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Series 2002 Bond shall be conclusive evidence that such Series 2002 Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.10 hereof.

SECTION 2.7 Temporary Bonds

Until the definitive Series 2002 Bonds are prepared, the Issuer may execute, in the same manner as is provided in Section 2.4 hereof, and deliver, upon authentication by the Registrar pursuant to Section 2.6 hereof, in lieu of definitive Series 2002 Bonds, but subject to the same provisions, limitations and conditions as the definitive Series 2002 Bonds, except as to the denominations thereof, one or more temporary Series 2002 Bonds substantially of the tenor of the definitive Series 2002 Bonds in lieu of which such temporary Series 2002 Bond or Bonds are issued, in denominations approved by the officers of the Issuer who shall execute such temporary

Series 2002 Bond or Bonds, and with such omissions, insertions and variations as may be appropriate to temporary Series 2002 Bonds. The Issuer, at its own expense, shall prepare and execute definitive Series 2002 Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Series 2002 Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Series 2002 Bonds, of the same aggregate principal amount and Series and maturity as the temporary Series 2002 Bonds surrendered. Until so exchanged, the temporary Series 2002 Bonds shall in all respects be entitled to the same benefits and security as definitive Series 2002 Bonds issued pursuant to this Resolution. All temporary Series 2002 Bonds surrendered in exchange for another temporary Series 2002 Bond or Bonds or for a definitive Series 2002 Bond or Bonds shall be forthwith canceled by the Registrar.

SECTION 2.8 Series 2002 Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Series 2002 Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Series 2002 Bond of like tenor as the Series 2002 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2002 Bond upon surrender and cancellation of such mutilated Series 2002 Bond or in lieu of and substitution for the Series 2002 Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Series 2002 Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Series 2002 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2002 Bond, the Issuer may pay the same or cause the Series 2002 Bond to be paid, upon being indemnified as aforesaid, and if such Series 2002 Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Series 2002 Bonds issued pursuant to this Section 2.7 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Series 2002 Bond be at any time found by anyone, and such duplicate Series 2002 Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds and the Assessments to the same extent as all other Series 2002 Bonds issued hereunder and shall be entitled to the same benefits and security as the Series 2002 Bond so lost, stolen or destroyed.

SECTION 2.9 Interchangeability, Negotiability and Transfer

Series 2002 Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Series 2002 Bonds of the same Series and maturity of any other authorized denominations.

The Series 2002 Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and

transfer contained in this Resolution and in the Series 2002 Bonds. So long as any of the Series 2002 Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Series 2002 Bonds.

Each Series 2002 Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Series 2002 Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Series 2002 Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Series 2002 Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Series 2002 Bond shall be registered upon the books of the Issuer as the absolute owner of such Series 2002 Bond, whether such Series 2002 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on such Series 2002 Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2002 Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in the event it is not also the Paying Agent for the Series 2002 Bonds, shall forthwith (a) following the fifteenth day of the calendar month next preceding an interest payment date for the Series 2002 Bonds, or (b) at any other time as reasonably requested by the Paying Agent of the Series 2002 Bonds, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Series 2002 Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Series 2002 Bonds or transferring Series 2002 Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Series 2002 Bonds in accordance with the provisions of this Resolution. Execution of Series 2002 Bonds, by the officers of the Issuer described in Section 2.4 above, for purposes of exchanging, replacing or transferring Series 2002 Bonds may occur at the time of the original delivery of the Series 2002 Bonds. All Series 2002 Bonds surrendered in any such exchanges or transfers shall be canceled by the Registrar. For every such exchange or transfer of Series 2002 Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer.

SECTION 2.10 Form of Bonds.

Except for Variable Rate Bonds, the form of which shall be provided by supplemental resolution of the Governing Body, the Series 2002 Bonds shall be in substantially the following

forms with such omissions, insertions and variations as may be necessary and/or desirable and approved by the officers of the Issuer described in Section 2.4 above, prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Series 2002 Bonds to the Purchaser):

No. R-_____

\$

UNITED STATES OF AMERICA
STATE OF FLORIDA
ST. JOHNS COUNTY

[TAXABLE] WATER AND SEWER REVENUE REFUNDING BOND, SERIES 2002_

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
_____ %	June 1, 20__	_____, 2002	_____

Registered Holder:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above and interest (calculated on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, on June 1 and December 1 of each year commencing June 1, 2003, until such Principal Amount shall have been paid or provided for.

Such Principal Amount and interest on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount is payable upon presentation and surrender hereof, at the principal office of The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of interest shall be made to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of the Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of the Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such

Holder. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Registered Holder, not less than ten (10) days preceding such special record date.

This bond is one of an authorized issue of bonds of the Issuer of the series designated on the face hereof issued in the aggregate principal amount of \$_____ (the "Series 2002_ Bonds"). Concurrently with the issuance of the Series 2002_ Bonds, the Issuer has issued a separate series of bonds in the aggregate principal amount of \$_____ (the "Series 2002_ Bonds"). The Series 2002A Bonds the Series 2002B Bonds are parity bonds equally secured by the security described below. The Series 2002A Bonds and the Series 2002B Bonds are hereinafter collectively referred to as the "Bonds." The Bonds are of like tenor and effect, except as to series, tax status, maturity date, interest rate, denomination and number. The Bonds are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof.

The Bonds are issued to finance the cost of refunding certain outstanding obligations of the Issuer, the cost of a reserve account insurance policy relating to the Bonds and the costs of issuance of the Bonds, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, other applicable provisions of law, St. Johns County Ordinance No. 86-89, as amended and supplemented, and Resolution No. 89-84 duly adopted by the Board of County Commissioners of the Issuer on April 25, 1989, as amended and supplemented, particularly as supplemented by Resolution No. 2002-___ adopted by said Board on November __, 2002 (the "Resolution"), and are subject to all the terms and conditions of the Resolution.

The principal of and interest on this bond are payable solely from and secured by a prior lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) of the water and sewer system of the Issuer (the "System," as defined in the Resolution), (2) certain Connection Charges (as defined in the Resolution) to the extent provided in the Resolution and (3) until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds, all moneys and investments thereof in certain of the funds and accounts established pursuant to the Resolution and the earnings on such investments (collectively, the "Pledged Funds"), all in the manner and to the extent described in the Resolution. It is expressly agreed by the Registered Holder of this bond that the full faith and credit of the Issuer is not pledged to the payment of the principal of or interest on this bond and that the Registered Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer to the payment of such principal and interest. This bond and the obligation evidenced hereby shall not constitute a lien upon the System or any other property of the Issuer, except the Pledged Funds and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.

The Bonds are payable on a parity, equally and ratably, from the Pledged Funds with the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue and Refunding Bonds, Series 1996, Water and Sewer Revenue Refunding Bonds, Series 1998 and the Water and Sewer Revenue Refunding Bonds, Series 1999A and Series 1999B.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

The Bonds are not subject to redemption prior to their stated maturities.

This bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder hereof in person or by such Holder's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this bond as the absolute owner hereof for all purposes, whether or not this bond shall be overdue, and shall not be affected by any notice to the contrary.

The Bonds when issued will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the initial securities depository for the Bonds. Individual purchases of the Bonds may be made in book entry form only, and such purchasers will not receive certificates representing their interests in the Bonds. While the Bonds are registered in the name of a securities depository (a "Depository") or its nominee the Issuer will recognize the Depository or its nominee as the Holder of the Bonds for all purposes, including notices. Conveyance of notices and other communications by the Depository to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Bonds are issuable only as fully-registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co., as nominee of DTC, which shall be considered to be the Registered Holder for all purposes of the Resolution, including without limitation, payment by the Issuer of principal of and interest on the Bonds, and receipt of notices and exercise of rights of holders of the Bonds. There shall be a single Bond that shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Bonds in the form of physical securities or certificates. Ownership of beneficial interest in the Bonds shall be shown by book entry on the system maintained and operated by DTC and its participants, and transfers of ownership or beneficial interests shall be made only by DTC and its participants, by book entry, the Issuer having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

If any Depository determines not to continue to act as a Depository for the Bonds for use in a book entry system, the Issuer may attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Resolution. If the Issuer does not or is unable to do so, the Issuer and the Registrar, after the Registrar has made provision for notification of the beneficial owners by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000 or multiples thereof) to the assigns of the Depository or its nominee.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this bond, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

This bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of its Board of County Commissioners and attested and countersigned by the manual or facsimile signature of the Clerk of said Board and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the ____ day of _____, 2002.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By: _____
Chairman of the Board of
County Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of
County Commissioners

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:
November __, 2002

THE BANK OF NEW YORK TRUST
COMPANY OF FLORIDA, N.A., Registrar

By _____
Authorized Signatory

STATEMENT OF INSURANCE

[TO BE PROVIDED]

The attached is a true copy of the opinion rendered by Foley & Lardner, Jacksonville, Florida, in connection with the issuance of, and dated as of the original delivery of, the Bonds of the issue of which this bond is one. An executed copy of that opinion is on file in my office.

Clerk of the Board of County Commissioners

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT - _____
(Cust.)

Custodian for _____

under Uniform Transfer to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

Insert Social Security or Other
Identifying Number of Assignee

(Names and Address of Assignee)

the within bond and does hereby irrevocably constitute and appoint _____
_____, as attorneys to register the transfer of the said bond on the books kept
for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by an institution which is a participant in the
Securities Transfer Agent Medallion Program
(STAMP) or similar program.

NOTICE: The signature to this assignment
must correspond with the name of the
Registered Holder as it appears upon the face
of the within bond in every particular, without
alteration or enlargement or any change
whatever and the Social Security or other
identifying number of such assignee must be
supplied.

ARTICLE 3

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 3.1 Series 2002 Bonds not to be Indebtedness of Issuer.

The Series 2002 Bonds shall not be or constitute general obligations or indebtedness of the Issuer as “bonds” within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution and the Original Instrument. No Holder of any Series 2002 Bond or any Credit Bank or any Insurer shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Series 2002 Bond or be entitled to payment of such Series 2002 Bond from any moneys or property of the Issuer except the Pledged Funds in the manner provided herein and in the Original Instrument.

SECTION 3.2 Security for Series 2002 Bonds.

The payment of the principal of and interest on the Series 2002 Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Series 2002 Bonds, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Series 2002 Bonds in the manner provided in this Resolution and the Original Instrument. The Series 2002 Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations.

SECTION 3.3 Additional Security.

Anything herein to the contrary notwithstanding, however, the Series 2002 Bonds will be payable from and secured by a Bond Insurance Policy of the Insurer, and the Issuer may cause the Series 2002 Bonds to be payable from and secured by a Credit Facility or any other insurance policy of an Insurer not applicable to any one or more other Series of Bonds, as shall be provided by Supplemental Resolution of the Governing Body, in addition to the security of the Pledged Funds provided herein.

SECTION 3.4 Application of Provisions of Original Instrument.

The Series 2002 Bonds shall for all purposes be considered to be Additional Bonds issued under the authority of Section 5.02 of the Original Instrument and shall be entitled to all the protection and security provided in and by the Original Instrument for the Parity Obligations, and the Series 2002 Bonds shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations. The covenants and pledges contained in Articles IV, V, VI and VII of the Original Instrument and in Sections 8.01 and 8.02 of Article VIII thereof shall be

applicable to the Series 2002 Bonds in like manner as applicable to the Parity Obligations. The principal of and interest on the Series 2002 Bonds shall be payable from the Debt Service Fund established by the Original Instrument on a parity with the Parity Obligations, and deposits shall be made into the Debt Service Fund by the Issuer in amounts fully sufficient to pay the principal of and interest on the Series 2002 Bonds and on the Parity Obligations as such principal and interest become due. The Reserve Account established by the Original Instrument shall be applicable pro rata to the Series 2002 Bonds in the same manner as applicable to the Parity Obligations.

ARTICLE 4

MISCELLANEOUS

SECTION 4.1 Ratification of Acceptance of Insurance Commitments.

The Issuer hereby ratifies the acceptance of the Insurer's commitments to provide a Bond Insurance Policy with respect to the Series 2002 Bonds and the FSA Reserve Account Insurance Policy, copies of which commitments are on file with the Clerk as Exhibit C and incorporated herein by reference. The Insurer is hereby designated as the Insurer for the Series 2002 Bonds; and as the Insurer for the Series 2002 Bonds, the Insurer shall have the same rights to receive notices, grant consents and direct actions as the Insurers of the Parity Obligations. The FSA Reserve Account Insurance Policy shall be in the amount specified in the FSA Reserve Account Insurance Policy. Such amount, together with the other amounts on deposit in or credited to the Reserve Account, shall equal not less than the Reserve Account Requirement. Such amount, together with the other amounts on deposit in or credited to the Reserve Account, may equal an amount which is greater than the Reserve Account Requirement in order to comply with the terms of the Insurer's commitments.

The Chairman or County Administrator and the Clerk or any deputy clerk are hereby authorized to execute and deliver the Insurance Agreement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or County Administrator and the Clerk or any deputy clerk prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman or County Administrator and the Clerk or any deputy clerk to be presumed by their execution and delivery thereof; and all of the provisions of the Insurance Agreement, when executed and delivered by the Issuer as authorized herein, and by the Insurer, shall be deemed to be a part of this Resolution and the Original Instrument as fully and to the same extent as if incorporated verbatim herein and therein.

SECTION 4.2 Provisions Relating to Insurers Generally.

Notwithstanding any other provisions of this Resolution to the contrary, the following provisions shall apply with respect to the Bonds or any Additional Bonds hereafter issued the scheduled payment of the principal of and interest on which is insured by a Bond Insurance Policy:

(A) Except as otherwise provided in paragraph (D) below, and notwithstanding the terms of Section 7.02 of the Original Instrument, an Insurer shall be deemed to be the sole Holder of each Bond insured by it for purposes of exercising any voting right or privilege or giving any consent to the execution and delivery of any supplemental resolution or ordinance or any amendment, supplement or change to or modification of this Resolution and direction, approval or the taking of any other action that the Bondholders whose Bonds are insured by such Insurer are entitled to take pursuant hereto.

(B) Except as otherwise provided in paragraph (D) below, upon the occurrence and continuance of an event of default, an Insurer shall be deemed to be the sole Holder of each Bond insured by it for purposes of directing the enforcement and exercising of rights and remedies granted to the Bondholders under this Resolution, no acceleration of such Bonds shall occur without the prior written consent of such Insurer, and such Insurer shall also be entitled to approve all waivers of events of default with respect to Bonds insured by the Insurer. Notwithstanding the foregoing, however, any notices of events of default hereunder required to be sent to Bondholders shall be sent to Bondholders as well as each Insurer. In the event that the maturity of Bonds is accelerated, an Insurer of such Bonds may pay the accelerated principal and accrued or accreted interest, as applicable, on such principal to the date of acceleration and the Insurer's obligations under its Bond Insurance Policy with respect to such Bonds shall be fully discharged.

(C) In the event that the principal and/or interest due on Bonds insured by an Insurer shall be paid by such Insurer pursuant to its Bond Insurance Policy, such Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the Holders thereof shall continue to exist and shall run to the benefit of such Insurer and the Insurer shall be subrogated to the rights of such Holders in accordance with the Bond Insurance Policy.

(D) Notwithstanding any other provision contained in this Section 4.2 or elsewhere in this Resolution to the contrary:

(1) If an Insurer shall be in default in the due and punctual performance of its payment obligations under its Bond Insurance Policy or if such policy for whatever reason is not then enforceable and in full force and effect; or

(2) If an Insurer shall apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of such Insurer or of all or a substantial part of its assets, or shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due, or shall make a general assignment for the benefit of its creditors, or commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect) or shall file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or shall fail to consent in a timely and appropriate manner, or acquiesce in writing to, any other petition filed

against such Insurer in any involuntary case under said Federal Bankruptcy Code, or shall take any other action for the purpose of effecting the foregoing; or

(3) If a proceeding or case shall be commenced without the application or consent of an Insurer, in any court of competent jurisdiction seeking the liquidation, reorganization, dissolution, winding up or composition or readjustment of debts of such Insurer or the appointment of a trustee, receiver, custodian, or liquidator or the like of the Insurer or of all or a substantial part of its assets, or similar relief with respect to the Insurer under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such proceeding or case shall continue undismissed and an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed in effect for a period of sixty (60) days from the commencement of such proceedings or case, or any order for relief against the Insurer shall be entered in an involuntary case under said Federal Bankruptcy Code; then and in any such event such Insurer shall not be entitled to any rights specifically granted to it herein to consent to, approve or participate in any actions proposed to be taken by the Issuer, a Bondholder or any of them pursuant to this Resolution or to receive any notices or other documents or instruments.

The Issuer hereby acknowledges that the issuer of the Bond Insurance Policy shall be deemed a third-party beneficiary of this Resolution for the purpose of enforcing the terms, conditions and obligations of this Resolution which benefit the issuer of such Bond Insurance Policy.

SECTION 4.3 Provisions Relating to the Bond Insurance Policy for the Series 2002 Bonds.

Notwithstanding any provision to the contrary contained herein, the following provisions shall apply so long as the Bond Insurance Policy with respect to the Series 2002 Bonds issued by the Insurer shall be in full force and effect:

(A) No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(B) No agreement or arrangement that reduces the share of Pledged Funds received by the Issuer shall be effective without the prior written consent of the Insurer.

(C) No modification, amendment or supplement to this Resolution or any other transaction document associated with the Series 2002 Bonds (each a "Related Document") may become effective except upon obtaining the prior written consent of the Insurer.

(D) Copies of any modification or amendment to this Resolution or any other Related Document shall be sent to Standard & Poor's Credit Market Services, a Division of The McGraw-Hill Companies ("Standard & Poor's") and Moody's Investors Service, Inc. ("Moody's Investors Service") at least 10 days prior to the effective date thereof.

(E) The rights granted to the Insurer under this Resolution or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Bond Insurance Policy for the Series 2002 Bonds. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondholders nor does such action evidence any position of the Insurer, positive or negative, as to whether Bondholder consent is required in addition to consent of the Insurer.

(F) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank of trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by Standard & Poor's and Moody's Investors Service, respectively, or (5) securities eligible for "AAA" defeasance under then existing criteria of Standard & Poor's or any combination thereof, shall be authorized to be used to effect defeasance of the Series 2002 Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2002 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2002 Bonds are no longer Outstanding under this Resolution, and (iv) if there is a trustee (the "Trustee") for the Series 2002 Bonds, a certificate or discharge of the Trustee with respect to the Series 2002 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Trustee, if any, and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

The Series 2002 Bonds shall be deemed "Outstanding" under this Resolution unless and until they are in fact paid and retired or the above criteria are met.

(G) Amounts paid by the Insurer under the Bond Insurance Policy shall not be deemed paid for purposes of this Resolution and shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with this Resolution. This Resolution shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(H) The Issuer covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of the pledge of the Pledged Funds under applicable law.

(I) If, on the third business day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit in the Debt Service Fund, after making all transfers required under this Resolution, moneys sufficient to pay the principal of and interest on the Series 2002 Bonds due on such Payment Date, the Issuer shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2002 Bonds due on such Payment Date, the Issuer or the Paying Agent shall make a claim under the Bond Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2002 Bonds and the amount required to pay principal of the Series 2002 Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Registrar shall authenticate and deliver to affected Bondholders who surrender their Series 2002 Bonds a new Series 2002 Bond or Series 2002 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2002 Bond surrendered. The Registrar and Paying Agent shall designate any portion of payment of principal on Series 2002 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2002 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2002 Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Registrar and Paying Agent's failure to so designate any payment or issue any replacement Series 2002 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2002 Bond or the subrogation rights of the Insurer under Section 4.2(C).

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 2002 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Bond Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of

making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to the Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2002 Bonds under the sections hereof regarding payment of Series 2002 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any cost, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Insurer.

(J) The Insurer shall, to the extent it makes any payment of principal or (or, in the case of Capital Appreciation Bonds, accreted value) or interest on the Series 2002 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy. The obligations to the Insurer shall survive discharge or termination of the Related Documents.

(K) The Issuer, solely from the Pledged Funds, shall pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document, (ii) the pursuit of any remedies under this Resolution or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Resolution or any other Related Document whether or not executed or completed, (iv) the violation by the Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with this Resolution or any other Related Document or the transactions contemplated thereby, other than amounts resulting from the failure of the Insurer to honor its obligations under the Bond Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Resolution or any other Related Document.

(L) After payment of reasonable expenses of the Paying Agent, the application of Pledged Funds realized upon default shall be applied to payment of expenses of the Issuer or rebate only after the payment of debt service due and past due on the Series 2002 Bonds, together with replenishment of the Reserve Account.

(M) The Insurer shall be entitled to pay principal (or, in the case of Capital Appreciation Bonds, accreted value) or interest on the Series 2002 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Series 2002 Bonds as a result of acceleration of the maturity thereof in accordance with this Resolution, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

(N) The notice address of the Insurer is: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director – Surveillance; Re: Policy No. _____, Telephone: (212) 826-0100; Telecopier: (212) 339-3556 In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(O) The Insurer shall be provided with the following information:

(1) Annual audited financial statements within 15 days after the end of the Issuer’s fiscal year and the Issuer’s annual budget within 30 days after the approval thereof;

(2) Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(3) Notice of any default known to the Issuer within five Business Days after knowledge thereof;

(4) Prior notice of the advance refunding or redemption of any of the Series 2002 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(5) Notice of the resignation or removal of the Paying Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(6) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);

(7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2002 Bonds;

(8) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Related Documents; and

(9) All reports, notices and correspondence to be delivered under the terms of the Related Documents.

(P) Notwithstanding satisfaction of other conditions to the issuance of Additional Bonds contained in this Resolution, no such issuance may occur (1) should any Event of Default (or

any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance, and (2) unless the Reserve Account is fully funded at its requirement upon the issuance of such Additional Bonds (except that with respect to such Additional Bonds, a balance of up to 50% of the requirement may be funded within 24 months of the date of issuance of such Additional Bonds), in either case unless otherwise permitted by the Insurer.

(Q) In determining whether any amendment, consent or other action to be taken, or any failure to act, under the Resolution would adversely affect the security for the Series 2002 Bonds or the rights of the Bondholders, the Issuer should consider the effect of any such amendment, consent, action or inaction as if there were no Bond Insurance Policy.

(R) No contract shall be entered into nor any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2002 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(S) There shall be delivered to the Insurer prior to the issuance and delivery of the Series 2002 Bonds, a certificate of discharge of the paying agent for the Refunded Obligations (the "Refunded Obligations Paying Agent") to the effect that upon payment to the Refunded Obligations Paying Agent of the amount specified by the Refunded Obligations Paying Agent to be required to pay in full the Refunded Obligations on the date of issuance of the Series 2002 Bonds, the Refunded Obligations will be paid in full, defeased, retired and immediately discharged on the date of issuance of the Series 2002 Bonds.

SECTION 4.4 Provisions Relating to the FSA Reserve Account Insurance Policy.

Notwithstanding any provision to the contrary contained herein, the following provisions shall apply so long the FSA Reserve Account Insurance Policy shall be in full force and effect:

(A) The Issuer, solely from the Pledged Funds, shall repay any draws under the FSA Reserve Account Insurance Policy and pay all related reasonable expenses incurred by the Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2002 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the FSA Reserve Account Insurance Policy will be increased by a like amount, subject to the terms of the FSA Reserve Account Insurance Policy.

All cash and investments in the Reserve Account shall be transferred to the Debt Service Fund for payment of debt service then due on the Bonds before any drawing may be made on any Reserve Account Insurance Policy or Reserve Account Letter of Credit. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Reserve Account Letters of Credit and Reserve Account Insurance Policies (including the FSA Reserve Account Insurance Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account; provided, however, that (i) if a Reserve Account Letter of Credit or Reserve Account Insurance Policy secures only a particular Series of Bonds, the proceeds of draws on such Reserve Account Letter of Credit or Reserve Account Insurance Policy shall be applied exclusively to the payment of debt service on such Series of Bonds and not applied on a pro-rata basis to the payment of debt service on all Series of Bonds, and (ii) the aggregate proceeds of such draws on the Reserve Account Letter of Credit and the Reserve Account Insurance Policy shall be sufficient to pay all debt service then due on the Bonds (to the extent of coverage available thereunder). Payment of Policy Costs and payment or reimbursement of amounts with respect to other Reserve Account Letters of Credit and Reserve Account Insurance Policies shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account.

In the event cash or investments, as opposed to a Reserve Account Insurance Policy or Reserve Account Letter of Credit, are deposited into the Reserve Account, the Issuer covenants that it shall make arrangements prior to deposit of such cash or investments to provide that sufficient moneys always shall be available for transfer to the Debt Service Fund to timely pay debt service due on all Series of Bonds to the extent of the Reserve Account Requirement.

(B) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of paragraph (A) above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided hereunder, other than (i) acceleration of the maturity of the Series 2002 Bonds or (ii) remedies which would adversely affect owners of the Series 2002 Bonds.

(C) This Resolution shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2002 Bonds.

(D) In order to secure the Issuer's payment obligations with respect to the Policy Costs, there shall be granted and perfected in favor of the Insurer a security interest (subordinate only to that of the owners of the Series 2002 Bonds, and on a parity with similar security interests granted to other providers of Reserve Account Insurance Policies or Reserve Account Letters of Credit) in all revenues and collateral pledged as security for the Series 2002 Bonds.

(E) If there is necessity for a claim upon the FSA Reserve Account Insurance Policy, the Issuer shall provide notice to the Insurer and the Paying Agent in accordance with the terms of the FSA Reserve Account Insurance Policy, at least five business days prior to each date upon which interest or principal is due on the Series 2002 Bonds.

SECTION 4.5 Sale of the Series 2002 Bonds; Authorization of Execution of Purchase Contract.

A negotiated sale of the Series 2002 Bonds is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Series 2002A Bonds and the Series 2002B Bonds to the Purchaser in an aggregate principal amount which shall not exceed \$4,500,000 and \$1,500,000 respectively (the "Maximum Principal Amounts"), at an aggregate purchase price (excluding any original issue discount) of not less than 98% and 98% of the original principal amount of such Series 2002A Bonds and the Series 2002B Bonds, respectively (the "Minimum Purchase Prices"), as approved by the Chairman or the County Administrator, provided that the following conditions and parameters (collectively, the "Parameters") are met: the sum of the principal amount of the Series 2002A Bonds and the principal amount of the Series 2002B Bonds shall not exceed \$6,000,000; the net present value of the savings, after payment of all issuance expenses and costs, which shall result from the issuance of the Series 2002 Bonds shall not be less than 3.0% of the principal amount of the Refunded Obligations; the arbitrage yield of the Series 2002A Bonds shall not exceed 5.0% and the arbitrage yield of the Series 2002B Bonds shall not exceed 5.0%; the final maturity of the Series 2002A Bonds and the Series 2002B Bonds shall not be later than June 1, 2009, and June 1, 2009, respectively; the Series 2002 Bonds shall not be subject to redemption prior to their stated maturities; the Purchase Contract shall contain a provision to the effect that, prior to the issuance of the Series 2002 Bonds, the Issuer shall have received the consent of the State Department described in Section 1.4(F) hereof; the costs of issuance shall be comparable to or less than the current average issuance cost for bonds of similar tenor and amount; and the Insurer's commitments to provide Bond Insurance Policies and Reserve Account Insurance Policies with respect to the Series 2002 Bonds shall be in effect.

The proposed form of the Purchase Contract presented by the Purchaser, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the execution and delivery thereof, is hereby approved; such necessity and/or desirability and approval by the Chairman or the County Administrator to be presumed by the Chairman's or the County Administrator's execution thereof; the Chairman or the County Administrator is hereby authorized to accept the offer of the Purchaser to purchase the Series 2002 Bonds in an aggregate principal amount not to exceed the Maximum Principal Amounts, at a purchase price of not less than the Minimum Purchase Prices plus accrued interest thereon to the date of delivery, upon the terms and conditions set forth in

the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to execute and deliver the Purchase Contract in the form approved by such person for and on behalf of the Issuer pursuant to the terms hereof, provided that the Chairman or the County Administrator shall first receive a report of the Financial Advisor stating that the aggregate purchase price set forth in the Purchase Contract is not less than the Minimum Purchase Prices and that the final terms and conditions of the sale of the Series 2002 Bonds meet and are within the Parameters.

The Series 2002 Bonds shall be dated such date, shall bear interest at such rates, mature on such dates, have such Amortization Installments, and have such other terms as are set forth in the Purchase Contract and approved by the Chairman or the County Administrator, and the authority to approve such matters is hereby expressly delegated to the Chairman and the County Administrator as herein provided, with the Chairman's or the County Administrator's approval to be conclusively evidenced by the Chairman's or the County Administrator's execution of any documents including such terms.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Purchaser shall include in or attach to the Purchase Contract the disclosure statements required by Section 218.385, Florida Statutes, as amended. The Chairman, the County Administrator and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 2002 Bonds and the refunding of the Refunded Obligations in accordance with the provisions of the Original Instrument, this Resolution and the Purchase Contract.

Authority for the issuance of such aggregate principal amount of the Series 2002 Bonds herein authorized which shall not be hereafter delivered to the Purchaser pursuant to the provisions of the Purchase Contract is hereby cancelled and rescinded.

Notwithstanding the foregoing, in the event the Purchase Contract is not executed and delivered by the Issuer and the Purchaser on or before December 31, 2002, the Chairman's and the County Administrator's authority to award the sale of the Series 2002 Bonds to the Purchaser and to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof shall be automatically terminated on December 31, 2002.

SECTION 4.6 Approval of Draft Preliminary Official Statement and Authorization of Preliminary Official Statement and Final Official Statement.

The form of the Draft Preliminary Official Statement is hereby approved, and a preliminary official statement and a final official statement substantially in the form of the Draft Preliminary Official Statement on file with the Clerk as Exhibit A and incorporated herein by reference, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the release thereof, are hereby approved, and each is authorized to be delivered by the Issuer to the Underwriter for distribution at or prior to the execution and delivery of the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to deem the preliminary official statement final as of its date on behalf of the Issuer for purposes of Rule 15c2-12 of the Securities and Exchange

Commission (except for such omissions permitted by such Rule 15c2-12), and to execute a certificate to that effect to be delivered to the Underwriter. A final official statement in substantially the form of the "deemed final" preliminary official statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Underwriter for distribution at or prior to the issuance and delivery of the Series 2002 Bonds. The Chairman or the County Administrator is hereby authorized to evidence the Issuer's approval of the final official statement by his or her endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 2002 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

SECTION 4.7 Registrar and Paying Agent.

The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, is hereby appointed Registrar and Paying Agent for the Series 2002A Bonds and the Series 2002B Bonds. The Registrar and Paying Agency Agreements, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chairman or County Administrator, such approval to be evidenced conclusively by the Chairman's or County Administrator execution thereof, are hereby approved and authorized. The Issuer hereby authorizes and directs the Chairman or County Administrator to execute the Registrar and Paying Agency Agreements and to deliver the same to the Registrar and Paying Agent for the Series 2002A Bonds and the Series 2002B Bonds. All of the provisions of the Registrar and Paying Agency Agreements, when executed, dated and delivered by or on behalf of the Issuer as authorized herein and by or on behalf of the Registrar and Paying Agent for the Series 2002A Bonds and the Series 2002B Bonds, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 4.8 Authorization of Execution and Delivery of Continuing Disclosure Certificate.

The Continuing Disclosure Certificate, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chairman or County Administrator, such approval to be evidenced conclusively by the Chairman's or County Administrator's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chairman or County Administrator to execute and deliver the Continuing Disclosure Certificate. All of the provisions of the Continuing Disclosure Certificate, when executed, dated and delivered by or on behalf of the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

The Issuer agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance of the Series 2002 Bonds, as originally executed and as it may be amended from time to time in

accordance with the terms thereof. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Bondholder or Beneficial Owner (as hereinafter defined) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 4.8. For purposes of this Section 4.8, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2002 Bonds (including persons holding Series 2002 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2002 Bonds for federal income tax purposes.

SECTION 4.9 General Authority.

The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2002 Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be reasonably required by Bond Counsel or the Purchaser to effectuate the sale and delivery of the Series 2002 Bonds.

SECTION 4.10 Authorization of Execution of Certificates and Other Instruments.

The Chairman and the County Administrator are hereby authorized and directed, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 2002 Bonds, and to execute and deliver such other instruments as shall be necessary or desirable to perform the Issuer's obligations under the Original Instrument, this Resolution and the Purchase Contract and to consummate the transactions contemplated hereby and thereby. The Chairman and the County Administrator are authorized to execute such other agreements as may be required by the Insurer, Moody's Investors Service, Standard & Poor's or Fitch, Inc. which are necessary to obtain any financial guaranty insurance policy, any reserve account insurance policy or letter of credit, or rating required by the Purchase Contract.

SECTION 4.11 No Personal Liability.

No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2002 Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2002 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2002 Bonds, or any certificate or other instrument to be executed in connection with the issuance of the Series 2002 Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 4.12 No Third Party Beneficiaries.

Except such other Persons as may be expressly described herein or in the Series 2002 Bonds, nothing in this Resolution, or in the Series 2002 Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Insurer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Series 2002 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Insurer and the Persons who shall from time to time be the Holders.

SECTION 4.13 Severability of Invalid Provisions.

If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2002 Bonds.

SECTION 4.14 Repeal of Inconsistent Resolutions.

All other resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 4.15 Original Instrument in Full Force and Effect.

Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

SECTION 4.16 Table of Contents and Headings not Part Hereof.

The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 4.17 Effective Date.

This Resolution shall become effective immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 5th day of November, 2002.

BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA

By: James E. Bryant
Its Chairman

(OFFICIAL SEAL)

ATTEST:

George Lareau
Its Clerk, BY DEPUTY CLERK

GEORGE LAREAU, DEPUTY

I, ~~Cheryl Strickland~~, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 2002-239 of said County passed and adopted on November 5th 2002.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this 13th day of November, 2002.

George Lareau
DEPUTY Clerk of the Board of County Commissioners

(OFFICIAL SEAL)

EXHIBIT A

DRAFT PRELIMINARY OFFICIAL STATEMENT

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The Series 2002 Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2002 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2002

NEW ISSUE – Book-Entry Only

RATINGS: Moody's: "Aaa" (FSA Insured)
Standard & Poor's: "AAA" (FSA Insured)
Moody's: "A2" (Underlying)
Standard & Poor's: "A+" (Underlying)

In the opinion of Bond Counsel, under existing law, assuming continuing compliance with certain covenants in the Resolution described herein, interest on the Series 2002A Bonds is excluded from gross income for federal income tax purposes, and the Series 2002 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes on the interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Series 2002 Bonds.

ST. JOHNS COUNTY, FLORIDA

**\$ _____ * Water and Sewer
Revenue Refunding Bonds
Series 2002A**

**\$ _____ * Taxable Water and Sewer
Revenue Refunding Bonds
Series 2002B**

Dated: November 1, 2002

Due: June 1 in each year as shown on the inside cover

The Water and Sewer Revenue Refunding Bonds, Series 2002A (the "Series 2002A Bonds") and the Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "2002B Bonds," together with the Series 2002A Bonds, collectively, the "2002 Bonds") are being issued by St. Johns County, Florida (the "County"), as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest (first payment due June 1, 2003 and on each June 1 and December 1 thereafter) on the Series 2002 Bonds will be payable by check or draft to the registered owner by The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as Registrar and Paying Agent. Principal of the Series 2002 Bonds is payable to the registered owner upon presentation, when due, at the corporate trust office of the Paying Agent. Upon initial issuance the Series 2002 Bonds will be registered in the name of and held by Cede & Co., as nominees for The Depository Trust Company ("DTC"). So long as DTC, or its nominee, as a registered owner of the Series 2002 Bonds, payment of the principal of and interest on the Series 2002 Bonds will be provided directly to DTC or its nominee, which will remit such payment to the DTC Participants (as defined herein), which in turn will remit such payment to Beneficial Owners (as defined herein) of the Series 2002 Bonds. Beneficial Owners will not receive physical delivery of the Series 2002 Bonds.

The Series 2002 Bonds are not subject to redemption prior to their stated maturities.

The Series 2002 Bonds are being issued to provide funds to (i) currently refund the County's outstanding Water and Sewer Revenue Bonds, Series 1989 (the "Refunded Bonds"); (ii) fund a portion of the reserve account established by the Resolution by the purchase of a municipal bond debt service reserve insurance policy; and (iii) pay the cost of issuance with respect to the Series 2002 Bonds, including the municipal bond insurance premium.

The Series 2002 Bonds are special obligations of the County payable solely from and secured by a lien upon and pledge of the Pledged Funds as described herein, including the net revenues to be derived from the operation of the water and sewer system owned, operated and maintained by the County (the "System") and certain lawfully available connection charges, on a parity with the County's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue and Refunding Bonds, Series 1996, Water and Sewer Revenue Refunding Bonds, Series 1998, Water and Sewer Revenue Refunding Bonds, Series 1999A and Taxable Water and Sewer Revenue Refunding Bonds, Series 1999B. Neither the full faith and credit, nor the taxing power of the County is pledged for the payment of the Series 2002 Bonds. **The Series 2002 Bonds shall not constitute a lien upon the System or any other moneys or property of or in the County, except the Pledged Funds, nor shall they constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation.**

The scheduled payment of the principal of and interest on the Series 2002 Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Security Assurance Inc. simultaneously with the delivery of the Series 2002 Bonds.

[Insurer logo]

The Series 2002 Bonds are offered when, as and if issued and received by the Underwriter, subject to the unqualified approval of legality by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County. Foley & Lardner is acting as Disclosure Counsel to the County. Public Financial Management, Inc. is acting as Financial Advisor to the County in connection with the issuance of the Series 2002 Bonds. It is expected that the Series 2002 Bonds in definitive form will be available for delivery in New York, New York on or about November 20, 2002.

WILLIAM R. HOUGH & CO.

[logo]

November __, 2002

*Preliminary; subject to change.

ST. JOHNS COUNTY, FLORIDA
\$ _____ * Water and Sewer
Revenue Refunding Bonds
Series 2002A

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS
\$ _____ - Serial Bonds

<u>Maturity (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.</u>
	\$	%	%	

ST. JOHNS COUNTY, FLORIDA
\$ _____ * Taxable Water and Sewer
Revenue Refunding Bonds
Series 2002B

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS
\$ _____ - Serial Bonds

<u>Maturity (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.</u>
	\$	%	%	

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

James E. Bryant, Chairman¹
Nicholas M. Meiszer, Vice-Chairman¹
John J. Reardon²
Marc A. Jacalone³
Mary F. Kohnke, ~~M.D.~~² *L.P.H.D.*

CONSTITUTIONAL OFFICERS

Neil Perry, Sheriff
Cheryl Strickland, Clerk of Circuit Court
Dennis Hollingsworth, Tax Collector
Sharon P. Outland, Property Appraiser
Penny Halyburton, Supervisor of Elections

COUNTY ADMINISTRATOR

Ben W. Adams, Jr.

FINANCE DIRECTOR

Richard A. MacDonald, Jr.

COUNTY ATTORNEY

James G. Sisco, Esquire

BOND COUNSEL

Foley & Lardner
Jacksonville, Florida

DISCLOSURE COUNSEL

Foley & Lardner
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Orlando, Florida

¹ Current term expires in November 2004; election of officers by members of the Board of County Commissioners (the "Board") for 2002-2003 year will occur on November 19, 2002.

² Term expires November 19, 2002; lost in primary election on September 10, 2002. A new Board member will be elected in the general election on November 7, 2002.

³ Current term expires in November 2004.

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations, other than as 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 Series 2002 Bonds by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction. 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 by, 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 Series 2002 Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

Other than with respect to information concerning Financial Security Assurance Inc. (“Financial Security”) contained under the captions “Municipal Bond Insurance” and “Municipal Bond Debt Service Reserve Insurance Policy,” and Exhibit G entitled “Specimen Municipal Bond Insurance Policy” herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2002 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2002 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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SUMMARY STATEMENT

This Summary Statement, being part of the Official Statement, is subject to the more complete information contained herein and should not be considered to be a complete statement of the facts material to making an investment decision. The offering of the St. Johns County, Florida Water and Sewer Revenue Refunding Bonds, Series 2002A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (collectively, the "Series 2002 Bonds") to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Unless otherwise defined, all capitalized terms in this Summary Statement shall be as defined in the main text of the Official Statement.

St. Johns County

St. Johns County, Florida (the "County") encompasses approximately 608 square miles and is located in the northeast region of the State of Florida, immediately south of Duval County and Jacksonville, Florida. The largest of the County's three municipalities is St. Augustine, which is the county seat. The estimated 2001 population of the County is 128,604.

Purpose of the Series 2002 Bonds

The Series 2002 Bonds are being issued to provide funds to (i) currently refund the County's outstanding Water and Sewer Revenue Bonds, Series 1989 (the "Refunded Bonds"), (ii) fund a portion of the Reserve Account established by the Resolution by the purchase of municipal bond debt service reserve insurance policy; and (iii) pay the cost of issuance with respect to the Series 2002 Bonds, including the municipal bond insurance premium.

Authority and Security for the Series 2002 Bonds

Authority for the Series 2002 Bonds. The Series 2002 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89, as amended and supplemented, the Resolution and other applicable provisions of law.

Source of Payment. The Series 2002 Bonds are special obligations of the County payable solely from and secured by a lien upon and pledge of the Pledged Funds on a parity with the County's \$36,250,000 outstanding (including accumulated interest on the capital appreciation bonds) Water and Sewer Revenue Bonds, Series 1991A, \$15,470,000 outstanding Water and Sewer Revenue and Refunding Bonds, Series 1996, \$1,990,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1998, \$9,485,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1999A and \$3,550,000 outstanding Taxable Water and Sewer Revenue Refunding Bonds, Series 1999B (all of such bond issues, collectively, the "Parity Bonds"). Pledged Funds in general include Net Revenues of the water and sewer system owned, operated and maintained by the County (the "System"), certain connection charges and other funds described in the Resolution, as more particularly described herein. The County also has outstanding its subordinated debt in the outstanding principal amount of \$1,480,419 evidenced by that certain State Revolving Fund Loan Agreement dated June 27, 1994, as amended and restated on September 12, 1995, between the County and the State of Florida Department of Environmental Protection (the "Subordinated Indebtedness"). The Subordinated Indebtedness is payable from and secured by a lien upon and pledge of the Pledged Funds junior and subordinate to the lien of and pledge thereon in favor of the Series 2002 Bonds and the Parity Bonds.

Additional Bonds. The County may issue Additional Bonds payable from the Pledged Funds on a parity with the Series 2002 Bonds and the Parity Bonds if the County first complies with certain requirements set out in the Resolution.

No Pledge of Credit or Taxing Power. The Series 2002 Bonds shall not be or 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 shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds in accordance with the terms of the Resolution. No owner of any Series 2002 Bond shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or the interest on any Series 2002 Bond or be entitled to payment of such Series 2002 Bond from any moneys or property of the County except from the Pledged Funds in the manner provided in the Resolution.

Municipal Bond Insurance. The scheduled payment of the principal of and interest on the Series 2002 Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Security Assurance Inc. simultaneously with the delivery of the Series 2002 Bonds.

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OFFICIAL STATEMENT
relating to
ST. JOHNS COUNTY, FLORIDA

\$ _____ * **Water and Sewer Revenue Refunding Bonds, Series 2002a**
and
\$ _____ * **Taxable Water and Sewer Revenue Refunding Bonds, Series 2002b**

November __, 2002

INTRODUCTION

The purpose of this Official Statement, including the cover page, summary statement, and appendices, is to provide information concerning the proposed issuance by St. Johns County, Florida (the "County") of \$ _____ * aggregate principal amount of the County's Water and Sewer Revenue Refunding Bonds, Series 2002A (the "Series 2002A Bonds") and \$ _____ * aggregate principal amount of the County's Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Series 2002B Bonds," together with the Series 2002A Bonds, collectively, the "Series 2002 Bonds"). The Series 2002 Bonds are issued under the authority of and in full compliance with the Constitution and the laws of the State of Florida (the "State"), particularly Chapter 125, Part I, Florida Statutes, as amended, other applicable provisions of law, County Ordinance No. 86-89 duly enacted on December 9, 1986, as amended and supplemented and Resolution No. 89-84 of the County duly adopted on April 25, 1989, as amended and supplemented, particularly as supplemented by Resolution No. 2002-__ of the County duly adopted on November 5, 2002 (collectively, the "Resolution"), and are subject to all the terms and conditions of the Resolution. See Appendix D hereto for pertinent provisions of the Resolution.

The County encompasses approximately 617 square miles and is located in the northeast region of the State, immediately south of Duval County and Jacksonville, Florida. The largest of the County's three municipalities is St. Augustine, which is the county seat. The estimated 2001 population of the County is 128,604. For additional information concerning the County, see Appendix C hereto.

For a complete description of the terms and conditions of the Series 2002 Bonds, reference is made to the Resolution. Capitalized terms used herein and not defined are used as defined in the Resolution; such definitions may be found in Appendix D hereto. The description of the Series 2002 Bonds and of the documents authorizing and securing the same and the description of other debt of the County do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each. All information included herein has been provided by the County except where attributed to other sources. Copies of documents not contained in this Official Statement and further information which may be desired may be obtained from the County's Finance Director, Mr. Richard A. MacDonald, Jr., St. Johns County Courthouse, 4010 Lewis Speedway, St. Augustine, Florida 32084, telephone (904) 823-2333 (ext. 355), or from the County's financial advisor, Public Financial Management, Inc., 201 South Orange Avenue, Suite 720, Orlando, Florida 32801, telephone (407) 648-2208.

PURPOSE OF THE SERIES 2002 BONDS

The Series 2002 Bonds are being issued to provide funds to (i) currently refund the County's outstanding Water and Sewer Revenue Bonds, Series 1989 (the "Refunded Bonds"), (ii) fund a portion of the Reserve Account established by the Resolution by the purchase of a municipal bond debt service reserve insurance policy; and (iii) pay the cost of issuance with respect to the Series 2002 Bonds, including the municipal bond insurance premium.

*Preliminary; subject to change.

REFUNDING PLAN

The Refunded Bonds will be called for redemption on November 20, 2002, at a redemption price of 100% of the principal amount thereof, plus accrued interest. Upon the issuance of the Series 2002 Bonds, a sufficient portion of the proceeds of the Series 2002 Bonds and other funds available will be paid by the County to The Bank of New York Trust Company of Florida, N.A. (formerly Barnett Banks Trust Company, N.A) the registrar and paying agent of the Refunded Bonds, to effectuate payment in full of the principal of, premium and accrued interest on the Refunded Bonds on November 20, 2002.

DESCRIPTION OF THE SERIES 2002 BONDS

General

The Series 2002 Bonds shall be dated as set forth on the cover page of this Official Statement and are being issued as fully registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2002 Bonds (first payment due June 1, 2003 and semiannually on each June 1 and December 1 thereafter) will be payable by check or draft of The Bank of New York Trust Company of Florida, N.A., as Registrar and Paying Agent, mailed to the registered owner, as shown on the registration books of the Registrar on the 15th day of the month prior to each interest payment date (the "Record Date"). Principal of the Series 2002 Bonds is payable at maturity to the registered owner upon presentation, when due, at the designated corporate trust office of the Paying Agent in New York, New York. While in book-entry only form, such payments will be made only to Cede & Co. as described below.

Book-Entry Only System

The Depository Trust Company ("DTC") will act as securities depository for the Series 2002 Bonds. The Series 2002 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2002 Bond certificate will be issued for each maturity of the Series 2002 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its Participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participant's accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants (the "Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of interests in Series 2002 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002 Bonds on DTC's records. The

ownership interest of each actual purchaser of each Series 2002 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2002 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2002 Bonds, except in the event that use of the book entry system for the Series 2002 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2002 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2002 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002 Bonds are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2002 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2002 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar and Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Registrar and Paying Agent. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2002 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2002 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2002 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and not from the County.

Redemption

The Series 2002 Bonds are not subject to redemption prior to their stated maturities.

AUTHORITY AND SECURITY FOR THE SERIES 2002 BONDS

The Series 2002 Bonds are being issued pursuant to the Constitution and laws of the State, particularly Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89, as amended and supplemented, the Resolution and other applicable provisions of law.

Source of Payment

The Series 2002 Bonds are special obligations of the County payable solely from and secured by a lien upon and pledge of the Pledged Funds on a parity with the \$36,250,000 outstanding (including accumulated interest on the capital appreciation bonds) Water and Sewer Revenue Bonds, Series 1991A, \$15,470,000 outstanding Water and Sewer Revenue and Refunding Bonds, Series 1996, \$1,990,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1998, \$9,485,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1999A and \$3,550,000 outstanding Taxable Water and Sewer Revenue Refunding Bonds, Series 1999B (all of such bond issues, collectively, the "Parity Bonds" which, together with the Series 2002 Bonds and any Additional Bonds issued pursuant to the Resolution, are referred to herein as the "Bonds"). Pledged Funds are defined in the Resolution to mean the Net Revenues, any Connection Charges on deposit in the Current Account and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in the Revenue Fund and the Debt Service Fund. Pledged Funds do not include Net Revenues on deposit in the Rebate Fund or Connection Charges on deposit in the Stabilization Account. The County also has outstanding its subordinated debt in the outstanding principal amount of \$1,480,419 evidenced by that certain State Revolving Fund Loan Agreement dated June 27, 1994, as amended and restated on September 12, 1995, between the County and the State of Florida Department of Environmental Protection (the "Subordinated Indebtedness"). The Subordinated Indebtedness is payable from and secured by a lien upon and pledge of the Pledged Funds junior and subordinate to the lien of and pledge thereon in favor of the Series 2002 Bonds and the Parity Bonds.

Net Revenues. Net Revenues include all income and moneys received by the County from the fees and charges made and collected by the County (excluding Connection Charges and non-ad valorem special assessments) for the use of the services or facilities of the System (such fees and charges, "Rates"), together with all earnings and income derived from the investment of the moneys under the provisions of the Resolution which are transferred to the Revenue Fund or the Interest Account as provided in the Resolution, less the expenses for operation, maintenance, repairs and replacements with respect to the System, as further provided in the Resolution.

Connection Charges. Connection Charges include all non-refundable (except at the option of the County) "water unit connection fees," "sewer unit connection fees," impact fees, capital expansion fees, utility improvement fees or other similar fees and charges, separately imposed from time to time by the County upon new customers of the System as a nonuser capacity charge for a proportionate share of the costs of the acquisition or construction of Expansion Facilities, which are imposed by the County for the purpose of allocating to each such customer a proportionate share of the costs of the additional System capacity made necessary by the inclusion or expected inclusion of System services to such new customers, but only to the extent that any such fee or charge has been lawfully levied and collected by the County and may under applicable law be used for the acquisition or construction of the Expansion Facilities or for debt service thereon as more particularly provided in the Resolution, and any income from the investment of moneys on deposit in the Connection Charges Fund or any other moneys

transferred to such Fund pursuant to the provisions of the Resolution. Connection Charges do not include Assessments.

Assessments. Assessments are the proceeds to be derived by the County from any non-ad valorem special assessments which are levied by the County, on its own behalf or as the governing body of a municipal service benefit unit, against some or all of the parcels of real property to be specially benefited by the services and facilities of any Additional Project or by any portion thereof, and which are expressly declared by resolution of the governing body of the County to be Assessments, and which are expressly pledged by such resolution to the payment of principal of and premium, if any, and interest on the Bonds or one or more Series of Bonds, including interest on such non-ad valorem special assessments and any penalties thereon and moneys received upon the foreclosure of the liens thereof and, by reason of such non-ad valorem special assessments, upon the sale of tax certificates. The County has the right to provide for the application of assessments (which are not expressly declared by resolution of the County to be Assessments) to the payment of the principal and premium, if any, of and interest on any particular Series of Bonds or Subordinated Indebtedness or any other obligations of the County. **No Assessments are currently pledged to the payment of the principal of or premium, if any, or interest on any Bonds.**

In connection with the issuance of the County's Water and Sewer Revenue Bonds, Series 1991A (the "1991A Bonds"), the County declared that any non-ad valorem special assessments that may be levied by the County, on its own behalf or as the governing body of a municipal service benefit unit, against the parcels of real property to be specially benefited by the project financed with the proceeds of the 1991A Bonds (the "1991 Project") for the purpose of raising revenue to assist in the financing of the 1991 Project are to be Assessments as defined in the Resolution. The County has not levied any such Assessments in connection with the 1991 Project.

Rate Covenant

The County covenants in the Resolution to fix, maintain and collect Rates, if no Assessments are pledged to the Bonds, to provide:

(i) Net Revenues in any one year period from October 1 to September 30 or such other period as prescribed by law (the "Fiscal Year"), together with any Connection Charges actually on deposit in the Current Account at the beginning of such Fiscal Year, equal to at least 120% of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least 100% of any amounts required by the terms of the Resolution to be deposited in the Reserve Account or the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, and

(ii) Net Revenues in such Fiscal Year, not taking into account Connection Charges, equal to at least 110% of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least 100% of any amounts required by the terms of the Resolution to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year.

Rates are not to be reduced so that they will be insufficient to provide Net Revenues in each Fiscal Year fully adequate for the purposes provided therefor by the Resolution, provided that the Resolution is not to be construed to obligate the County to impose or continue Connection Charges; but at any time and while Connection Charges shall be in effect and imposed by the County, the Connection Charges shall be pledged to the extent provided in the Resolution.

Reserve Account

The Resolution requires the establishment and maintenance of a Reserve Account in an amount equal to the Reserve Account Requirement for the benefit of the owners of the Bonds. The Reserve Account Requirement is the lesser of (i) the Maximum Debt Service Requirement for the Parity Bonds, the Series 2002 Bonds and Additional Bonds (as defined below), (ii) 125% of average annual debt service for the Parity Bonds, the Series 2002 Bonds and Additional Bonds, or (iii) 10% of the proceeds of the Parity Bonds, the Series 2002 Bonds and Additional Bonds. The Resolution permits the Reserve Account Requirement to be funded by cash or by a surety bond, irrevocable letter of credit, guaranty or insurance policy issued in compliance with the Resolution. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest or Amortization Installments on the Parity Bonds, the Series 2002 Bonds or Additional Bonds when the other moneys in the Debt Service Fund are insufficient therefor, and for no other purpose.

Pursuant to the Resolution, upon delivery of the Series 2002 Bonds, the County shall deposit into the Reserve Account a reserve account insurance policy satisfying the requirements of the Resolution. See Section 4.06(2)(d) of the Resolution in Appendix D hereof. A portion of the Reserve Account Requirement has been funded by reserve account insurance policies issued in accordance with and satisfying such requirements of the Resolution.

Upon the issuance of Additional Bonds, the County is required by the Resolution to provide for the additional funding of the Reserve Account in the manner described in the Resolution.

Other Covenants

The County has covenanted in the Resolution to maintain the System in good condition and to operate the System in an efficient and economical manner. The County is required to adopt an annual budget and not to incur expenditures in excess of the amount provided in the budget without appropriate authorization from the governing body of the County. The County must keep books and records of the receipt of the Pledged Funds in accordance with generally accepted accounting principles. Within 180 days of the close of each Fiscal Year it must file a statement concerning the amount of the Pledged Funds received, the total amounts deposited to the credit of each fund and account created under the Resolution and the amounts on deposit in such funds and accounts, and other matters as provided in the Resolution. An annual audit by an independent firm of certified public accountants is required of the financial statements of the County.

The County also irrevocably covenants not to sell, lease, encumber or in any manner dispose of any facilities of the System, except as provided in the Resolution, until all of the Bonds and all interest thereon shall have been paid in full or provision for payment shall have been made. The County is also required to carry such insurance as is ordinarily carried by private or public corporations owning and operating water and sewer facilities similar to the System in such amounts as the County shall determine to be sufficient. The property loss or damage insurance is required at all times to be equal to the fair appraisal value of the buildings, furniture, fixtures and equipment of the System.

Additional Bonds

Additional Bonds, payable from the Pledged Funds on a parity with the Series 2002 Bonds, the Parity Bonds and all other Bonds, may be issued for the purpose of financing the Cost of an Additional Project, or the completion thereof, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the County. No Additional Bonds may be issued unless the requirements of the Resolution have been met. See Section 5.02 of the Resolution in Appendix D hereof.

No Pledge of Credit or Taxing Power

The Series 2002 Bonds shall not be or constitute general obligations or indebtedness of the County as “bonds” within the meaning of any constitutional or statutory provision, but shall be special obligations of the County, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of the Resolution. No owner of any Series 2002 Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the County to pay such 2002 Bond or be entitled to payment of such Series 2002 Bond from any moneys of the County except the Pledged Funds in the manner provided in the Resolution.

MUNICIPAL BOND INSURANCE

The following information under this heading has been furnished by Financial Security Assurance Inc. (“Financial Security” or the “Insurer”) for use in this Official Statement.

THE INFORMATION RELATING TO THE INSURER CONTAINED HEREIN HAS BEEN FURNISHED BY THE INSURER. NO REPRESENTATION IS MADE BY THE COUNTY OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR THAT THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF SUCH INFORMATION. NEITHER THE ISSUER NOR THE UNDERWRITER HAS MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE BOND INSURANCE POLICY.

Bond Insurance Policy

Concurrently with the issuance of the Series 2002 Bonds, Financial Security will issue its Municipal Bond Insurance Policy for the Series 2002 Bonds (the “Bond Insurance Policy” or the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2002 Bonds when due.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Financial Security Assurance Inc.

Financial Security is a New York domiciled insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. (“Holdings”). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At June 30, 2002, Financial Security’s total policyholders’ surplus and contingency reserves were approximately \$1,710,044,000 and its total unearned premium reserve was approximately \$898,579,000 in accordance with statutory accounting principles. At June 30, 2002, Financial Security’s total shareholders’ equity was approximately \$1,817,013,000 and its total net unearned premium reserve was approximately \$744,499,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also

incorporated herein by reference are any such financial statements so filed from the date of this Official Statement until the termination of the offering of the Series 2002 Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Series 2002 Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Series 2002 Bonds or the advisability of investing in the Series 2002 Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the County the information presented under this caption for inclusion in the Official Statement.

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SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2002 Bonds, together with other moneys of the County, are expected to be applied as described below:

Sources:

Principal Amount of Series 2002 Bonds	\$
Less Original Issue Discount	
Accrued Interest on the Series 2002 Bonds	
Debt Service Fund for Refunded Bonds	_____

Total Sources:	\$ _____

Uses:

Deposit with Paying Agent for Refunded Bonds	\$
Deposit to Interest Account	
Underwriter's Discount	
Costs of Issuance*	_____

Total Uses:	\$ _____

*Including the municipal bond insurance and municipal bond debt service reserve insurance policy premiums.

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Series 2002 Bonds and the Parity Bonds.

Bond Year Ending June 1,	2002A Bonds			2002B Bonds			Total Debt Service	Total Debt Service	Parity Bonds Debt Service	Aggregate Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>				
2003	\$	\$ ¹	\$	\$	\$ ²	\$		\$3,430,870	\$	
2004								3,424,445		
2005								3,425,700		
2006								3,428,930		
2007								3,428,575		
2008								3,424,030		
2009								3,428,650		
2010								4,334,710		
2011								4,346,550		
2012								4,429,150		
2013								4,423,225		
2014								4,421,475		
2015								4,423,650		
2016								4,424,475		
2017								4,423,950		
2018								4,427,100		
2019								4,423,625		
2020								4,423,800		
2021								4,422,375		
2022								634,325		
2023								637,650		
2024								634,325		
2025								634,625		
2026								638,275		
Totals	\$	\$	\$	\$	\$	\$	\$	\$80,094,485	\$	

¹Includes \$_____ of accrued interest.

²Includes \$_____ of accrued interest.

HISTORICAL REVENUES, EXPENSES AND DEBT SERVICE COVERAGE

The following tables show historical revenues, expenses and debt service coverage for the System. The information is derived from financial records of the County.

	Fiscal Year Ended September 30,				
	1997	1998	1999	2000	2001
Operating Revenues:					
Water Sales	\$5,658,889	\$6,360,505	\$6,918,776	\$7,391,914	\$7,071,819
Sewer Service Charges	3,530,962	3,839,956	4,162,136	4,601,714	4,343,392
Meter Installations (Tapping Fees)	166,564	686,253	613,211	617,710	628,758
Irrigation Water Sales	16,484				
Other Revenue	<u>417,370</u>	<u>171,151</u>	<u>195,275</u>	<u>198,650</u>	<u>244,348</u>
Total Operating Revenue	<u>9,790,269</u>	<u>11,057,865</u>	<u>11,889,398</u>	<u>12,809,988</u>	<u>12,288,317</u>
Operating Expenses:					
Contractual Services	683,630	699,707	1,062,829	1,585,037	1,831,839
Salaries and Benefits	2,516,263	2,619,256	2,625,048	2,557,655	2,882,345
Operating and Maintenance Expenses	<u>1,861,685</u>	<u>1,839,323</u>	<u>2,022,105</u>	<u>2,338,307</u>	<u>2,439,429</u>
Total Operating Expenses	<u>5,061,578</u>	<u>5,158,286</u>	<u>5,709,982</u>	<u>6,480,999</u>	<u>7,153,613</u>
Net Operating Revenues	4,728,691	5,899,579	6,179,416	6,328,989	5,314,704
Investment Income	968,566	1,132,258	1,110,025	1,558,755	1,863,116
Plus amortization expense	<u>71,452</u>	<u>73,424</u>	<u>385,723</u>	<u>190,827</u>	<u>184,791</u>
Total Net Revenues	5,768,709	7,105,261	7,675,164	8,078,571	7,182,611
Pledged Unit Connection Fees ("UCF")	<u>2,476,512</u>	<u>2,507,523</u>	<u>2,514,324</u>	<u>2,633,288</u>	<u>2,641,469</u>
Total Net Revenues + UCF	<u>\$8,245,221</u>	<u>\$9,612,784</u>	<u>\$10,189,488</u>	<u>\$10,711,859</u>	<u>\$9,824,080</u>
Debt Service Requirement ¹	\$3,583,282	\$3,582,430	\$4,083,350	\$4,280,602	\$4,295,913
Coverage on Net Revenue (1.10 x Required)	1.61	1.98	1.88	1.89	1.67
Coverage on Net + UCF (1.20 x Required)	2.30	2.68	2.50	2.50	2.29
Revenue Net of Bonds	\$2,185,427	\$3,522,831	\$3,591,814	\$3,797,969	\$2,886,698
Annual Payment State Revolving Fund ("SRF") Loan	\$143,506	\$125,556	\$122,454	\$121,737	\$122,069
Coverage -SRF Loan (1.15 x Required)	15.23	28.06	29.33	31.20	25.16
Annual Payment Subordinated Revenue Bond	\$182,642	\$185,567	-0-	-0-	-0-
Revenue Net of Annual Debt Service Payments	\$2,002,785	\$3,337,264	\$3,591,814	\$3,797,969	\$2,886,698

THE SYSTEM

The System includes the complete water and sewer facilities now owned, operated and maintained by the County and all other water and sewer facilities hereafter acquired and operated by the County which are expressly declared by a resolution of the governing body of the County to be part of the System. In addition to water and sewer service provided by the County, under an agreement with the County, the City of St. Augustine (the "City") and JEA, formerly known as the Jacksonville Electric Authority ("JEA") provide water and sewer services in portions of the unincorporated area of the County. Certain areas of the County are also served by other private utilities. Exhibit I of Appendix A depicts the present service area distribution by Utility provider within the County.

Service Area

The various periods of development of the System has resulted in four areas; the Mainland Utility System (MUS), the Anastasia Island (AI) Area, the St. Augustine Shores (SAS) Area, and the Northwest Utilities I (NWUI) Area. The MUS includes both the State Road 207 area and the Interstate 95/State Road 16 (I-95/SR 16) area. The State Road 207 service area is generally bounded by the existing City of St. Augustine service area on the northeast, the Matanzas River on the east, the State Road 206 (SR 206) corridor on the south, the I-95 corridor on the west, and the FEC Railway on the north. The I-95/SR 16 Area is located in the area of the I-95/SR 16 interchange, extending eastward along SR 16 to the St. Johns River Community College site at the City limits. The AI area is situated on an Atlantic coastal barrier island, east of the Intracoastal Waterway, and includes 7.7 square miles that are developed or developable. The AI area also includes a segment of Rattlesnake Island, approximately 2.5 miles in length, south of the Matanzas Inlet along State Road A1A. The SAS area is bounded on the west by U.S. Highway 1, on the east by the Matanzas River and on the north by Moultrie Creek. The System also includes the NWUI area and two minor service areas within the County: Harmony Village and Eagle Creek.

In 1999, the City of St. Augustine and the County reached an interlocal agreement (the "Interlocal Agreement") on a geographical distribution of service area. Pursuant to the Interlocal Agreement, the City provides service to the area west of U.S 1, north of SR 16 and south of international golf parkway. The City also provides wholesale water and sewer service to the County's Eagle Creek System.

In another agreement, JEA provides wholesale water and sewer service to the U.S 1 Corridor, north of the International Golf Parkway. In the beginning of 2002, JEA also acquired a northern service area for systems previously owned and operated by United Water Florida, a privately owned corporation regulated by the State of Florida's Public Service Commission.

Water System

Water Supply. The System contains seven shallow wells in the Tillman Ridge well field. Each well has a capacity of 300 gallons per minute ("gpm") or 0.432 million gallons per day ("mgd"). That well field has a safe yield withdrawal capacity of 3.02 mgd. The System also includes two deep wells located at the Tillman Ridge water treatment plant which draw from the Floridian aquifer at a rate of 2,000 gpm or 2.88 mgd each. Both deep wells are currently operational. The raw water from the shallow wells and Floridian wells is pumped from the well field to the treatment plant via a 10-inch and 12-inch diameter manifold respectively. The shallow well raw water and deep well raw water are blended prior to treatment to reduce the mineral content to a level treatable by lime softening.

The NWUI contains two deep wells that draw from the Floridian aquifer at a rate of 1,500 gpm (2.16 mgd) and 1,200 gpm (1.72 mgd) respectively. The raw water from the wells is pumped from the well field to the plant via a 10-inch manifold, which then increases to a 16-inch main.

The existing two deep wells at the Eagle Creek system have now been abandoned. This abandonment is a result of the inter-local agreement with the City of St. Augustine for the provision of wholesale service to the system. The Harmony Village system contains two deep wells that draw from the Floridian aquifer at a combined rate of 100 gpm or .15 mgd. JEA provides wholesale service to the U.S 1 Corridor north of International Golf Parkway.

Exhibit II of Appendix A depicts the service area by water supply source. The NWUI serves the north and northwest portions of the County's service area. The Tillman Ridge well field serves the central, and southern portions of the County. The Northern portion of the County along US 1 is served by a wholesale agreement with JEA.

Water Treatment. The System's Tillman Ridge water treatment plant (completed in 1990) has a rated capacity of 7.0 mgd. This facility provides potable water service to the System's current service areas, other than the areas served through wholesale agreements. The Tillman Ridge water treatment plant serves the MUS, AI and the SAS systems described earlier. This treatment plant utilizes tray aeration followed by lime softening and filtration. The three 250 HP high service pumps provide potable water to the three systems.

The NWUI and the Harmony Village water treatment plants utilize tray aeration followed by chlorine-disinfection.

Storage. The MUS service area provides 1.0 million gallons of ground storage at the previous Shore Drive water treatment plant, a 1.5 million gallon storage reservoir at the Tillman Ridge water treatment plant and a 0.3 million gallon elevated tank at the I-95/State Road 16 interchange. The AI service area provides storage with a 1.5 million gallon ground storage facility at the former 16th Street plant site, a 0.5 million gallon ground storage reservoir at Pope Road, and a 1.0 million gallon storage tank at Magnolia Avenue and State Road 16A. The SAS service area provides storage with a 1.0 million gallon ground storage reservoir at Domenico Circle, a 0.5 million gallon ground storage reservoir at Alhambra Drive, and a 0.15 million gallon elevated tank at Wildwood Drive and U.S. Highway 1. A 1.0 million gallon ground storage tank at County Road 210 serves the US 1 corridor south of County Road 210 and north of International Golf Parkway.

Exhibit III of Appendix A depicts the locations of the water facilities discussed above, including water treatment plants and booster station/storage tanks.

Transmission and Distribution. The finished water transmission system in the MUS (SR 207) area consists of mains running southward along U.S. Highway 1 from State Road 312 (SR 312) to SR 206. Transmission mains also run along Old Moultrie Road to Dobbs Road, Dobbs Road to SR 207. A 12-inch main runs along Allen Nease Road from County Road 214 (CR 214), near the treatment plant, to SR 207. Transmission lines were constructed to extend and loop the existing transmission system lines. Water distribution in the MUS (SR 207) service area consists of pipeline eight inches and smaller, along with related valves and hydrants, principally in the south St. Augustine, Wildwood Drive and Lightsey Road area.

The finished water transmission system in the MUS (SR 16) area consists of mains extending from the Tillman Ridge water treatment plant to SR 16, westerly along SR 16 in the I-95 interchange area, then easterly to the City of St. Augustine city limits. The water distribution system for this area consists

of eight inch and twelve inch pipeline, along with related valves and hydrants in the I-95/SR16 interchange area and on the north side of SR 16 going eastward from the I-95/State Road 16 interchange and along the south side of SR 16 to the City of St. Augustine service area.

The finished water transmission system for the AI service area consists of a 10-inch pipeline from the Shore Drive storage facility to State Road 312, which connects to the MUS service area. A booster pump station serves to increase the main's hydraulic capacity. There is also a 20-inch finished water transmission main from Shore Drive, to the yard piping of the former AI water treatment plant on 16th Street. That pipeline includes a subaqueous crossing and buried pipeline at either end of the crossing. Finished water transmission also includes mains extending southerly along State Road 3, Old Beach Road, and State Road A1A from Pope Road to the Magnolia Avenue storage tank and pump station. The main travels southerly from that point, along State Road A1A, to south of the Matanzas Inlet. The water transmission and distribution system in the AI service area consists of approximately 549,000 linear feet of pipeline 16 inches and smaller, along with related valves and hydrants.

The finished water transmission system in the SAS service area consists of a 10-inch main interconnecting this service area to the MUS service area along U.S. Highway 1. The water distribution system consists of approximately 181,000 linear feet of four-inch through eighteen-inch mains.

The MUS is also looped into the AI system with a 16-inch subaqueous crossing along SR 206. This loop acts as a redundancy for the barrier island.

The finished water system in the NWUI area consists of a 16-inch main along International Golf Parkway, servicing the World Golf Village east and west of I-95. This transmission main feeds 16-inch to 6-inch mains that serve major communities such as the World Golf Villages, the King & the Bear Golf Courses, and other upscale communities north and south of the International Golf Parkway, as well as east and west of the SR 16.

The US. 1 corridor, north of the International Golf Parkway is served by a 16-inch water main that extends to County Road 210 (CR 210), ending at the 1.0 million gallon storage Nease booster station. This booster station provides system pressure to the CR 210 service corridor and the area east and west of US 1 North.

In summary, the County water system consists of approximately 452 miles of water mains ranging from 2-inch to 24-inch diameter. There is sufficient pressure in all four areas of the System to meet demand.

Wastewater System

The sewer collection system consists of over 150 lift stations ranging from 2 Horse Power (HP) to 40 HP. The lift stations either pump into a larger station or pump directly into a manifold system that subsequently pumps to a regional booster or master station. Each area has one or two master or booster stations. The Riverside lift station collects wastewater flows from the barrier island south of the SR 206 and boosts the flow via a 12-inch force main along State Road A1A to the AI Plant.

The Corpus Christi master lift station collects wastewater flows from the area along I-95 from SR 206, west of the Matanzas River, to the Shores booster station. The shores booster station also collects sewer flows from the Shores service area and boosts via a 12-inch force main along US 1 to the Shore Drive booster station. The Shore drive booster station directs the sewer flows north of US 1 and along the State Road 312 Bridge to the AI Plant. The 10-inch force main along the bridge will be replaced shortly by a 14-inch subaqueous crossing from Shore Drive directly to the AI plant.

The SR 207 Master lift station collects flows in the MUS area and boosts via a 16-inch force main along SR 207 to the SR 207 wastewater treatment plant. This lift station also has the ability to pump via a 10-inch force main to the Booster Lift station at Shore Drive.

The World Golf Village Master lift station collects wastewater flows from a number of lift stations in the northwest service area. This station then boosts the sewer flows via a 12-inch force main along International Golf Parkway and SR 16 to the SR 16 Wastewater Treatment Plant.

The County wastewater system consists of approximately 259 miles of sewer force main ranging from 2-inch to 16-inch diameter.

A 4.0 mgd wastewater treatment plant is located in the AI area on 16th Street. It consists of secondary treatment with a fine-bubble diffused air, complete mix, activated sludge system with secondary clarification, chlorination, and de-chlorination. Effluent is disposed of by surface water discharge to the Matanzas River through 27-inch outfall pipeline or by irrigation at the private Marsh Creek Golf Course, with a service capacity of 0.8 mgd. Filtration and high-level disinfection treatment is added to the flow routed to the golf course. The sludge treatment process consists of gravity thickeners and a belt filter press with disposal by transporting to Florida Enviro LP Treatment Facility, to meet PFRP or class "A" treatment process. Wet weather as well as additional effluent capacity is met by surface water discharge (3.2 mgd maximum).

The AI plant is scheduled to be upgraded within the next one year. Design has been completed to install a new 200,000 gallons digester, a new pump station for reuse and a new reuse storage/chlorination basin.

The MUS (SR207) wastewater treatment plant is a 0.250 mgd extended aeration activated sludge facility that includes flow equalization, aeration, secondary clarification, fine-media filtration, and chlorination. Effluent disposal is by irrigation of the County-owned Cypress Lakes Golf Course. Wet weather storage is met with a 1.00 million gallon concrete effluent storage tank. The plant also includes effluent pump facilities and a pipeline to the golf course site. The reuse capacity is presently in the process of being upgraded from 0.125 mgd to 0.250 mgd.

The MUS (SR16) wastewater treatment plant is a 1.5 mgd facility with advanced wastewater treatment utilizing a Modified Ludzak-Ettinger biological treatment process with deep-bed denitrification filters, chemical addition for phosphorous removal, chlorination and dechlorination. Effluent disposal is to an integrated existing and man-made wetlands area near the treatment plant and is conveyed by an effluent pump station and pipeline. The SR16 wastewater treatment plant is permitted for reuse water to the World Golf Village golf courses (.70 mgd) and landscape irrigation (.62 mgd) for a total of 1.32 mgd of reclaimed water. A pump station/transmission system services this area. One pump station has a combined pump capacity (from two pumps) of 500 gpm. The transmission pipeline consists of 4-inch, 8-inch, 10-inch and 12-inch force mains. The above transmission system consists of approximately 39,020 linear feet of pipeline. The collection system includes pipe size ranging from 8 to 15 inches with approximately 7,340 linear feet of pipeline.

The 0.084 mgd extended aeration activated sludge treatment plant at Eagle Creek has been abandoned. The plant has been converted to a lift station that pumps to the City of St. Augustine's sewer system.

Harmony Village is a .0075 mgd extended aeration activated sludge treatment plant consisting of 2 aeration basins, a digester, secondary clarification, and chlorination. Chlorination is accomplished with liquid chlorine sodium hypochlorite. The waste activation sludge is held in the sludge digester for hauling

to the AI wastewater treatment facility. Effluent disposal is a rapid rate land application system that consists of 2 percolation/evaporation ponds with a total bottom area of .172 acres.

Exhibit IV of Appendix A depicts all wastewater facilities including lift stations, master lift stations and wastewater treatment plants.

Reuse System. The County provides reuse water for irrigation purposes whenever it is economically feasible. At this time, the County reuses approximately 40% of its treated wastewater. Reuse is provided from the SR 16 Wastewater treatment plant via 10 miles of 8-inch force main along SR 16 to the World Golf Village Development. The Marsh Creek development, south of SR 312 and west of A1A, uses approximately 0.5 mgd from the AI wastewater treatment plant.

Telemetry System

In order to increase reliability and provide enhanced customer service through immediate response, the County has invested in a state-of-the art Supervisory Control and Data Acquisition System (SCADA), also known as telemetry. SCADA transmits radio frequencies from various facilities (lift stations, water plants, sewer plants) that can be converted into graphical information to provide the status of pumps, alarms and other conditions. Facilities can be controlled remotely via telemetry.

The County recently upgraded their existing fixed base telemetry system to a “thin-client” version. This version allows control via the Internet. All data can be shared to authorized users through the County Operated network and hence displaced to appropriate users in their respective work places.

At the present time the County has over 50 lift stations with telemetry units, two water plants and three sewer plants. The County plans to provide telemetry to over 75 lift stations, all water booster stations and other major facilities in the water and sewer system.

Rates

The existing rate structure for water and sewer services provided by the County was established pursuant to Ordinance 2001-25, enacted on March 20, 2001 with an effective date of April 1, 2001. The new structure was designed to reduce the “average” rate utility customers were paying for water and sewer service. During the first full year of implementation, a decline in revenue from rates and charges occurred. Such decline, however, has been offset by customer growth and the continued policy of annually indexing rates, fees and charges to account for the impact of inflation.

The rate structure for water and wastewater in effect prior to the enactment of Ordinance 2001-25 included two components: (a) a minimum monthly rate that was applied per unit and included the first 4,000 gallons of consumption per unit and (b) a rate per thousand gallons of metered water usage above that included in the minimum monthly rate. As a result of these components, (i) a significant number of low-volume consumption customers were overpaying for the cost of the services provided and thus subsidizing the service provided to higher consumption customers, and (ii) no incentive was provided to customers for water conservation.

The water and wastewater rate adjustments and modifications provided pursuant to Ordinance 2001-25 included: (a) equivalency factors, based on Equivalent Residential Units (ERU's), (b) elimination of the consumption included in the minimum monthly rate, (c) inclining block gallonage rates, and (d) a cap placed on Single Family and Multi-Family wastewater usage. The following table shows the rates that took effect April 1, 2001 as well as the rates that became effective on October 1, 2002 pursuant to Resolution 2002-204.

	Rate Effective as of 4/01/01	Rate Effective as of 10/01/02
<u>Water</u>		
Minimum Monthly Rate per ERU	\$9.18	\$9.32
Gallonge Charge per 1,000 gallons (per ERU):		
Block 1 (0-4,000 gallons)	\$2.92	\$2.99
Block 2 (4,001 – 8,000 gallons)	\$3.94	\$4.12
Block 3 (8,001 – 15,000 gallons)	\$5.32	\$5.55
Block 4 (15,001 gallons and over)	\$7.18	\$7.49
<u>Wastewater</u>		
Minimum Monthly Rate per ERU	\$8.97	\$8.94
Gallonge Charge per 1,000 gallons (per ERU) ¹ :		
Single Family	\$3.08	\$3.21
Multi-Family	\$3.08	\$3.21
Commercial	\$3.69	\$3.85
Government	\$3.08	\$3.21

¹ Single Family capped at 10,000 gallons per month and Multi-Family capped at 8,000 gallons per month.

Largest Customers

Below are listed the ten largest utility customers of the System for the Fiscal Year ended September 2002.

<u>Customer</u>	<u>Type</u>	<u>Average Monthly Amount Used</u>	<u>Percentage of Total Billed</u>
Ocean Gallery	M/F	2,730,000	2.1%
Summerhouse Condo	M/F	1,700,000	1.3%
St. Augustine Ocean & Racquet Club	M/F	1,620,000	1.3%
VAW	Comm.	1,475,000	1.2%
St. Augustine Beach Holiday Inn	Comm.	1,400,000	1.1%
Ocean Village Club	M/F	1,303,000	1.0%
Ocean Village Condo	M/F	1,130,000	.9%
Four Winds Condo	M/F	800,000	.6%
VAW	Comm.	508,000	.4%
New Plan Realty (Outlet Mall)	Comm.	368,000	.3%
Colony Reef Club	M/F	116,000	.1%

The ten largest customers together represent less than 10.5% of the total water and sewer used throughout the Utility.

Mandatory Connection

All new construction within the System's service areas is required to connect and remain connected to the System when such facilities are available. Availability in general is defined as a service

line within 500 feet of the property line for water service or within 500 feet of the property line for wastewater service.

Billing and Collection

The County's Utilities Department is responsible for customer billings and collections. Meters are read and billed on a monthly basis. Automated meter reading devices are currently operational for the entire meter inventory. This has helped keep the annual write-off for unpaid billings below 1% of total revenues by allowing a quicker turnaround in the billing and collection process. The delinquency collection procedure begins on the first day after the due date and allows ten extra days for payment. If the payment is not received at this time, the meter is pulled, with the account being closed 30 days thereafter and within another 30 days referred for collection.

Regulation

The United States Environmental Protection Agency ("EPA") and the Florida Department of Environmental Protection ("FDEP") promulgate various regulations governing operation of the System. The System is not facing any EPA or FDEP mandated schedule for elimination of discharges, or any wastewater related administrative orders or consent decree decisions. The System is currently in compliance with all applicable regulations relating to water quality.

The St. Johns River Water Management District (SJRWMD) acts as the regulating agency of the State to permit the withdrawal of ground water. At the present time the County has applied to obtain a 20-year water permit for an allocation of approximately 13.5 mgd Annual Average Daily Flow for the Tillman Ridge and Northwest areas.

Capital Improvement Program

The System's capital improvement program includes several major projects to be financed through a combination of Unit Connection Fees and user fees. These projects include Northwest Utilities Phase II, upgrading the existing Tillman Ridge 7.0 mgd water plant to an 8.0 mgd Reverse Osmosis Plant, additional deep wells, water and sewer transmission mains, water and sewer distribution mains, and upgrading existing lift stations.

LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the Series 2002 Bonds are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel, the form of whose approving opinion is attached hereto as Appendix F. Certain legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County, and by Foley & Lardner, as Disclosure Counsel.

LITIGATION

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which in any way questions or affects the validity of the Series 2002 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the pledge of the Pledged Funds. Neither the creation, organization or existence, nor the title of the present members of the Board of County Commissioners, or other officers of the County is being contested.

The County experiences litigation and claims incidental to the conduct of its affairs. In the opinion of the County Attorney, there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the County's ability to receive the Pledged Funds.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 2002A Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2002A Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2002A Bonds to be included in gross income retroactive to the date of issuance of the Series 2002 A Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the Series 2002A Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix F for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed and refinanced with the proceeds of the Series 2002 Bonds and the application of the proceeds of the Series 2002 Bonds.

The Code contains numerous provisions which could affect the economic value of the Series 2002A Bonds to certain owners of the Series 2002A Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the Series 2002A Bonds. Prospective owners of the Series 2002A Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The Series 2002A Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the Series 2002A Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Series 2002A Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the Series 2002A Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the Series 2002A Bonds.

Interest on the Series 2002A Bonds must be included in the "adjusted current earnings" of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs), and such corporations are required to include in their calculation of alternative minimum

taxable income 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the Series 2002A Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in the tax years beginning after 1986. Interest on tax-exempt obligations, such as the Series 2002A Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

Interest on the Series 2002B Bonds will be treated as interest income for federal income tax purposes. **INTEREST ON THE SERIES 2002B BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.** The Paying Agent will report annually (or more frequently, if required) to the owners of the Series 2002B Bonds and the Internal Revenue Service the interest paid on the Series 2002B Bonds.

From time to time, legislative proposals are pending in Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or would adversely affect the market value of the Series 2002 Bonds. It cannot be predicted whether or in what form any such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Series 2002 Bonds.

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the Series 2002 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, as defined in Chapter 220, Florida Statutes, as amended.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each of the Series 2002A Bonds maturing in 20__, 20__ and 20__ (the "Discount Bonds"), is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (the "issue price").

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner's tax basis in such

Discount Bond. The adjusted tax basis in a Discount Bond will be used to determine taxable gain or loss upon a disposition (e.g., sale, exchange, redemption, or payment at maturity) of such Discount Bond.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation's alternative minimum tax liability and the branch profits tax liability. Corporate owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or a branch profits tax liability although the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners of Discount Bonds who did not purchase such Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Discount Bonds.

Owners of such Discount Bonds should consult their own tax advisors with respect to state and local tax consequences of the Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local income taxes, accrued original issue discount on Discount Bonds may be deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

Original Issue Premium

Each of the Series 2002A Bonds maturing in 20__, 20__ and 20__ (the "Premium Bonds") has an issue price that is greater than the amount payable at maturity of such Premium Bonds. Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (e.g., upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at an issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

RATINGS

As noted on the cover of this Official Statement, Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Credit Market Services, a Division of The McGraw-Hill Companies ("Standard & Poor's") are expected to issue their ratings of "Aaa" and "AAA", respectively, to the Series 2002 Bonds with the understanding that upon delivery of the Series 2002 Bonds, the Policy will be issued by the Insurer. The County also has applied to Moody's and Standard & Poor's for ratings without giving effect to the Bond Insurance Policy. Moody's and Standard & Poor's have assigned underlying ratings of "A2"

and “A+,” respectively, to the Series 2002 Bonds. The underlying ratings are based on the capacity of the Issuer to pay debt service on the Series 2002 Bonds without giving effect to the Bond Insurance Policy to be issued by the Insurer. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Series 2002 Bonds.

UNDERWRITING

The Series 2002 Bonds are being purchased by William R. Hough & Company, the Underwriter, subject to certain terms and conditions, including the approval of certain legal matters by Bond Counsel.

The aggregate purchase price payable by the Underwriter is \$ _____ (including a net original issue discount of \$ _____ and Underwriter’s discount of \$ _____) plus accrued interest. The Series 2002 Bonds are offered for sale to the public at the prices or yields set forth on the cover page of this Official Statement. The Series 2002 Bonds may be offered and sold to certain dealers at prices lower than such offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

FINANCIAL ADVISOR

The County has retained Public Financial Management, Inc., Orlando, Florida, as Financial Advisor in connection with preparation of the County’s plan of financing and with respect to the authorization and issuance of the Series 2002 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. 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.

INVESTMENT POLICIES

The County has detailed written investment policies which it follows. The principal investment objectives of the County are to achieve safety, liquidity and yield, in that priority.

CONTINUING DISCLOSURE

The County has covenanted, for the benefit of the Series 2002 Bondholders, in a Continuing Disclosure Certificate dated as of November 1, 2002 (the “Continuing Disclosure Certificate”), and in the Resolution, to provide certain financial information and operating data relating to the County (the “Annual Report”), commencing with the report for the Fiscal Year ending 2002, and to provide notices of the occurrence of certain enumerated material events. The Annual Report will be filed by the County with each nationally recognized municipal securities information repository (“NRMSIRs”) and with the appropriate state information depository, if any (the “SID”), that is subsequently established by the State and designated as such, when and if it occurs. The notices of material events must be filed by the County with the NRMSIRs, the Municipal Securities Rulemaking Board and the SID. The specific nature of the information to be contained in the Annual Report, the notices of material events, and other details of the undertakings are described in the form of Continuing Disclosure Certificate attached hereto as Appendix E. The Continuing Disclosure Certificate will be executed by the County prior to the issuance of the Series 2002 Bonds. These covenants have been made in order to assist the Underwriter in

complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

The County has not failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.

AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the Board of County Commissioners of the County. Concurrently with the delivery of the Series 2002 Bonds, the undersigned or the then Chairman of the Board or the County Administrator will furnish his or her certificate to the effect that to the best of his or her knowledge, this Official Statement did not as of its date and does not as of the date of the delivery of the Series 2002 Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements made herein, in light of the circumstances in which they were made, not misleading.

INDEPENDENT AUDITORS

The financial statements of St. Johns County, Florida, for the fiscal year ended September 30, 2001, appearing in Appendix B of this Official Statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing therein (which report expresses an unqualified opinion and includes an explanatory paragraph referring to the adoption of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*).

CONCLUDING STATEMENT

The information in the foregoing pages is presented for the guidance of prospective purchasers of the Series 2002 Bonds described therein. The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement. The information has been compiled from official records of the County and other sources and, while not guaranteed by the County, is believed to be correct. The Preliminary Official Statement is in a form "deemed final" by the County for purposes of SEC Rule 15c2-12 (b)(1) but is subject to revision, amendment and completion in a final Official Statement. So far as any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or of 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.

BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA

By: _____
James E. Bryant, Chairman

APPENDIX A

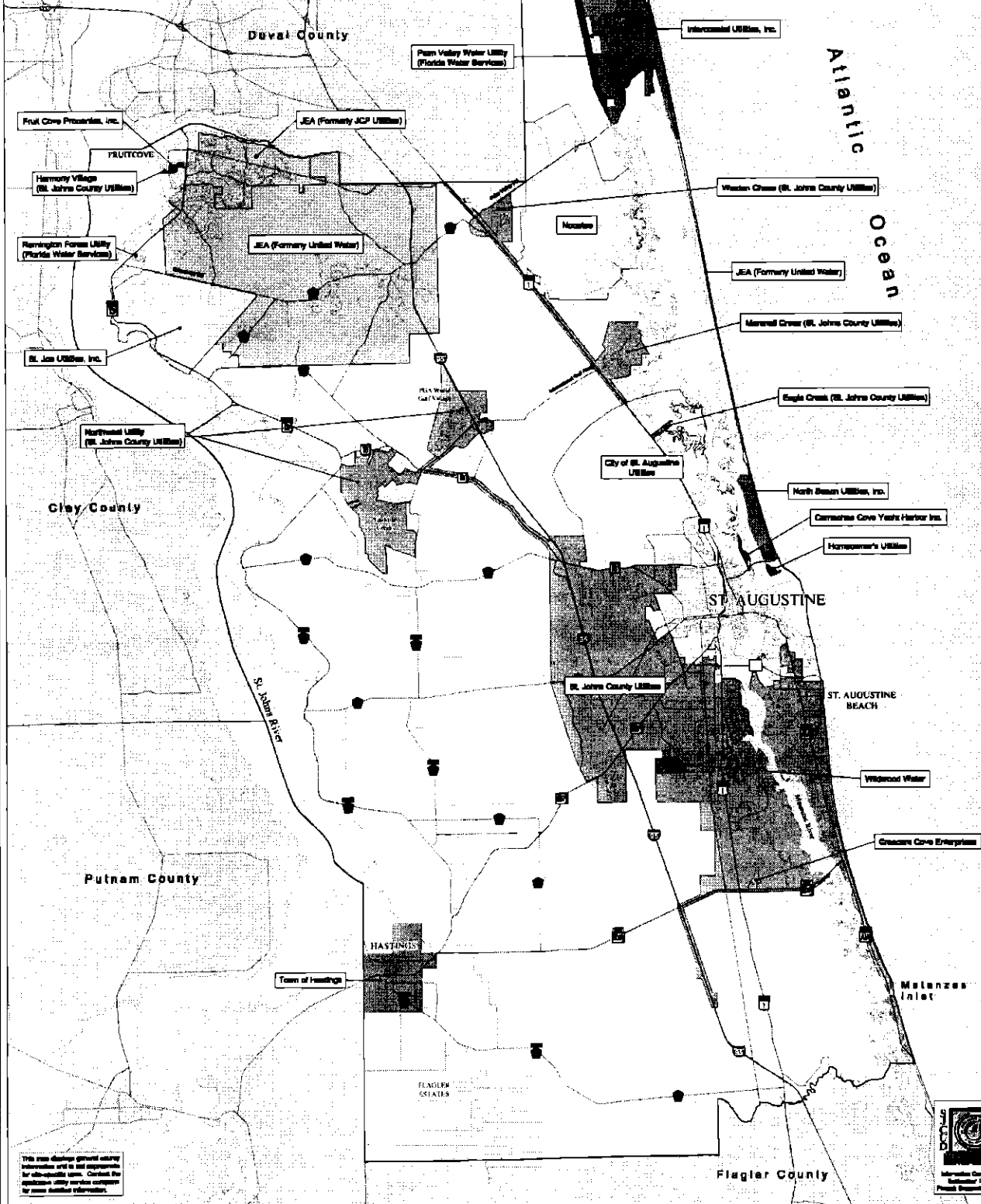
**MAPS OF SERVICE AREAS AND
FACILITY LOCATIONS IN THE COUNTY**

EXHIBIT I

ST. JOHNS COUNTY Water and Wastewater Public and Private Utility Service Areas



Atlantic Ocean



Information Current as of
September 15, 2005
Printed September 15, 2005

DAMASCUS COVE YACHT HARBOR, INC.
Brent Hollister
3070 Harbor Drive, Corcoran Island
St. Augustine, FL 32084
PH: (904) 828-4571 FAX: (904) 828-4288

CRENSHAW COVE ENTERPRISES
Sally L. Jones
P.O. Box 2718
St. Augustine, FL 32084
PH: (904) 828-4571 FAX: (904) 828-4288

FRUIT COVE PROPERTIES, INC.
Shirley Tiller-McCormack (JEA Utilities Management)
P.O. Box 541148
Jacksonville, FL 32255-0114
PH: (904) 779-1114 FAX: (904) 779-4723

INTERCOASTAL UTILITIES, INC.
Blue Tilly-McCormack (JEA Utilities Management)
P.O. Box 541148
Jacksonville, FL 32255-0114
PH: (904) 779-1114 FAX: (904) 779-4723

NORTH BEACH UTILITIES, INC. (Marina Beach)
4108 Colonial Highway
St. Augustine, FL 32084
PH: (904) 828-4571 FAX: (904) 828-4288

ST. JOHNS COUNTY UTILITIES
P.O. Box 2028
St. Augustine, FL 32084-0208
PH: (904) 828-4571 FAX: (904) 828-4288
Toll Free: 1-877-457-2811

TOUR OF PARTHOS
Michael T. Thompson
PH: (904) 828-4288

CITY OF ST. AUGUSTINE
P.O. Box 210
St. Augustine, FL 32084
PH: (904) 828-1040 FAX: (904) 828-1041

FLORIDA WATER SERVICES
P.O. Box 62388
Orlando, FL 32862
Toll Free: 1-800-435-4501
PH: (407) 855-4288

RECREATION UTILITIES (Piscine Park)
Jim Ingers
2741 Bureau Court
St. Augustine, FL 32084
PH: (904) 828-4101

JEA
21 W. Church St.
Jacksonville, FL 32207
PH: (904) 828-4288 FAX: (904) 828-4288

ST. JOE UTILITIES
1850 Piedmont Drive, Suite 400
Jacksonville, FL 32207
PH: (904) 828-4288 FAX: (904) 828-4288

ST. JOHNS SERVICE COMPANY
G.W. Whitson, Jr., President
328 North Laura Street
The Overlook Bldg., 1st Floor
P.O. Box 62388
Jacksonville, FL 32262-0388
PH: (904) 828-4288 FAX: (904) 828-4288

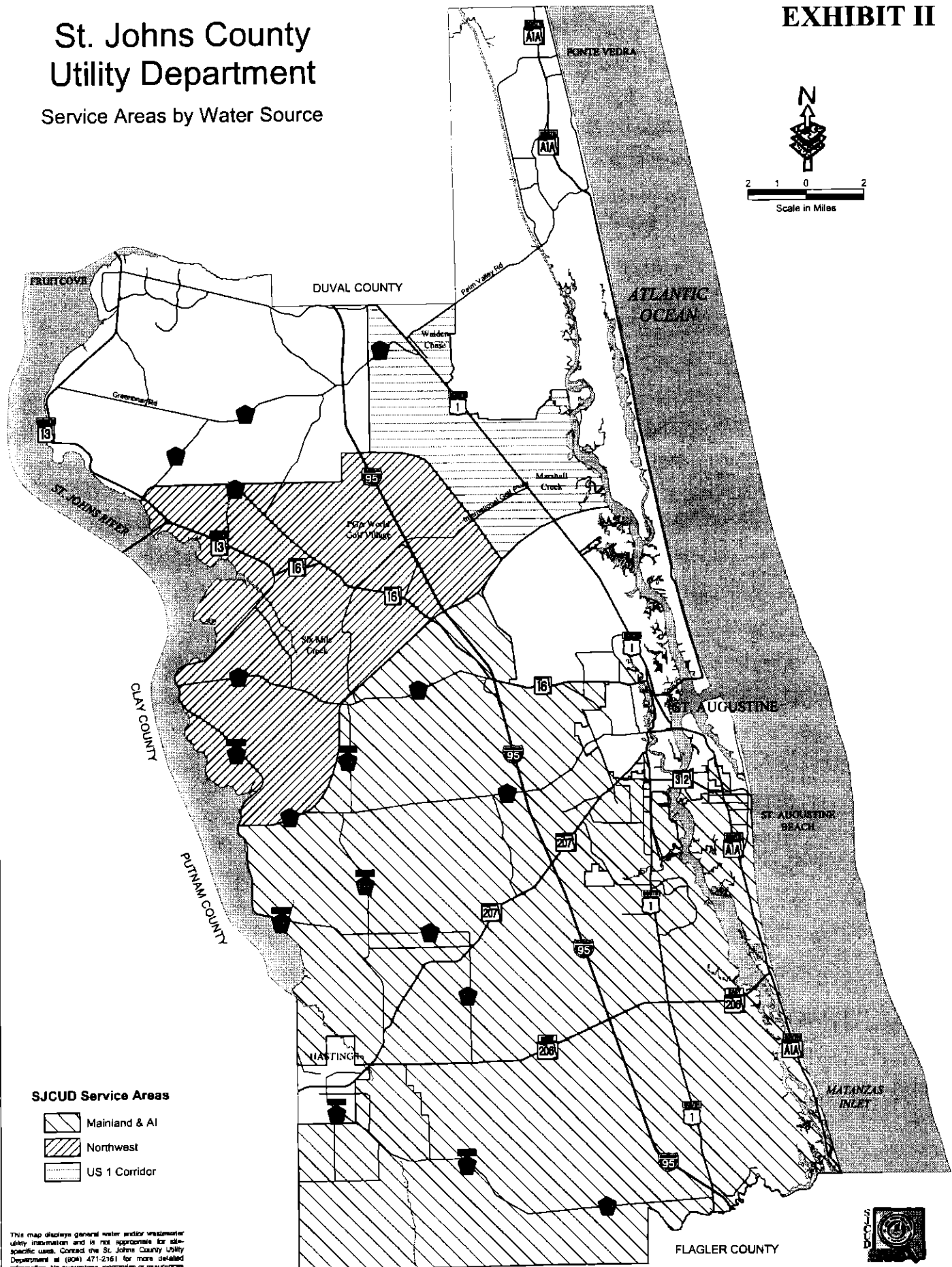
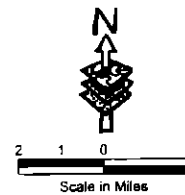
WALDEWOOD WATER COMPANY
Mr. Jerry Smith, Chief Bill
P.O. Box 1777
St. Augustine, FL 32084-0177
PH: (904) 828-4288 FAX: (904) 828-4288

ROCKY HILL UTILITY CORPORATION
Roger C. Cramer
PH: (904) 828-4288

St. Johns County Utility Department

Service Areas by Water Source

EXHIBIT II



SJCUD Service Areas

-  Mainland & AI
-  Northwest
-  US 1 Corridor

This map displays general water and/or wastewater utility information and is not appropriate for site-specific uses. Contact the St. Johns County Utility Department at (904) 471-2161 for more detailed information. No guarantees, warranties or assurances are conveyed with this map. This map is not legal documentation and is not to be used as such.

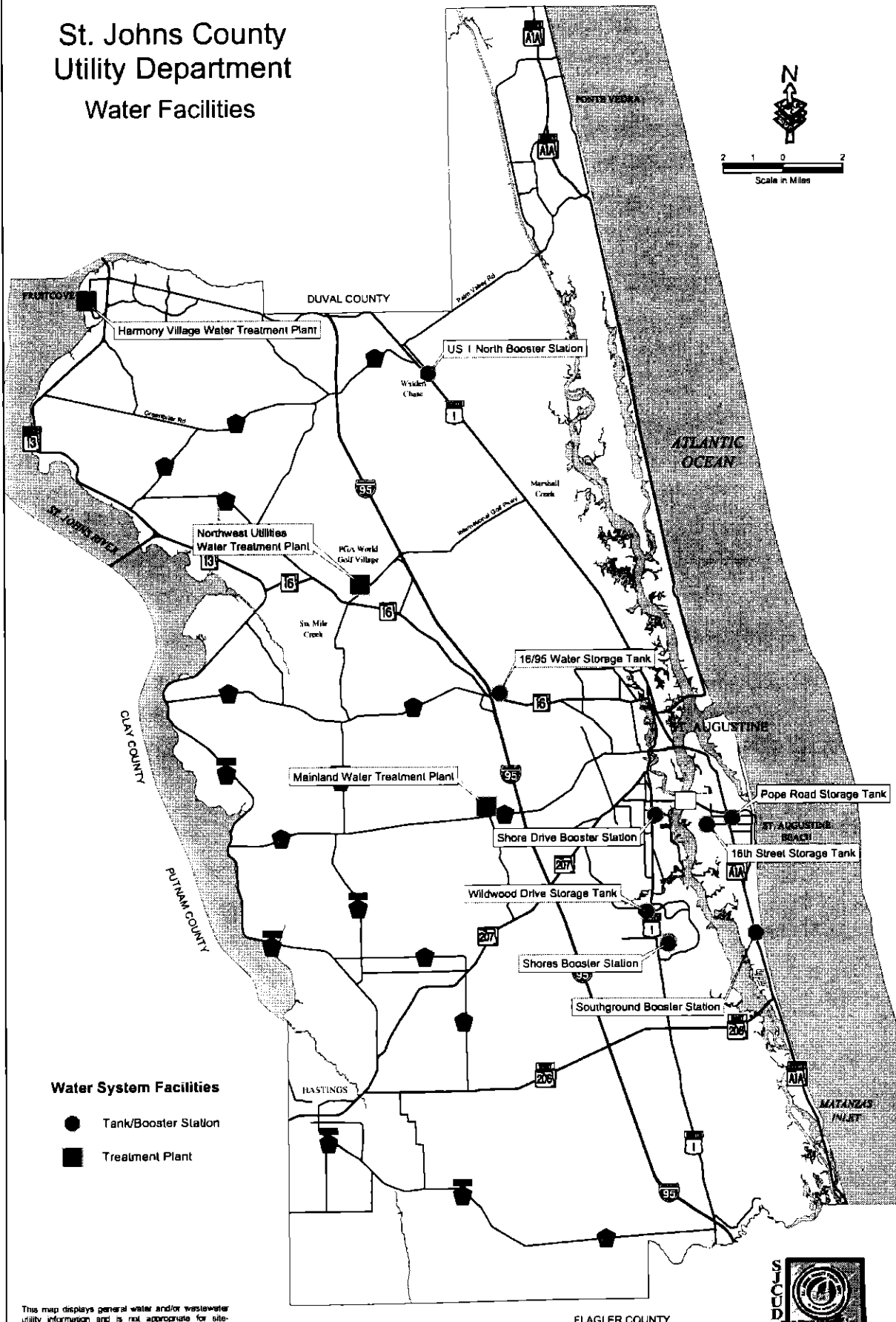
FLAGLER COUNTY



Map developed by SJCUD GIS
Printed: September 30, 2002

EXHIBIT III

St. Johns County Utility Department Water Facilities



Water System Facilities

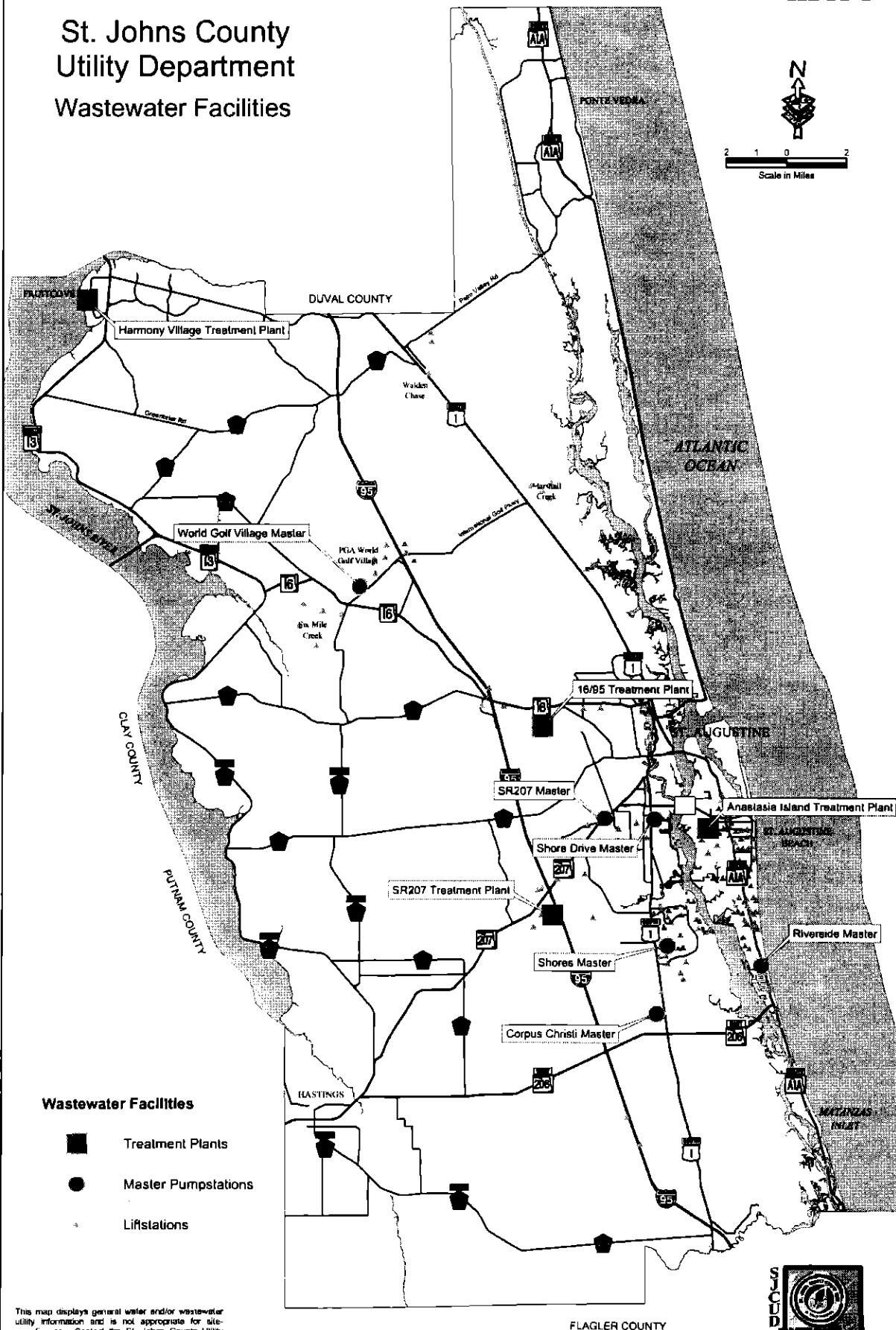
- Tank/Booster Station
- Treatment Plant

This map displays general water and/or wastewater utility information and is not appropriate for site-specific uses. Contact the St. Johns County Utility Department at (904) 471-2161 for more detailed information. No guarantees, warranties or assurances are conveyed with this map. This map is not legal documentation and is not to be used as such.

Map developed by SJCUO GIS
 Plotted: September 30, 2002

St. Johns County Utility Department Wastewater Facilities

EXHIBIT IV



This map displays general water and/or wastewater utility information and is not appropriate for site-specific uses. Contact the St. Johns County Utility Department at (904) 471-2181 for more detailed information. No guarantees, warranties or assurances are conveyed with this map. This map is not legal documentation and is not to be used as such.

Map developed by SJUCUD GIS
Plotted: September 30, 2002

APPENDIX B

**GENERAL PURPOSE FINANCIAL STATEMENTS OF
THE COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2001**

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ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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Certified Public Accountants
Suite 2801
One Independent Drive
Jacksonville, Florida 32202-5034

Tel: (904) 665 1400
Fax: (904) 355 9104
www.us.deloitte.com

**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of St. Johns County, Florida, (the "County"), as of September 30, 2001 and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the County. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the County as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the general purpose financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as of October 1, 2000.

**Deloitte
Touche
Tohmatsu**

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Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the County. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Deloitte & Touche LLP

January 4, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

ST. JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
 AND DISCRETELY PRESENTED COMPONENT UNITS
 September 30, 2001

	Governmental Fund Types				Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
ASSETS AND OTHER DEBITS					
Equity in pooled cash and cash equivalents	\$ 9,785,195	\$ 22,089,888	\$ 2,546,812	\$ 9,447,334	\$4,085,551
Cash with claims administrator					
Investments	5,349,183	9,569,821			
Accounts and notes receivable (net of allowance for uncollectibles)	450,565	226,447			
Interest receivable	170,303	131,387			
Due from individuals	5,402	175			44,177
Due from other funds	981,000	438,867	1,536		1,326
Due from other governments	1,671,238	700,508			59,402
Inventory		116,013			40,224
Restricted assets:					
Cash and cash equivalents					
Investments					
Land					
Golf course land improvements					
Buildings and improvements					
Water and sewer systems					
Furniture and equipment					
Accumulated depreciation					
Construction in progress					
Other assets	452,359				
Amount available in debt service funds					
Amount to be provided for retirement of general long-term debt					
Amount to be provided from special assessments					
Amount to be provided for payment of accrued compensated absences					
TOTAL ASSETS AND OTHER DEBITS	\$ 18,885,223	\$ 33,273,086	\$ 2,548,348	\$ 9,447,334	\$ 4,230,680

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

Proprietary Fund Types		Account Groups		Totals (Memorandum Only) Primary Government	Component Units	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Obligations		Housing Finance Authority	Industrial Development Authority
\$ 30,504,995	\$ 1,164,464			\$ 78,624,239	\$ 5,780	\$ 207,847
	110,875			110,875		
8,791,229	101,546			23,811,759	206,876	
1,472,753	59,826			2,209,391	241,597	
279,278	168			581,118	11,472	
				49,754		
8,533	295,948			1,727,210		
308,854				2,737,800		
436,254				592,491		
2,843,795				2,843,795	19,395	
6,268,961				6,268,961		
4,732,245		\$ 10,937,870		15,670,115		
2,352,514				2,352,514		
14,426,454		68,323,605		82,750,059		
68,535,535				68,535,535		
4,357,638		36,697,558		41,055,196		
(19,355,641)				(19,355,641)		
3,418,897		5,262,248		8,681,145		
1,721,522				2,173,881		
			\$ 424,343	424,343		
			30,777,965	30,777,965		
			87,000	87,000		
			3,349,861	3,349,861		
<u>\$ 131,101,616</u>	<u>\$ 1,732,827</u>	<u>\$ 121,221,281</u>	<u>\$ 34,639,169</u>	<u>\$ 357,059,384</u>	<u>\$ 485,120</u>	<u>\$ 207,847</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
 AND DISCRETELY PRESENTED COMPONENT UNITS (continued)
 September 30, 2001

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Governmental Fund Types				Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 4,164,999	\$ 3,994,903	\$ 2,124,005	\$ 612,621	\$ 76,249
Customer deposits	90,669				1,426,329
Estimated liability for self insured losses					
Due to individuals	18,848				1,066,903
Due to other funds	108,305	899,371			719,524
Due to other governments	482,800				688,656
Accrued landfill closure and post-closure costs					
Interest payable					
Deferred revenue	142,480	37,920			
Other liabilities	635				
Revenue bonds payable					
State loan payable					
Long term lease payable					
General obligation bonds payable					
\$10M Commercial paper program payable					
Special assessment debt with governmental commitment					
Accrued compensated absences					
TOTAL LIABILITIES	5,008,734	4,932,194	2,124,005	612,621	3,977,661
FUND EQUITY AND OTHER CREDITS:					
Investment in general fixed assets					
Contributed capital, net					
Retained earnings:					
Reserved for construction					
Reserved for debt service					
Reserved developer contributions					
Unreserved					
Fund balances:					
Reserved for records modernization		225,579			
Reserved for teen court		98,900			
Reserved for school crossing guard and law enforcement education		244,988			
Reserved for capital outlay				8,834,713	
Reserved for debt service			424,343		
Reserved for escrow deposits					
Unreserved-undesignated	13,856,489	27,771,446			253,019
TOTAL FUND EQUITY AND OTHER CREDITS	13,856,489	28,340,892	424,343	8,834,713	253,019
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 18,865,223	\$ 33,273,086	\$ 2,548,348	\$ 9,447,334	\$ 4,230,680

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

Proprietary Fund Types		Account Groups		Totals (Memorandum Only) Primary Government	Component Units	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Obligations		Housing Finance Authority	Industrial Development Authority
\$ 2,970,176	\$ 9,007			\$ 13,951,960	\$ 6,048	\$ 1,711
794,712				2,311,710		
	1,290,269			1,290,269		
				1,085,749		
10				1,727,210		
				1,171,456		
8,052,396				8,052,396		
1,011,908				1,011,908		
				180,400		
70,872				71,307		
87,987,509			\$ 24,510,000	92,497,509		
1,563,578				1,563,576		
174,541			1,637,308	1,811,849		
			2,880,000	2,880,000		
			2,175,000	2,175,000		
			87,000	87,000		
270,165			3,349,861	3,820,026		
82,865,685	1,299,278		34,839,169	135,489,325	6,048	1,711
		\$ 121,221,281		121,221,281		
24,395,057				24,395,057		
4,202,109				4,202,109		
2,278,698				2,278,698		
4,280,481				4,280,481		
13,049,628				13,049,628		
				225,579		
				98,900		
				244,968		
				8,834,713		
				424,343		
	433,351			42,314,304	19,395	
					459,677	206,136
48,205,951	433,351	121,221,281	-	221,570,039	479,072	206,136
\$ 131,101,816	\$ 1,732,627	\$ 121,221,281	\$ 34,839,169	\$ 357,059,364	\$ 485,120	\$ 207,847

(concluded)

ST. JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Taxes	\$ 40,218,430	\$ 17,459,408	\$ 1,374,805	
Special assessments		4,837,088		
Licenses and permits	342,285	3,108,055		
Intergovernmental	13,866,480	9,998,097	2,675,386	\$ 968,607
Charges for services	10,200,801	4,085,047		
Fines and forfeitures	1,395,037	448,476		
Contributions	166,225	248,164		185,613
Investment income	1,828,083	1,888,548	149,011	332,780
Miscellaneous revenue	1,032,359	183,018		
TOTAL REVENUES	68,649,480	42,229,901	4,199,202	1,487,000
EXPENDITURES:				
Current:				
General government	23,376,827	5,582,032		24,974
Public safety	32,322,882	5,265,471		
Physical environment	417,110			
Transportation	1,164,820	12,477,175		
Economic environment	874,517	1,407,845		
Human services	3,148,519	4,480,525		
Culture and recreation	7,208,432	1,828,553		
Capital outlay				4,670,594
Debt service:				
Principal retirement	914,418	82,000	2,985,000	
Interest and fiscal charges	79,798	21,380	1,818,471	
TOTAL EXPENDITURES	69,305,221	31,144,981	4,803,471	4,895,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(655,741)	11,084,920	(404,269)	(3,208,568)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	893,804	1,320,136	248,000	8,547,922
Operating transfers out	(3,360,206)	(7,882,941)		
Line-of-credit and capital lease proceeds	3,506,205			
TOTAL OTHER FINANCING SOURCES (USES)	1,139,803	(6,562,805)	248,000	8,547,922
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	484,062	4,522,115	(156,269)	5,339,354
FUND BALANCES, BEGINNING OF YEAR	13,550,323	23,840,881	580,612	3,495,359
RESIDUAL EQUITY TRANSFER	(177,896)	177,896		
FUND BALANCES, END OF YEAR	\$ 13,856,489	\$ 28,340,892	\$ 424,343	\$ 8,834,713

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

Fiduciary Fund Type	Totals (Memorandum Only) Primary Government	Component Units	
		Housing Finance Authority	Industrial Development Authority
	\$ 58,052,843		
	4,837,088		
	3,448,320		
	27,308,570		
\$ 268,031	14,551,879		
	1,841,513		
	600,002		
	3,998,422	\$ 23,807	\$ 7,600
	1,195,377	7,055	38,000
<u>268,031</u>	<u>118,831,814</u>	<u>30,862</u>	<u>43,800</u>
322,823	29,308,456		
	37,588,353		
	417,110		
	13,641,995		
	2,082,362	24,855	18,249
	7,627,144		
	9,038,985		
	4,670,594		
	3,981,418		
	1,719,847		
<u>322,823</u>	<u>110,072,064</u>	<u>24,855</u>	<u>18,249</u>
(58,792)	8,759,550	6,007	25,351
	11,109,862		
	(11,243,147)		
	3,506,205		
-	3,372,920	-	-
(58,792)	10,132,470	6,007	25,351
309,811	41,578,988	473,065	180,785
	-		
<u>\$ 253,019</u>	<u>\$ 51,709,458</u>	<u>\$ 479,072</u>	<u>\$ 208,138</u>

ST. JOHNS COUNTY, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2001

	General Fund		Special Revenue Funds	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes	\$ 41,297,976	\$ 40,218,430	\$ 17,595,304	\$ 17,459,408
Special assessments			4,021,728	4,837,088
Licenses and permits	190,000	342,265	2,694,216	3,106,055
Intergovernmental	12,468,508	13,666,480	9,984,885	9,566,179
Charges for services	8,903,679	10,200,601	3,608,751	3,862,403
Fines and forfeitures	1,090,450	1,395,037	355,920	446,476
Contributions	118,334	166,225	243,400	248,164
Investment income	930,000	1,628,083	781,574	1,884,804
Miscellaneous revenue	705,508	1,032,359	21,000	163,018
TOTAL REVENUES	65,704,455	68,649,480	39,306,778	41,573,595
EXPENDITURES:				
Current:				
General government	25,472,701	23,376,627	6,446,750	5,344,698
Public safety	30,094,548	32,322,882	8,914,493	4,896,744
Physical environment	1,087,079	417,110	18,350	
Transportation	1,303,880	1,164,820	22,018,272	12,477,175
Economic environment	703,642	674,517	2,638,740	1,407,845
Human services	3,663,739	3,146,619	4,678,010	4,480,525
Culture and recreation	7,743,671	7,208,432	4,574,167	1,828,553
Capital outlay				
Debt service:				
Principal retirement	893,809	914,418	82,000	82,000
Interest and fiscal charges	79,796	79,796	32,000	21,380
TOTAL EXPENDITURES	71,042,865	69,305,221	49,402,782	30,538,920
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,338,410)	(655,741)	(10,096,004)	11,034,675
OTHER FINANCING SOURCES (USES):				
Operating transfers in	702,022	993,804	1,305,966	1,320,136
Operating transfers out	(3,360,206)	(3,360,206)	(10,120,578)	(7,882,941)
Line-of-credit and capital lease proceeds	2,390,000	3,506,205		
TOTAL OTHER FINANCING SOURCES (USES)	(268,184)	1,139,803	(8,814,612)	(6,562,805)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,606,594)	484,062	(18,910,616)	4,471,870
FUND BALANCES, BEGINNING OF YEAR	13,550,323	13,550,323	23,121,679	23,121,679
RESIDUAL EQUITY TRANSFER	(177,896)	(177,896)	177,896	177,896
FUND BALANCES, END OF YEAR	\$ 7,765,833	\$ 13,856,489	\$ 4,388,959	\$ 27,771,445

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

Debt Service Funds		Capital Projects Funds		Totals (Memorandum Only)	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 1,407,922	\$ 1,374,805			\$60,301,202	\$ 59,052,643
				4,021,728	4,837,088
				2,884,218	3,448,320
2,675,386	2,675,386	\$ 3,095,599	\$ 968,607	28,224,378	26,876,652
				12,512,430	14,063,004
				1,446,370	1,841,513
		219,789	185,613	581,523	600,002
141,000	149,011	59,547	332,780	1,912,121	3,994,678
				726,508	1,195,377
<u>4,224,308</u>	<u>4,199,202</u>	<u>3,374,935</u>	<u>1,487,000</u>	<u>112,610,476</u>	<u>115,909,277</u>
		63,000	24,974	31,982,451	28,748,299
				39,009,041	37,219,626
				1,105,429	417,110
				23,322,152	13,641,995
				3,342,382	2,082,362
				8,341,749	7,627,144
				12,317,838	9,036,985
		15,132,991	4,670,594	15,132,991	4,670,594
2,985,000	2,985,000			3,960,809	3,981,418
1,621,514	1,618,471			1,733,310	1,719,647
<u>4,606,514</u>	<u>4,603,471</u>	<u>15,195,991</u>	<u>4,695,568</u>	<u>140,248,152</u>	<u>109,143,180</u>
(382,206)	(404,269)	(11,821,056)	(3,208,568)	(27,637,676)	6,766,097
248,000	248,000	10,527,922	8,547,922	12,783,910	11,109,862
				(13,480,784)	(11,243,147)
				2,390,000	3,506,205
<u>248,000</u>	<u>248,000</u>	<u>10,527,922</u>	<u>8,547,922</u>	<u>1,693,126</u>	<u>3,372,920</u>
(134,206)	(156,269)	(1,293,134)	5,339,354	(25,944,550)	10,139,017
580,612	580,612	3,495,359	3,495,359	40,747,973	40,747,973
					-
<u>\$ 446,406</u>	<u>\$ 424,343</u>	<u>\$ 2,202,225</u>	<u>\$8,834,713</u>	<u>\$14,803,423</u>	<u>\$ 50,886,990</u>

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Enterprise Funds	Internal Service Funds	Totals (Memorandum only)
OPERATING REVENUES:			
Charges for services	\$ 22,828,254	\$ 5,758,348	\$ 28,586,602
Special assessment revenue	320,833		320,833
Other operating revenue	59,823	58,602	118,425
Merchandise sales	22,775		22,775
Total operating revenues	23,031,685	5,814,950	28,846,635
OPERATING EXPENSES:			
Contractual services	10,189,424	6,184,695	16,374,119
Salaries and benefits	4,058,090		4,058,090
Landfill closure and post-closure expense	78,066		78,066
Operating and maintenance expenses	3,086,666	10,468	3,097,134
Loss from early asset retirement	1,287,712		1,287,712
Depreciation	2,038,559		2,038,559
Total operating expenses	20,714,517	6,195,163	28,909,680
OPERATING INCOME (LOSS)	2,317,168	(380,213)	1,936,955
NON-OPERATING REVENUES (EXPENSES):			
Investment income	2,954,001	115,120	3,069,121
Interest expense	(4,436,177)		(4,436,177)
Grant proceeds	352,809		352,809
Franchise fees	620,954		620,954
Other revenues	25,307		25,307
Gain on sale of fixed assets	107,202		107,202
Total non-operating (expenses) revenues	(375,904)	115,120	(260,784)
CONTRIBUTED DEVELOPER CAPITAL	4,280,461		4,280,461
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	6,221,725	(265,093)	5,956,632
OPERATING TRANSFERS:			
Operating transfers in	168,505		168,505
Operating transfers out		(33,221)	(33,221)
NET INCOME (LOSS)	6,388,230	(298,314)	6,089,916
ADD DEPRECIATION CHARGED TO CONTRIBUTED CAPITAL	463,017		463,017
INCREASE (DECREASE) IN RETAINED EARNINGS	6,851,247	(298,314)	6,552,933
RETAINED EARNINGS, BEGINNING OF YEAR	18,959,847	728,435	17,888,082
RESIDUAL EQUITY TRANSFER		5,230	5,230
RETAINED EARNINGS, END OF YEAR	\$ 23,810,894	\$ 433,351	\$ 24,244,245

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

ST. JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,317,168	\$ (380,213)	\$ 1,936,955
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,036,559		2,036,559
Amortization of bond issuance cost	220,256		220,256
Loss from early asset retirement	1,267,712		1,267,712
Decrease in accounts receivable	165,187	24,252	189,439
Decrease in notes receivable	57,864		57,864
Increase in due from constitutional officers	(5,691)	(229,441)	(235,132)
(Increase) decrease in due from other governments	(241,772)	19,834	(222,138)
(Increase) decrease in inventory	(27,530)	109,364	81,834
Increase (decrease) in accounts payable and accrued liabilities	1,214,647	(108,449)	1,106,198
Decrease in customer deposits	(337,956)		(337,956)
Decrease in estimated liability for self insured losses		(525,193)	(525,193)
Decrease in due to other funds		(110,330)	(110,330)
Decrease in due to constitutional officers	(221)		(221)
Decrease in accrued landfill closure and post-closure costs	(745,320)		(745,320)
Increase (decrease) in accrued compensated absences	36,182	(18,573)	17,609
Decrease in other liabilities	(4,768)		(4,768)
Net cash provided by (used in) operating activities	5,952,117	(1,218,949)	4,733,168
NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers in	166,505		166,505
Residual equity transfer		5,230	5,230
Grants received	352,809		352,809
Franchise fees	620,954		620,954
Other proceeds	25,307		25,307
Operating transfer out		(33,221)	(33,221)
Net cash provided by (used in) noncapital financing activities	1,165,375	(27,991)	1,137,584
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(5,392,854)		(5,392,854)
Sale of capital assets	282,074		282,074
Proceeds from issuance of long-term debt	240,880		240,880
Principal payments on revenue bonds	(2,755,000)		(2,755,000)
Principal payments on State Revolving Loan	(81,044)		(81,044)
Principal payments on long-term lease	(86,139)		(86,139)
Interest paid on revenue bonds, loans and lease obligations	(3,523,752)		(3,523,752)
Capital contributed by developers	4,280,462		4,280,462
Net cash used in capital and related financing activities	(7,015,573)	-	(7,015,573)
INVESTING ACTIVITIES:			
Investment purchases	(16,315,548)	(84,115)	(16,399,663)
Proceeds from sale of investments	24,281,848	791,737	25,053,385
Investment income received	2,861,323	125,776	2,987,099
Net cash provided by investing activities	10,807,423	833,398	11,640,821
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,909,542	(413,542)	10,496,000
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,438,248	1,578,006	24,017,254
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 33,348,790	\$ 1,164,464	\$ 34,513,254
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Accretion of interest on capital appreciation bonds	865,055		865,055
Increase in fair value of investments	343,874		343,874

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

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ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

1. REPORTING ENTITY

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

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

The component units discussed below are included in the County's reporting entity either because of the significance of the operational relationship or the County is financially accountable for the component unit.

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

Specific criteria used to determine financial accountability are:

Selection of a Voting Majority of the Governing Body

Imposition of Will: Ability to remove appointed members at will; ability to approve or modify charges affecting revenue; ability to appoint, hire or dismiss management.

Financial Benefit or Burden Relationship: The County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the obligation to finance the deficits of or provide support to the organization; or the County is obligated in some manner for the debt of the organization.

Fiscal Dependency: Ability to approve or modify the organization's budget; ability to approve or modify rate charges; ability to approve debt issuances and/or tax levies.

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

Blended Component Units

The Anastasia Sanitary District, Elkton Drainage District, and the St. Augustine Fire District are blended component units of the County. These component units are included in the County's reporting entity because each meets all of the specific criteria listed above for financial accountability.

The Anastasia Sanitary District is a legislatively created body of local government. In 1992, its assets and liabilities were transferred to the Board by a subsequent act of the State legislature. There has been no activity for the Anastasia Sanitary District since that date, but the Anastasia Sanitary District maintains its legal existence.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

1. REPORTING ENTITY (continued)

The constitutional officers are the Property Appraiser, Sheriff, Supervisor of Elections, Clerk of the Circuit Court and Tax Collector. The Property Appraiser, Sheriff and Supervisor of Elections are budget officers fully funded by the Board. The Clerk and Tax Collector act as fee officers in all or part of their operations. This means that these operations are funded by fees collected by the Officer and are not funded by the Board. The Clerk's duties as Clerk to the Board are budgeted functions fully funded by the Board; the Clerk's duties as Clerk of the Circuit Court are funded by fees collected by that office. Transfers to budgeted Constitutional Officers are reported as operating transfers in the financial statements of the Constitutional Officers. Although these five officers are operationally autonomous, they do not hold sufficient corporate powers of their own to be considered separate component units for financial reporting purposes. Therefore, they are reported together with the Board as part of the primary government.

Discretely Presented Component Units are reported in separate columns on the combined financial statements to emphasize they are legally separate from the government.

Discretely Presented Component Units

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

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

The addresses for the authorities are as follows:

Housing Finance Authority of St. Johns County
P.O. Drawer 349
St. Augustine, Florida 32085

St. Johns County Industrial Development Authority
P.O. Drawer 349
St. Augustine, Florida 32085

At September 30, 2001, St. Johns County had not entered into any joint ventures with any other governmental agencies.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purpose of the County's various funds and account groups are as follows:

Governmental Funds

General Fund - The General Fund is the operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of a specific revenue source (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for and the payment of general long-term debt principal and interest and related costs, other than those payable from Enterprise Funds and Special Assessment Funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by the Proprietary Funds).

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

Fiduciary Funds

Expendable Trust Funds - Expendable Trust Funds are generally used in instances where legally mandated or where a formal legal trustee relationship exists. Both principal and income may be expended in the course of their designated operations.

Agency Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governmental and/or other funds.

Account Groups

General Fixed Assets - The General Fixed Assets Account Group is used to account for all fixed assets of the County except fixed assets of Proprietary Funds.

General Long-term Obligations - The General Long-Term Obligations Account Group is used to account for all the outstanding principal balances of any general and special obligation bonds or notes, capitalized leases, installment purchases, and compensated absences of the County except long-term obligations of Proprietary Funds.

B. Measurement Focus

Governmental Fund Types - General, Special Revenue, Debt Service and Capital Projects Funds are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental Fund Type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary Fund Types - Proprietary Funds are accounted for on an "income determination" measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported fund equities (total reported assets less total reported liabilities) provide an indication of the economic net worth of the funds. Operating statements for Proprietary Fund Types (on an income determination measurement focus) report increases (revenues) and decreases (expenses) in total economic worth.

Fiduciary Fund Types - Expendable Trust and Agency Funds are accounted for as follows: Expendable Trust Funds are accounted for in the same manner as Governmental Fund Types; Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups - The General Fixed Assets Account Group and the General Long-Term Obligations Account Group are concerned only with the measurement of financial position. Account Groups are not involved with the measurement of results of operations. Long-Term obligations, which are not intended to be financed through Proprietary or Fiduciary Funds are accounted for in the Long-Term Obligations Account Group. Fixed assets, which are not used in Proprietary or Fiduciary Fund operations, are accounted for in the General Fixed Assets Account Group.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds, Expendable Trust Funds, and Agency Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

The following revenues are treated as susceptible to accrual under the modified accrual basis:

- Property taxes levied for and due within the fiscal year and collected within 60 days after fiscal year end. At September 30, 2001 there were no property taxes receivable.
- Intergovernmental services
- Charges for services
- Rents
- Investment income
- Special assessments

Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for the principal and interest on general long-term debt, which is recognized when due.

The Proprietary Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred. The County has elected to not apply FASB Statements and Interpretations issued after November 30, 1989, as permitted by GASB Statement No.20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

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

E. Investments

Investments are valued at fair value as determined from quoted market prices at September 30, 2001.

F. Property Taxes

The Tax Collector bills and collects property taxes. Tax revenues are recognized when levied, to the extent that they result in current receivables. At September 30, 2001, there were no property taxes receivable.

Details of the County's tax calendar are presented below:

Lien date January 2, 2000

Levy date November 1, 2000

Installment payments:

1st installment No later than June 30, 2000

2nd installment No later than September 30, 2000

3rd installment No later than December 31, 2000

4th installment No later than March 31, 2001

Regular payments:

Discount periods November 2000 - February 2001

No discount period March 2001

Delinquent date April 1, 2001

Fiscal 2002 installments received prior to September 30, 2001 are required by law to be deposited in the Tax Collector's Agency Fund. Such payments are not considered available resources as of September 30, 2001 and, accordingly, no revenue related to these installments has been recognized in the 2001 financial statements.

G. Inventories

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

- (1) Governmental Fund inventory is recorded as an expenditure when purchased for financial statement purposes.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (2) The Proprietary Fund Types' inventory is recorded as an expenditure when consumed rather than when purchased (consumption method) for financial statement purposes.

H. Restricted Assets

Restricted assets are reported in connection with customer deposits and certain special accounts mandated by bond indentures involving proprietary fund borrowings. These assets are legally restricted for specific purposes, such as debt service and new construction.

I. Fixed Assets

(1) Governmental Fund Fixed Assets

Governmental Funds fixed assets are recorded as capital outlay expenditures at the time of purchase. Such assets are capitalized at historical cost in the General Fixed Assets Account Group, except for "Public Domain" infrastructure fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems which are not capitalized. Donated fixed assets are recorded in the General Fixed Assets Account Group at their fair market value at the date of transfer. No depreciation has been provided on general fixed assets.

(2) Enterprise Funds Fixed Assets

Enterprise Funds fixed assets are recorded at cost. Donated fixed assets are capitalized at their fair market value at the date of transfer. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable assets are as follows:

ASSETS	YEARS
Water and Sewer Plant	10-50
Landfill Improvements	10-20
Buildings and Improvements	10-60
Equipment	4-10

J. Accrual for Landfill Closure and Post-Closure Costs

Based on the consulting engineer's cost estimates, a portion of the estimated closure and post-closure cost for the Tillman Ridge Landfill is recognized as expense each year to match the flow of revenues. The estimated closure and post-closure cost accrued at September 30, 2001 is based on the current estimate to complete closure of the landfill, and the current estimate to perform long-term care over the next 30 years.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Revenue

Deferred revenue reported in the Governmental Fund Types represents revenues which are measurable but not available. The deferred revenue will be recognized in the fiscal year it becomes available. Deferred revenue is recorded in other liabilities.

L. Accounting for Long-Term Obligations

Revenue bonds and other forms of long-term debt used to finance Proprietary Fund operations and payable from revenue of the Proprietary Funds are recorded in the applicable Proprietary Fund. General obligation bonds and other forms of long-term debt supported by general revenue are obligations of the County as a whole and not its individual constituent funds. Accordingly, such unmatured obligations of the County are accounted for in the General Long-Term Obligations Account Group.

M. Accrued Compensated Absences

The Board follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* in accounting for accrued compensated absences. Compensated absences, which are not funded with current resources ("expendable available financial resources"), are reported in the General Long-Term Obligations Account Group for Governmental Fund Types. Proprietary Fund Types accrue compensated absences in the period earned.

N. Contributed Capital

The contributed capital accounted for in the Proprietary Fund Types represents contributions from other funds, developers, and/or state and federal aid programs received prior to October 1, 2000. Such contributions were recognized as increases in equity in the period they were received. Depreciation expense on contributed fixed assets is reflected in the Statement of Revenues, Expenses and Changes in Retained Earnings. Depreciation on contributed fixed assets is transferred to the related contributed capital accounts (reducing contributions instead of retained earnings). Subsequent to October 1, 2001, contributed capital is reflected as increases in net income in the period they were received.

O. Reserves of Fund Balances and Retained Earnings

Reserves recorded in the Governmental Fund Types represent portions of fund balance which cannot be appropriated for expenditures or which have been segregated for specific future uses.

Reserved retained earnings of the Enterprise Funds are created by the existence of assets restricted for debt service, new construction and closure costs. Increases in restricted assets result from interest earned and intrafund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Proprietary Funds.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Budgets and Budgetary Accounting

The County uses the following procedures in establishing the budgetary data reflected in the financial statements.

- (1) The County adopts its budget in accordance with Chapters 129 and 200, Florida Statutes, and County Policy.
 - (a) The County and County Administrator follow an internal hearing process to set the proposed tentative budget and millage.
 - (b) Public hearings are then held to adopt a tentative budget and millage in accordance with Chapters 129 and 200, Florida Statutes.
- (2) All funds of each governmental fund type with legally adopted annual budgets are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.
- (3) The County, with the exception of certain Special Revenue Funds, adopts budgets for all Governmental Funds. Appropriations for these limited Special Revenue Funds are approved, as necessary, during the fiscal year.
- (4) Level of Control - Expenditures may not exceed appropriations and are controlled in the following manner:
 - (a) The budget is controlled according to Chapter 129, Florida Statutes, at the total fund level.
 - (b) The County has adopted more stringent policies that control expenditures on the department level within funds.
 - (c) The County has adopted a budget amendment policy that allows the County Administrator to make budget transfers within departments within a fund; therefore the legal level of control is at the department level. However, for the majority of the County's funds there is only one department within the fund. As a result, when the County reports by fund it is reporting at the legal level of control for those funds. For the funds that have more than one department, supporting schedules are presented for a comparison of budget to actual expenditures at the department level.

Those funds are as follows:

General Fund
Special Revenue Funds:
Building Service Fund
County Transportation Trust
Additional Court Costs
Beach
Tourist Development Tax

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (d) The Board of County Commissioners must authorize budget transfers between departments in a fund.
- (5) All budgets are adopted in accordance with generally accepted accounting principles.
- (6) Florida Statutes do not require adoption of budgets for Proprietary, Trust and Agency Funds or Debt Service Funds.
- (7) Appropriations for the Board lapse at the close of each fiscal year.
- (8) Formal budgetary integration is used as a management control device for all governmental funds of the Board.
- (9) Supplemental Appropriations - In certain instances the County may advertise and hold public hearings in order to supplement the appropriations in a fund due to unexpected high levels of receipts or under estimation of carry forward balances. They may also supplement appropriations by resolution due to unanticipated or designated receipts. In fiscal year 2001 supplemental appropriations were approved by resolution in accordance with County policy as follows:

General Fund	\$3,452,785
Transportation	750,000
Utility	175,000
Flagler West Renovation	119,789
Fire Service	73,307
Mental Health	61,778
Fleet Maintenance	33,973
Beach Fund	25,000

Q. New Accounting Standards

In December 1998, the Governmental Accounting Standards Board, (the "GASB") issued Statement No. 33 *Accounting and Financial Reporting for Non-exchange Transactions*, and in April 2000, amended Statement No. 33 by issuing Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues – an amendment of GASB No. 33.* Generally, these statements establish accounting and financial reporting standards to guide state and local governments' decisions about when (in which fiscal year) to report the results of non-exchange transactions involving cash and other financial and capital resources. These transactions include most taxes, grants and donations. The timing of financial statement recognition will depend on the nature of the non-exchange transaction as well as the basis of accounting (accrual or modified accrual). As required by Statement No. 33, as amended, the County adopted the provisions of these statements effective October 1, 2000. In accordance with Statement No. 33, the County recognized \$4,280,461 contributed developer capital as a component of net income for the year ended September 30, 2001.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and in June, 2001 amended Statement No. 34 by issuing Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and Statement No. 38, "Certain Financial Statement Note Disclosures." Generally, these statements establish financial reporting standards for state and local governments including states, cities, towns, villages, and special-purpose governments such as school districts and public utilities. They establish that the basic financial statements and required supplementary information for general governments should consist of: management's discussion and analysis, basic financial statements, and required supplementary information. The requirements of these statements are effective for the County in the year ended September 30, 2002. Management has not yet determined the impact of these statements on its financial statements.

In March 2000, the GASB issued Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This Interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The requirements of this interpretation are effective for the Board in the year ending September 30, 2002. Management has not yet determined the effect of this interpretation on its financial statements.

R. "Totals (Memorandum Only)" Columns on Combined Statements-Overview

Total columns on the combined statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund transactions have not been eliminated from the "Totals (Memorandum Only)" column.

3. CASH AND INVESTMENTS

A. Cash and Cash Equivalents

The County, for accounting and investment purposes, maintains pooled cash and cash equivalent accounts for all County funds, except for monies which are legally restricted to separate administration. This gives the County the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The "Equity in pooled cash and cash equivalents" represents the amount allocated to each fund.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

3. CASH AND INVESTMENTS (continued)

At September 30, 2001, the County's cash on deposit in bank accounts was \$9,383,030, all of which was insured by federal deposit insurance or collateralized pursuant to Chapter 280, Florida Statutes. All collateralized deposits are insured. The related carrying amount was \$6,730,706. Monies which are placed on deposit with financial institutions in the form of demand deposit accounts, time deposits accounts and certificates of deposit are defined as public deposits. All the County's public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act."

Chapter 280, Florida Statutes, generally requires public funds to be deposited in a bank or savings association designated by the State Treasurer as authorized to receive deposits in the state and meeting collateral requirements. The required collateral of a qualified public depository is any eligible collateral (including federal, federally-guaranteed, state and local government obligations and corporate bonds) having a market value of at least 50 percent of the public deposits in excess of any applicable deposit insurance. The collateral is held by the State Treasurer, a bank or savings association. If circumstances warrant, the State Treasurer may increase the required collateral to 125 percent of a public depository's public deposits. Section 280.08(3), Florida Statutes, provides that if the loss to public depositors is not covered by deposit insurance and the proceeds from the sale of securities pledged by the defaulting depository, the difference will be provided by an assessment levied against other qualified public depositories of the same type as the depository in default.

Component Units - At September 30, 2001, the Housing Finance Authority and Industrial Development Authority's cash on deposit in bank accounts and the related carrying amounts were \$223,530, all of which was insured by federal deposit insurance or collateralized pursuant to Chapter 280, Florida Statutes.

B. Investments

The County's investment practices are governed by Chapter 219, Florida Statutes, and various legal covenants related to outstanding bond issues. The County is authorized to invest in certificates of deposit, the Local Government Surplus Funds Trust Fund (the "Trust Fund") administered by the State Board of Administration, repurchase agreements, money market funds, commercial paper and certain instruments of the U.S. Treasury. The fair value of the investment in the Local Government Surplus Funds Trust Fund is the same as the value of the pool shares held at September 30, 2001.

Under Section 215.47, Florida Statutes, investments held by the State Board of Administration are entirely collateralized and insured by the State. The State Board of Administration is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury, its agencies and instrumentalities, and repurchase and reverse repurchase agreements collateralized by U.S. securities.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

3. CASH AND INVESTMENTS (continued)

At September 30, 2001, the Tax Collector had investments in overnight repurchase agreements in the amount of \$815,000. During the year, the amounts the Tax Collector invested in overnight repurchase agreements were significantly higher (up to \$47,000,000) than the balance at September 30, 2001. Fluctuations in these investments are caused by higher cash flows at certain times during the year. The overnight repurchase agreements are classified as Category 1 credit risk.

In accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the County's investments are categorized as follows to give an indication of the level of credit risk assumed by the County at September 30, 2001. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which securities are held by a counterparty, or by its trust department or agent, but not in the County's name.

At September 30, 2001, the County's cash and cash equivalent and investment balances were as follows:

	1	Category 2	3	Fair Value
Agency Notes		\$30,080,720		\$30,080,720
Repurchase Agreement	815,000			815,000
Cash and cash equivalents				
not categorized:				
Investment in Local Government				
Surplus Funds Trust Fund				74,401,591
Florida Tax Collector's Investment Trust				251,232
Money Market Fund				380,380
Cash in banks				6,730,706
Total				<u>\$112,659,629</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

3. CASH AND INVESTMENTS (continued)

Component Units - At September 30, 2001, the Housing Finance Authority and the Industrial Development Authority's cash and cash equivalents and investment balances were as follows:

	Category 1	2	3	Fair Value
U.S. Treasury Notes		\$186,876		\$186,876
Cash and cash equivalents not categorized:				
Money Market Fund				9,492
Certificates of Deposit				20,000
Cash in banks				223,530
Total				<u>\$439,898</u>

C. Restricted Cash and Cash Equivalents

Component Units - In 1989, the HFA implemented its 1989 Credit Enhanced Single Family Mortgage Loan Program (also known as the Collier Heights Program) (the "Program").

In connection with the Program, the HFA agreed to guarantee up to 25% of the original amount of the Credit Enhanced Loans originated for this program by the lender. The maximum amount of Credit Enhanced Loans allowed in this program was \$1,000,000. The HFA initiated the program by placing \$250,000 in escrow with the lender for the purpose of guaranteeing the Credit Enhanced Loans.

Upon expiration of the Loan Origination Period on October 27, 1991, the lender had originated \$350,200 of Credit Enhanced Loans of which \$87,550 was guaranteed by the HFA. The remaining \$162,450 of the original escrow deposit was returned to the HFA. At September 30, 2001, the principal amount of Credit Enhanced Loans outstanding was approximately \$77,578. The escrow balance of \$19,395 is reported as restricted cash and cash equivalents at September 30, 2001.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable of the General Fund consist primarily of ambulance service accounts and are reported net of an allowance for doubtful accounts of \$499,447 at September 30, 2001. The allowance represents 55% of the gross ambulance service accounts receivable at September 30, 2001. The balance of the receivable consists of miscellaneous service fees.

Accounts receivable of the Special Revenue Funds consist primarily of Mental Health Medicare/Medicaid receivables, utility regulation assessments and other miscellaneous fees. An allowance for doubtful accounts is not considered necessary.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

4. ACCOUNTS AND NOTES RECEIVABLE (continued)

Accounts receivable of the Enterprise Funds consist of the following receivables and their related allowance for doubtful accounts at September 30, 2001:

	<u>Balance</u>	<u>Allowance</u>	<u>Net</u>
Utility Fund	\$822,077	\$51,619	\$770,458
Solid Waste Fund	338,340	1,000	337,340
Golf Course Fund	6,377		6,377
Convention Center	16,496		16,496
	<u>\$1,183,290</u>	<u>\$52,619</u>	<u>\$1,130,671</u>

Included in accounts and notes receivable on the combined balance sheet for the Enterprise Funds is \$342,082 of unit connection fee notes receivable. Water and sewer unit connection fees are non-refundable fees charged to new customers of the utility system as a capacity charge. The related notes receivable bear interest from 5.00 % to 7.25 % and are generally due in annual or monthly installments of principal and interest, with maturities of ten or twenty years. The notes are collateralized by a lien on the property subject to the fee. At September 30, 2001, an allowance for doubtful accounts was not considered necessary.

5. PROPERTY TAX

A. Real Property Taxes were levied on November 1, 2000.

B. The Property Tax Calendar and pertinent assessment/lien information is as follows:

- (1) July 1 - Property Appraiser completes assessment and certifies the taxable value to the County.
- (2) August 1 - The County certifies the amount of taxes they intended to levy for both operations and debt service to the property appraiser.
- (3) September 1-30 - The County holds its final budget hearings and adopts the tax levy for the ensuing tax year.
- (4) November 1 - Taxes due and payable.
- (5) April 1 - All unpaid taxes become delinquent and constitute a recorded lien effective the preceding January 2.
- (6) June 1 - Tax Collector sells tax certificates on all delinquent parcels.
- (7) July (third Monday) - The Tax Collector disburses proceeds of tax certificate sales to the taxing agencies.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

5. PROPERTY TAX (continued)

C. Delinquent Tax Process

- (1) April 1 - Unpaid taxes become delinquent.
- (2) May 1-31 - Owner can pay tax due plus accrued interest at 18 percent per annum.
- (3) June 1 - If the owner has not paid the tax, the Tax Collector sells a tax certificate on the parcels. (Tax Certificates are sold for the amount of tax due on the property plus the interest due St. Johns County. The tax certificate holder then charges the property owner that amount plus additional interest.)
- (4) Proceeds of the tax certificate sale are distributed to St. Johns County by the third Monday in July.

D. Other Information Regarding Sales of Tax Certificates

- (1) St. Johns County will hold any unsold certificates for later sale.
- (2) Property owners redeem certificates by paying St. Johns County the tax certificate amount. St. Johns County then pays the certificate holder.
- (3) After two years, holders of unredeemed certificates may apply for a tax deed. In order to obtain a tax deed the property is offered at public auction with the minimum bid being the amount of the outstanding taxes and certificates on the property. Any excess over this amount is applied against any other liens and then given to the property owner.
- (4) Any unsold lands after seven years escheat to the State of Florida.

E. Property Tax Payment and Distribution

Discounts for early payment of property tax are allowed in the following manner:

4% for November payments
3% for December payments
2% for January payments
1% for February payments

The Tax Collector distributes tax proceeds to St. Johns County quickly in order to provide cash for operations. Distributions are made as follows:

November - 4 distributions
December - 4 distributions
All other months - 1 distribution each month

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

6. CHANGES IN FIXED ASSETS

- A. The following is a schedule of changes in the General Fixed Assets Account Group for the fiscal year ended September 30, 2001:

	Balance October 1, <u>2000</u>	<u>Additions</u>	<u>Dispositions</u>	Balance September 30, <u>2001</u>
Land	\$7,971,683	\$2,967,940	\$1,753	\$10,937,870
Buildings & Other Improvements	61,249,589	9,047,191	1,973,175	68,323,605
Equipment	34,406,957	4,943,559	2,652,958	36,697,558
Construction-in- progress	8,845,301	4,381,137	7,964,190	5,262,248
	<u>\$112,473,530</u>	<u>\$21,339,827</u>	<u>\$12,592,076</u>	<u>\$121,221,281</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

6. CHANGES IN FIXED ASSETS (continued)

B. The following is a schedule of changes in fixed assets of the Enterprise Funds for the year ended September 30, 2001:

	Balance October 1, 2000	Additions	Dispositions	Balance September 30, 2001
Land	\$4,732,245			\$4,732,245
Golf Course land improvements	2,352,514			2,352,514
Buildings and improvements	14,728,406	\$175,268	\$477,220	14,426,454
Water and Sewer System	60,091,653	8,953,168	509,286	68,535,535
Equipment	4,247,995	730,143	620,500	4,357,638
Construction-in progress	<u>7,867,092</u>	<u>1,357,602</u>	<u>5,805,797</u>	<u>3,418,897</u>
Total:	94,019,905	11,216,181	7,412,803	97,823,283
Less accumulated depreciation	<u>17,465,975</u>	<u>2,036,559</u>	<u>146,893</u>	<u>19,355,641</u>
Fixed Assets, net	<u>\$76,553,930</u>	<u>\$9,179,622</u>	<u>\$7,265,910</u>	<u>\$78,467,642</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2001 are comprised of the following:

General Long-Term Obligations

Revenue Bonds:

\$10,750,000 1998 Sales Tax Revenue Refunding Bonds; secured by a lien upon and pledge of local government half-cent sales tax revenues; due in annual installments of \$25,000 to \$1,525,000 through October 1, 2019; interest at 4.40% to 5.00%, payable semiannually	\$10,680,000

\$11,640,000 1994 Sales Tax Revenue Refunding Bonds; secured by a lien upon and pledge of local government half-cent sales tax revenues; due in annual installments of \$625,000 to \$990,000 through October 1, 2011; interest at 4.875% to 5.625%, payable semiannually	7,900,000

\$12,185,000 1992 Transportation Improvement Revenue Refunding Bonds; secured by a lien upon and pledge of local option gas tax; due in annual installments of \$855,000 to \$1,135,000 through October 1, 2007; interest at 5.60% to 6.00%, payable semiannually	<u>5,930,000</u>

Total Revenue Bonds Payable	24,510,000

General Long-Term Obligation Bonds:

\$11,155,000 1994 Limited Ad Valorem Tax Refunding Bonds; due in annual installments of \$1,405,000 to \$1,475,000 through September 1, 2003; interest at 5.00%, payable semiannually	2,880,000

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

Special Assessment Debt with Governmental
Commitment:

\$461,785 Special assessment debt with governmental commitment due in an annual installment of \$87,000 May 1, 2002; interest at 5.45%, payable annually	87,000

\$2,390,000 Pooled commercial paper loan with a governmental commitment due in quarterly installments of \$215,000 through March 2, 2004; at variable rate of interest based on the actual rate, respective to the series of commercial paper notes from which the loan amount is derived, payable monthly.	2,175,000

Obligations under Capital Leases	1,637,308

Accrued compensated absences	<u>3,349,861</u>

Total General Long-Term Obligations	<u>\$ 34,639,169</u>

Proprietary Fund Long-Term Obligations

Revenue Bonds:

\$10,430,000 1989 Water and Sewer Revenue Bonds; secured by a lien upon and a pledge of County water and sewer revenues; due in annual installments of \$615,000 to \$865,000 through June 1, 2009; interest at 5.00%, payable semiannually (less unamortized discount of \$382,489)	\$5,497,511

\$14,680,398 1991A Water and Sewer Revenue Bonds; secured by a lien upon and pledge of County water and sewer revenues; due in annual installments of \$460,629 to \$868,008 through June 1, 2021; interest at 7.00% to 7.05%, payable annually for capital appreciation bonds where interest is due at maturity (including accreted interest on capital appreciation bonds of \$6,514,751; less unamortized discount of \$71,219)	12,893,930

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

\$19,990,000 1996 Water and Sewer Revenue and Refunding Bonds; secured by a lien upon and pledge of County water and sewer revenues; due in annual installments of \$770,000 to \$1,315,000 through June 1, 2026; interest at 4.50% to 5.50%, payable semiannually (less unamortized discount of \$330,340 and unrecognized loss on refunding of \$747,884)	15,161,776
\$16,990,000 1996 Taxable Convention Center Revenue Bonds; secured by a lien upon and pledge of certain fees and payments from the World Golf Village Complex; due in annual installments of \$240,000 to \$1,445,000 through January 1, 2026; interest at 7.10% to 8.00%, payable semiannually (less unamortized discount of \$372,172)	16,392,828
\$2,225,000 1998 Water and Sewer Revenue Bonds; secured by a lien upon and pledge of County water and sewer revenues; due in annual installments of \$65,000 to \$155,000 through June 1, 2021; interest at 4.10% to 5.00%, payable semiannually (less unamortized discount of \$36,837 and unrecognized loss on refunding of \$5,058)	2,013,105
\$3,120,000 1998 Capital Improvement Revenue Bonds; secured by a lien upon and pledge of net revenues of the Golf Course and appropriations of the County; due in annual installments of \$245,000 to \$330,000 through July 1, 2010; interest at 3.50% to 4.20%, payable semiannually (less unamortized discount of \$6,451)	2,543,549
\$14,260,000 1999A (non-taxable) and 1999B (taxable) Water and Sewer Revenue Refunding Bonds; secured by a lien upon and pledge of County water and sewer revenues; due in annual installments of \$965,000 to \$2,335,000 through June 1, 2011; interest at 4.00% to 6.30%, payable semiannually (less unamortized discount of \$63,730 and unrecognized loss on refunding of \$451,460)	<u>13,484,810</u>
Total Revenue Bonds Payable	67,987,509

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

Obligations under State Revolving Loan Trust Fund due in semiannual installments of \$41,311 to \$60,772; interest at 2.59%, payable semiannually	1,563,576
Obligations under Capital Lease	174,541
Accrued Compensated Absences	<u>270,165</u>
Total Proprietary Fund Long-Term Obligations	<u>\$69,995,791</u>

- B.** The annual requirement to amortize all bonds, loans and special assessment debt with governmental commitment as of September 30, 2001 to maturity, including interest payments of \$11,906,430 and \$55,862,466 for General Long-Term Obligations and Proprietary Fund Long-Term Obligations, respectively, are as follows:

<u>Year Ending Sept. 30</u>	<u>General Long-Term Obligations</u>	<u>Proprietary Fund Long-Term Obligations</u>	<u>Total Long-Term Obligations</u>
2002	5,376,082	6,216,748	11,592,830
2003	5,272,731	6,221,732	11,494,463
2004	3,261,166	6,205,872	9,467,038
2005	2,809,527	6,208,401	9,017,928
2006	2,805,633	6,210,182	9,015,815
2007-2026	22,033,291	94,350,616	116,383,907
	<u>\$41,558,430</u>	<u>\$125,413,551</u>	<u>\$166,971,981</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

C. Long-term debt transactions of the County for the year ended September 30, 2001 are summarized below:

GENERAL LONG-TERM OBLIGATIONS

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
Sales tax revenue refunding bonds, Series 1998	\$ 10,705,000		\$ 25,000	\$ 10,680,000
Sales tax revenue refunding bonds, Series 1994	8,495,000		595,000	7,900,000
Transportation improvement revenue refunding bonds, Series 1992	6,740,000		810,000	5,930,000
Total Revenue Bonds	25,940,000		1,430,000	24,510,000
Limited ad valorem tax refunding bonds, Series 1994	4,220,000		1,340,000	2,880,000
Total General Obligation Bonds	4,220,000		1,340,000	2,880,000
Special Assessment Debt with Governmental Commitment	169,000		82,000	87,000
Obligations under capital leases	1,429,591	1,122,135	914,418	1,637,308
\$10M Commercial Paper Program		2,390,000	215,000	2,175,000
Accrued compensated absences	3,343,921	258,852	252,912	3,349,861
Total General Long-Term Obligations	\$ 35,102,512	\$ 3,770,987	\$ 4,234,330	\$ 34,639,169

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

PROPRIETARY FUND LONG-TERM OBLIGATIONS

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
Water and sewer revenue bonds				
Series 1989	\$ 5,985,000		\$ 115,000	\$ 5,880,000
Series 1990	755,000		755,000	-
Series 1991	6,450,398			6,450,398
Series 1996	17,450,000		1,210,000	16,240,000
Series 1998	2,115,000		60,000	2,055,000
Series 1999	14,155,000		155,000	14,000,000
Capital improvement revenue bonds 1998	2,785,000		235,000	2,550,000
Convention center revenue bonds	16,990,000		225,000	16,765,000
	66,695,398		2,755,000	63,940,398
Add accreted interest on capital appreciation bonds	5,649,695	865,058		6,514,751
Less unrecognized loss on refunding	1,303,921		99,518	1,204,402
Less original issue discount	1,353,183		89,945	1,263,238
Total Revenue Bonds	69,687,989	865,058	2,565,538	67,987,509
Obligations under State Revolving Loan	1,644,620		81,044	1,563,576
Obligations under capital lease		240,680	66,139	174,541
Accrued compensated absences	252,556	37,748	20,139	270,165
Total Proprietary Fund Long-Term Obligations	\$ 71,585,165	\$ 1,143,484	\$ 2,732,858	\$ 89,995,791

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

- D. The County is obligated under the terms of leases for vehicles, computers, and other equipment. These leases are considered capital leases; therefore the obligations have been recorded in the General Long-Term Obligations Account Group and the assets have been recorded in the General Fixed Assets Account Group. The annual requirements under these capital lease obligations as of September 30, 2001 are as follows:

Year Ending September 30,	
2002	980,723
2003	532,129
2004	<u>213,614</u>
Total minimum lease payments	1,726,466
Less amount representing interest	<u>(89,158)</u>
Present value of net minimum lease payments	<u>\$1,637,308</u>

- E. In prior years, the County defeased certain general obligation and other bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of September 30, 2001, \$10,815,000 of bonds outstanding are considered defeased. The amounts in escrow total \$11,007,500 and are sufficient to retire all outstanding bonds and interest. Since these bonds are legally defeased, they are not included in the financial statements.
- F. Special Assessment Debt - The County has debt totaling \$87,000 which is to be repaid through special assessments from benefiting property owners. In the event that the assessments do not cover the repayment, the Board is obligated to repay the debt.
- G. Demand Bonds - The County has no demand bonds.
- H. Conduit Debt Obligations

Component Units - The Industrial Development Authority has from time to time issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

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

As of September 30, 2001, there were twenty-two series of Industrial Development Revenue Bonds outstanding. The aggregate principal amount payable at September 30, 2001 for eleven series issued after July 1, 1995 was \$233.2 million, including the following four major issues:

<u>Company and Series</u>	<u>Maturity</u>	<u>Outstanding Principal Amount</u>
Flagler Hospital, Inc. Hospital Revenue Bonds, Series 1996A and 1996B	Serially in varying Amounts to 2026	\$56,000,000
Professional Golf Hall of Fame, Industrial Development Revenue Bonds, Series 1996	Serially in varying Amounts to 2026	26,300,000
Glenmoore at St. Johns Project, Series 1999	Serially in varying Amounts to 2030	75,980,000
Professional Golf Hall of Fame, Industrial Development Authority Refunding Bonds, Series 2002	Serially in varying Amounts to 2023	26,455,000

The aggregate principal amount payable at September 30, 2001, for the eleven series issued prior to July 1, 1995, could not be determined; however, their original issue amounts aggregated \$79.6 million, including the following three major issues:

<u>Company and Series</u>	<u>Maturity</u>	<u>Outstanding Principal Amount</u>
Flagler Hospital Revenue Bonds, Series 1992	Serially in varying Amounts to 2022	\$26,285,000
Vicar's Landing Industrial Development Revenue Bonds, Series 1993A	Serially in varying Amounts to 2012	22,685,000
Vicar's Landing Industrial Development Revenue Bonds, Series 1993B	Serially in varying Amounts to 2030	12,140,000

The Housing Finance Authority has issued Housing Revenue Bonds to private-sector entities for the acquisition and construction of housing developments and Single Family Mortgage Revenue Bonds to provide low-interest mortgages to first-time buyers of single family homes. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

7. LONG-TERM OBLIGATIONS (continued)

the Housing Revenue Bonds, ownership of the multi-family housing developments transfers to the private sector entity served by the bond issuance.

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

As of September 30, 2001, there were nine series of Housing Revenue Bonds outstanding. The aggregate principal amount payable at September 30, 2001, for these series issued after July 1, 1995 was \$149.9 million, including the following two major issues:

<u>Company and Series</u>	<u>Maturity</u>	<u>Outstanding Principal Amount</u>
Housing Finance Authority of Clay County Single Family Mortgage Revenue Bonds, Series 1999	Serially in varying Amounts to 2029	\$75,000,000
Housing Finance Authority of Clay County Single Family Mortgage Revenue Bonds, Series 1999	Serially in varying Amounts to 2030	50,000,000

The aggregate principal amount payable for the four series issued prior to July 1, 1995, could not be determined; however, their original issue amounts aggregated \$45.5 million, including the following three major issues:

<u>Company and Series</u>	<u>Maturity</u>	<u>Outstanding Principal Amount</u>
Barnett-Range Corporation Adjustable Rate Demand Multifamily Housing Revenue Bonds	Serially in varying Amounts to 2006	\$7,250,000
Developers Three, Inc. and R.I. Johnson Construction Project Housing Revenue Bonds, Series A	Serially in varying Amounts to 2004	5,700,000
Housing Finance Authority of Clay County Single Family Mortgage Revenue Bonds, Series 1995	Serially in varying Amounts to 2028	30,300,000

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

8. INTERFUND RECEIVABLES, PAYMENTS AND TRANSFERS

At September 30, 2001, interfund receivables, payments and transfers are as follows:

Fund Type/Fund	Due from	Due to	Operating transfers-in	Operating transfers-out
GENERAL FUND:				
General Fund	\$ 981,000	\$ 108,305	\$ 893,805	\$ 3,360,208
SPECIAL REVENUE FUNDS:				
County Health Department	1,453		4,000	
Building Services	125	1,875	48,300	
Court Facilities	4,980			
Law Enforcement Trust	268	35,943		35,943
State Housing Initiatives Program			5,848	
Mental Health		282,872	378,705	
County Transportation Trust	73,350	6,508	354,890	1,138,740
Additional Court Costs	15,050	117		
Beach			30,486	
Tourist Development Tax	272,477			1,500,000
Communications Surcharge	13,821			
Galimore Center		51,074		
Alcohol and Drug Abuse	518			
Boating Improvement	1,740			
Public Building Impact Fees				575,000
Road Impact Fees	297		498,807	3,405,728
Park Impact Fees				250,000
EB11 Communications		383,040		712,528
Fine District	3,669	636		212,112
Vilano Street Lighting	135			
St. Augustine South Street Lighting	315			
Elkton Drainage	93			
Executive Cove Road MSBU				12,030
Thompson Bailey Road MSBU	99			20,352
Treasure Beach MSBU		38,357		
Private Roads MSBU		117,884		22,507
Records Modernization Trust	66			
School Crossing Guards and				
Law Enforcement Education	50,834	1,064		
DEBT SERVICE FUNDS:				
Limited Ad Valorem Tax Refunding Bonds, Series 1994	1,536			
\$10M FLGFC Pooled Commercial Paper Loan Program			248,000	
CAPITAL PROJECTS FUNDS:				
Flagler West Renovation			275,010	
Library Building			872,698	
Palm Valley Bridge			1,800,000	
Davis Park Project			812,000	
Beach Re-nourishment			1,500,000	
Holmes Boulevard			2,243,661	
Northwest Government Center			1,244,555	
ENTERPRISE FUNDS:				
Solid Waste	8,533	10		
Convention Center			88,505	
Amphitheater			100,000	
INTERNAL SERVICE:				
Worker's Compensation Insurance	130,141			33,221
Health Insurance	185,807			
AGENCY FUNDS:				
Board of County Commissioners		50,402		
Clerk of Circuit Court	1,328	164,088		
Tax Collector-Taxes and Tags		496,034		
	<u>\$ 1,727,210</u>	<u>\$ 1,727,210</u>	<u>\$ 11,278,368</u>	<u>\$ 11,278,368</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

9. EMPLOYEE BENEFITS

A. Retirement Plan

Plan Description -St. Johns County participates in the Florida Retirement System (the "FRS"), a cost-sharing multiple-employer public employee retirement system administered by the State of Florida, Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the State of Florida Department of Management Services, Division of Retirement, Bureau of Research, Education and Policy, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1650 or by calling (850) 488-5540.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Funding Policy - The Board is required to pay all contributions for full-time and part-time employees. Generally, employee participation in FRS is compulsory. The contribution rates are as follows (including a health insurance subsidy of 1.1%, .94 % and .94% for the years ended September 30, 2001, 2000, and 1999, respectively):

	October 1, 1998 Through <u>June 30, 1999</u>	July 1, 1999 Through <u>June 30, 2000</u>	July 1, 2000 Through <u>June 30, 2001</u>	July 1, 2001 Through <u>Sept 30, 2001</u>
Elected County Officials	27.93%	17.99%	16.99%	15.11%
Senior management service	24.04%	12.13%	11.13%	9.28%
Regular employees	16.45%	10.15%	9.15%	7.30%
Special risk administrative support	15.58%	12.47%	11.68%	9.83%
DROP participants	12.50%	12.50%	12.50%	12.67%

The County's contributions to the FRS amounted to approximately \$5,209,374, \$4,908,000 and \$6,049,000 for the years ended September 30, 2001, 2000 and 1999 respectively. The County contributed 100% of the required contributions for each of the years ended September 30, 2001, 2000 and 1999.

B. Other Postemployment Benefits

In 1987, the Florida Legislature established through Section 112.363, Florida Statutes, the Retiree Health Insurance Subsidy ("HIS") to assist retirees of all state-administered retirement systems in paying health insurance costs. For the period from October 1, 2000, through September 30, 2001, eligible retirees and beneficiaries received as much as \$5 per month for each year of creditable service completed at the time of retirement.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

9. EMPLOYEE BENEFITS (continued)

The payments to individual retirees or beneficiaries at each year-end were at least \$50 but not more than \$150 per month.

To be eligible to receive HIS, a retiree under any state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

HIS is funded by required contributions from FRS' participating employers. The contribution rate is .94% of payroll for all active employees covered by the FRS. This contribution was added to the amount submitted for retirement contributions and was deposited in a separate trust fund from which HIS payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

In addition to the HIS, Chapter 110.123, Florida Statutes, provides that retirees may participate in the State's group health insurance programs. Premiums are paid by the retiree.

C. Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. This Plan (refer to Section 112.215, Florida Statutes), available to all regular payroll County employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (notwithstanding the mandates of 26 U.S.C. s. 457 (b) (6)), all of the assets specified in subparagraph 1) held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C. s. 457 (g) (1).

The County does not contribute to the Plan. Participation under the Plan is solely at the discretion of the employee. The County has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary and prudent investor. During the 1997 fiscal year Chapter 97-8 of the Laws of Florida amended section 112.215, Florida Statutes, by creating the Deferred Compensation Trust Fund, which is an expendable trust fund, in the State Treasury.

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

9. EMPLOYEE BENEFITS (continued)

D. Accrued Compensated Absences

County employees are entitled to accrue sick and vacation time in accordance with the employer's personnel regulations or a collective bargaining agreement. Upon termination an employee may be paid for some or all of accrued vacation time. All County employees, except employees of the Tax Collector with ten years credited service can be paid for a portion of accrued sick leave. Accrued compensated absences are based on the following guidelines:

	VACATION	SICK LEAVE
EMPLOYER	ACCRUAL MAXIMUM	ACCRUAL MAXIMUM
Board of County Commissioners	240	1,200
Clerk of the Circuit Court	240	1,200
Property Appraiser	240	1,200
Tax Collector	240	960
Supervisor of Elections	240	1,200
Sheriff	240	unlimited

10. SEGMENT INFORMATION - ENTERPRISE FUNDS

The County maintains five Enterprise Funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended September 30, 2001 is presented below:

	<u>Utilities</u>	<u>Solid Waste</u>	<u>Golf Course</u>	<u>Convention Center</u>	<u>Amphitheater</u>	<u>Total</u>
Operating revenues	\$12,288,317	\$8,268,794	\$1,439,033	\$1,007,187	\$28,354	\$23,031,685
Depreciation	1,519,683	121,302	170,795	220,000	4,779	2,036,559
Operating Income (loss)	2,347,309	(838,399)	138,298	762,185	(92,225)	2,317,168
Non-operating grants	187,331	183,545			1,933	352,809
Capital contributions	4,280,461					4,280,461
Net income (loss)	5,711,271	849,941	149,056	(347,974)	25,936	6,338,230
Property, plant and equipment:						
Additions	9,821,095	135,502	1,124,679		134,905	11,216,181
Dispositions	6,871,683	301,123	229,402		10,595	7,412,803
Revenue bonds payable from operating revenue and other sources	49,051,132		2,543,549	16,392,828		67,987,509
Net working capital	18,363,866	8,666,565	(10,624)	651,189	(17,414)	27,653,582
Total assets	91,717,745	17,671,093	7,672,062	13,897,348	143,368	131,101,616
Total fund equity (deficit)	37,981,562	8,218,820	4,704,547	(2,824,932)	125,954	48,205,951

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

11. CONTRIBUTED CAPITAL

Changes in contributed capital of the Enterprise Funds are summarized as follows:

Balance, October 1, 2000	\$24,858,073
Depreciation on contributed assets	(463,016)
Balance, September 30, 2001	<u>\$24,395,057</u>

As discussed in Note 2Q, the County adopted GASB Statement No. 33 in 2001. As a result, contributions are recorded as a component of net income in the Enterprise Funds and are no longer additions to contributed capital.

12. RISK MANAGEMENT

A. Public Entity Risk Pool

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

B. Self Insurance

St. Johns County provides health, life and accidental death and dismemberment insurance for its employees via a Self Insurance Internal Service Fund to account for and finance its self insured risks of loss. Under this program, the Health Insurance Internal Service Fund provides coverages up to a maximum of \$4,346,600. The Board purchases commercial insurance for claims in excess of coverage provided by the Fund.

Additionally, as of September 30, 2001, the Board's risks of loss related to workers compensation are no longer covered by the Hartford Specialty Company. Effective October 1, 2001, the Board obtained workers compensation coverage with Bituminous Insurance. The Board believes it is more economical to manage its risks internally and set aside assets for claim settlement in the Workers Compensation Internal Service Fund. The Workers Compensation Internal Service Fund services all claims for risk of workers compensation loss to which the Board is exposed under the previous risk pool, and the monthly premiums payable under the current policy.

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

12. RISK MANAGEMENT (continued)

All funds and constitutional officers of the County participate in both programs. The cost of providing claims servicing and claims payment is allocated by charging a "premium" to each fund and Officer based on a percentage of each organization's estimated current-year payroll. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophe losses.

The September 30, 2001 claims liability of \$653,772 and \$636,497 reported in the Health Insurance and Worker's Compensation Funds, respectively, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated, including an estimate for liabilities incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The claims liability at fiscal year end is shown at current dollar value.

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

<u>Fiscal Year</u>	<u>Balance October 1</u>	<u>Current Year Claims/Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance September 30</u>
1999/2000	\$650,782	\$3,201,783	\$3,297,734	\$554,831
2000/2001	\$554,831	\$4,055,239	\$3,956,298	\$653,772

Changes in the Worker's Compensation Fund's claims liability amount was as follows:

<u>Fiscal Year</u>	<u>Balance October 1</u>	<u>Current Year Claims/Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance September 30</u>
1999/2000	\$ 522,444	\$1,318,981	\$ 580,794	\$1,260,631
2000/2001	\$1,260,631	\$1,208,380	\$1,832,514	\$ 636,497

C. Conventionally Insured Claims and Losses

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

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

13. DEFICIT BALANCE - INDIVIDUAL FUNDS

At September 30, 2001 the following funds had deficit balances in the amounts shown:

SPECIAL REVENUE FUNDS	
Mental Health	\$133,997
Gallmore Center	685
Treasure Beach MSBU	38,357
Private Road MSBU	117,884
PROPRIETARY FUNDS	
Convention Center	2,824,932
Workers' Compensation Insurance	260,573
	<u>\$3,376,426</u>

Deficits will be corrected by operating adjustments in fees charged to departments, future expected operating revenues, or operating transfers.

14. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

A. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds:

	<u>Excess of Expenditures Over Appropriations</u>
Sheriff	2,698,932
Tax Collector	15,764
Supervisor of Elections	3,432

B. Accrual for Landfill Closure and Post-Closure Costs

State and Federal laws and regulations require the County to place a final cover on its Tillman Ridge Phase II landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,052,396 reported as landfill closure and post-closure care liability at September 30, 2001, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of Phase II of the landfill (approximately \$5,689,230) and the remaining liability for the Tillman Ridge Phase I Landfill closure and post-closure care cost (approximately \$2,363,166).

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

14. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES
(continued)

These amounts are estimated based on what it would cost to perform all closure and post-closure care in 2001. The County finished closing Phase II of the landfill during this year. Actual cost may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County has entered into an alternative agreement for disposal of waste. The landfill discontinued accepting waste during 1999 and the County's solid waste is now being transported to an out of county landfill. The County constructed a transfer station at the landfill to meet these obligations.

The County is required by state and federal laws and regulations to provide proof of financial responsibility for closure and post-closure care. The County's method, which is established by State law, relies on various financial tests to provide this proof. The County is in compliance with these requirements at September 30, 2001

C. Reconciliation Between the Actual Column of the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual and the Combined Statement of Revenues, Expenditures and Changes in Fund Balance

The County, as a practice, adopts budgets for all of its governmental funds except for the Records Modernization Trust, Teen Court, School Crossing Guard and Law Enforcement Education, and Forfeited Property. Florida Statutes do not require the adoption of an annual budget for the Records Modernization Trust, Teen Court, School Crossing Guard and Law Enforcement Education, and the Forfeited Property Funds. The differences between revenues, expenditures and fund balances between these budgetary and non-budgetary operating statements are summarized as follows:

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

14. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES
(continued)

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Special Revenue Funds:				
Actual amounts reported per combined budgetary operating statement	\$41,573,595	\$30,538,920	(6,562,895)	\$27,771,445
Non-budgeted Funds:				
Records Modernization Trust				
Charges for services	145,288			
General Government		194,985		
Fund Balance				225,579
Teen Court				
Charges for Services	77,356			
General Government		42,349		
Fund Balance				98,900
School Crossing Guard and Law Enforcement Education				
Intergovernmental	369,043			
Public Safety		304,108		
Fund Balance				244,968
Forfeited Property				
Intergovernmental and Investment Income	64,619			
Public Safety		64,619		
Fund Balance				
Actual Amount Reported Combined GAAP Operating Statements	<u>\$42,229,901</u>	<u>\$31,144,981</u>	<u>(6,562,895)</u>	<u>\$28,340,892</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

15. COMMITMENTS AND CONTINGENCIES

A. Commitments

At September 30, 2001 the County had outstanding commitments relating to construction contracts of approximately \$61,000,000.

The Sheriff and Tax Collector are leasing various pieces of equipment under operating leases. During the fiscal year ended September 30, 2001 the lease payments on all operating leases amounted to \$241,000 and \$2,938 respectively.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2001:

Year Ending September 30	
2002	\$101,837
2003	6,602
2004	<u>1,752</u>
Total minimum payments required	<u>\$110,191</u>

B. Contingencies

Pending Litigation

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of County management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

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ADDITIONAL INFORMATION

ST. JOHNS COUNTY, FLORIDA
 COMBINING BALANCE SHEET-
 BOARD AND OFFICER GENERAL FUNDS
 September 30, 2001

	Board of County Commissioners Sub-fund	Clerk of Circuit Court Sub-fund	Sheriff Sub-fund
ASSETS			
Equity in pooled cash and cash equivalents	\$ 6,285,290	\$ 337,646	\$ 1,352,610
Investments	5,349,163		
Accounts receivable	446,102		
Interest receivable	170,303		
Due from individuals		5,402	
Due from agency funds			
Due from other funds	468,520		
Due from constitutional officers	2,661,766		
Due from Board of County Commissioners		61,295	494,144
Net due from other funds	3,130,286	61,295	494,144
Due from other governments	1,373,420	7,865	289,951
Other assets	452,359		
TOTAL ASSETS	\$ 17,206,923	\$ 412,208	\$ 2,136,705
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 2,785,194	\$ 129,142	\$ 1,161,659
Customer deposits	90,669		
Due to individuals		325	18,521
Due to constitutional officers	175,379		
Due to Board of County Commissioners		282,741	773,095
Net due to other funds	175,379	282,741	773,095
Due to other governments	298,557		40,950
Deferred revenue			142,480
Other liabilities	635		
TOTAL LIABILITIES	3,350,434	412,208	2,136,705
FUND EQUITY:			
Fund balances:			
Unreserved-undesignated	13,856,489		
TOTAL FUND EQUITY	13,856,489	-	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 17,206,923	\$ 412,208	\$ 2,136,705

<u>Tax Collector Sub-fund</u>	<u>Property Appraiser Sub-fund</u>	<u>Supervisor of Elections Sub-fund</u>	<u>Subtotals</u>	<u>Eliminations and Consolidations</u>	<u>Total</u>
\$ 1,613,010	\$ 196,639		\$ 9,785,195		\$ 9,785,195
			5,349,163		5,349,163
4,463			450,565		450,565
			170,303		170,303
			5,402		5,402
96,974			96,974		96,974
			468,520		468,520
			2,661,766	\$ (2,661,766)	-
17,161		\$ 18,285	590,885	(175,379)	415,506
114,135	-	18,285	3,818,145	(2,837,145)	981,000
			1,671,236		1,671,236
			452,359		452,359
<u>\$ 1,731,608</u>	<u>\$ 196,639</u>	<u>\$ 18,285</u>	<u>\$ 21,702,368</u>	<u>\$ (2,837,145)</u>	<u>\$ 18,865,223</u>
\$ 6,269	\$ 64,450	\$ 18,285	\$ 4,164,999		\$ 4,164,999
			90,669		90,669
			18,846		18,846
			175,379	\$ (175,379)	-
1,590,648	123,587		2,770,071	(2,661,766)	108,305
1,590,648	123,587	-	2,945,450	(2,837,145)	108,305
134,691	8,602		482,800		482,800
			142,480		142,480
			635		635
1,731,608	196,639	18,285	7,845,879	(2,837,145)	5,008,734
			13,856,489		13,856,489
-	-	-	13,856,489	-	13,856,489
<u>\$ 1,731,608</u>	<u>\$ 196,639</u>	<u>\$ 18,285</u>	<u>\$ 21,702,368</u>	<u>\$ (2,837,145)</u>	<u>\$ 18,865,223</u>
(concluded)					

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL-
BOARD AND OFFICER GENERAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Board of County Commissioners Sub-fund		Clerk of the Circuit Court Sub-fund		Sheriff Sub-fund	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES:						
Taxes	\$ 41,297,978	\$ 40,218,430				
Licenses and permits	190,000	342,285				
Intergovernmental	12,414,508	12,638,831	\$ 54,000	\$ 71,119		\$ 658,530
Charges for services	2,842,000	3,101,199	2,280,385	2,328,520		580,050
Fines and forfeitures	1,090,450	1,385,037				
Contributions	118,334	168,225				
Investment income	625,100	1,272,204	208,900	208,984		
Miscellaneous revenue	482,908	809,585	222,800	222,794		
TOTAL REVENUES	59,081,278	59,843,756	2,743,885	2,827,397	-	1,548,580
EXPENDITURES:						
Current:						
General government	14,984,681	13,191,690	4,729,748	4,531,970	\$ 423,500	406,057
Public safety	8,428,930	8,650,498			23,667,618	28,383,384
Physical environment	1,087,079	417,110				
Transportation	1,303,880	1,164,820				
Economic environment	703,642	674,517				
Human services	3,863,739	3,148,619				
Culture and recreation	7,743,671	7,208,432				
Debt service:						
Principal retirement					883,806	914,418
Interest and fiscal charges					79,796	79,796
TOTAL EXPENDITURES	35,913,602	31,762,686	4,729,748	4,531,970	25,084,723	27,763,855
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,147,674	28,181,070	(1,985,861)	(1,704,573)	(25,084,723)	(26,217,075)
OTHER FINANCING SOURCES (USES):						
Operating transfers in	245,333	245,333				
Transfers in- from Officers	1,150,000	2,137,790				
Transfers in- from Board			1,985,861	1,985,861	25,084,723	25,230,890
Net operating transfers in	1,395,333	2,383,123	1,985,861	1,985,861	25,084,723	25,230,890
Operating transfers out	(3,480,765)	(3,360,208)				
Transfers out- to Officers	(29,235,540)	(29,109,925)				
Transfers out- to Board				(281,288)		(130,020)
Net operating transfers out	(32,896,305)	(32,470,131)	-	(281,288)	-	(130,020)
Transfers out- to other local governments						
Line-of-credit and capital lease proceeds	2,390,000	2,390,000				1,116,205
TOTAL OTHER FINANCING SOURCES (USES)	(28,910,972)	(27,697,008)	1,985,861	1,704,573	25,084,723	26,217,075
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,763,298)	484,062	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	13,550,323	13,550,323	-	-	-	-
RESIDUAL EQUITY TRANSFER	(177,896)	(177,896)				
FUND BALANCES, END OF YEAR	\$ 7,809,129	\$ 13,856,489	\$ -	\$ -	\$ -	\$ -

Tax Collector Sub-fund		Property Appraiser Sub-fund		Supervisor of Elections Sub-fund	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 3,580,988	\$ 4,082,359	\$ 219,308	\$ 228,277	\$ 1,000	\$ 15,453
98,000	132,586		16,329		
<u>3,678,988</u>	<u>4,214,945</u>	<u>219,308</u>	<u>244,606</u>	<u>1,000</u>	<u>15,453</u>
2,473,843	2,489,807	2,068,364	1,981,284	792,587	798,019
<u>2,473,843</u>	<u>2,489,807</u>	<u>2,068,364</u>	<u>1,981,284</u>	<u>792,587</u>	<u>798,019</u>
1,208,145	1,725,338	(1,849,058)	(1,716,678)	(791,587)	(780,566)
-	-	<u>1,849,058</u>	<u>1,849,058</u>	<u>792,587</u>	<u>792,587</u>
		1,849,058	1,849,058	792,587	792,587
(1,139,043)	(1,580,883)		(123,778)		(12,021)
<u>(1,139,043)</u>	<u>(1,580,883)</u>	<u>-</u>	<u>(123,778)</u>	<u>-</u>	<u>(12,021)</u>
	(134,655)		(8,602)		
<u>(1,139,043)</u>	<u>(1,725,338)</u>	<u>1,849,058</u>	<u>1,716,678</u>	<u>792,587</u>	<u>780,566</u>
88,102	-	-	-	1,000	-
<u>\$ 88,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL-
BOARD AND OFFICER GENERAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Subtotals		Eliminations and		Totals	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES:						
Taxes	\$41,297,976	\$40,218,430			41,297,976	40,218,430
Licenses and permits	190,000	342,285			190,000	342,285
Intergovernmental	12,488,508	13,668,480			12,488,508	13,668,480
Charges for services	8,903,879	10,343,858		(143,257)	8,903,879	10,200,601
Fines and forfeitures	1,090,450	1,395,037			1,090,450	1,395,037
Contributions	118,334	168,225			118,334	168,225
Investment income	930,000	1,828,083			930,000	1,828,083
Miscellaneous revenue	705,508	1,032,359			705,508	1,032,359
TOTAL REVENUES	65,704,455	68,792,737	-	(143,257)	65,704,455	68,649,480
EXPENDITURES:						
Current:						
General government	25,472,701	23,376,827			25,472,701	23,376,827
Public safety	30,094,548	32,322,882			30,094,548	32,322,882
Physical environment	1,087,079	417,110			1,087,079	417,110
Transportation	1,303,880	1,184,820			1,303,880	1,184,820
Economic environment	703,842	874,517			703,842	874,517
Human services	3,683,739	3,148,619			3,683,739	3,148,619
Culture and recreation	7,743,871	7,208,432			7,743,871	7,208,432
Debt service:						
Principal retirement	893,809	914,418			893,809	914,418
Interest and fiscal charges	79,798	79,798			79,798	79,798
TOTAL EXPENDITURES	71,042,885	89,305,221	-	-	71,042,885	89,305,221
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,338,410)	(512,484)	-	(143,257)	(5,338,410)	(655,741)
OTHER FINANCING SOURCES (USES):						
Operating transfers in	245,333	245,333			245,333	245,333
Transfers in- from Officers	1,150,000	2,137,790	(1,150,000)	(2,137,790)	-	-
Transfers in- from Board	29,892,229	29,858,396	(29,235,540)	(29,109,925)	456,689	748,471
Net operating transfers in	31,087,562	32,241,519	(30,385,540)	(31,247,715)	702,022	983,804
Operating transfers out	(3,480,785)	(3,380,208)			(3,480,785)	(3,380,208)
Transfers out- to Officers	(29,235,540)	(29,109,925)	29,235,540	29,109,925	-	-
Transfers out- to Board	(1,138,043)	(2,137,790)	1,150,000	2,137,790	10,957	-
Net operating transfers out	(33,835,348)	(34,607,921)	30,385,540	31,247,715	(3,448,808)	(3,380,208)
Transfers out- to other local governments	-	(143,257)		143,257	-	-
Line-of-credit and capital lease proceeds	2,390,000	3,508,205			2,390,000	3,508,205
TOTAL OTHER FINANCING SOURCES (USES)	(357,788)	996,548	-	143,257	(357,788)	1,138,803
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,896,198)	484,082	-	-	(5,896,198)	484,082
FUND BALANCES, BEGINNING OF YEAR	13,550,323	13,550,323			13,550,323	13,550,323
RESIDUAL EQUITY TRANSFER	(177,898)	(177,898)			(177,898)	(177,898)
FUND BALANCES, END OF YEAR	\$ 7,876,231	\$13,856,488	\$ -	\$ -	\$ 7,876,231	\$13,856,488
						(concluded)

SPECIAL REVENUE FUNDS DESCRIPTIONS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains the following Special Revenue Funds:

County Health Department - To account for revenues and expenditures of the County Health Department.

Building Services - To account for revenues and expenditures of the Building Services Department.

Court Facilities - To account for the additional applicable civil and probate surcharges levied by the Circuit and County Court for the purpose of providing capital improvements for the Court system.

Law Enforcement Trust - To account for revenues received from the sale of confiscated property and law enforcement expenditures.

State Housing Initiatives Program - To account for funding of the Local Housing Assistance Program whose purpose is to increase the availability of affordable housing units in St. Johns County.

Mental Health - To account for revenues received and expenses incurred in providing outpatient services for both children and adult case management, crisis therapy, and substance abuse treatment.

Utility Regulation - To account for regulatory and franchise fees collected, and expenses incurred in the regulation of private water and sewer utilities in the unincorporated areas within St. Johns County.

County Transportation Trust - To account for all revenues, operating expenditures and capital improvements for the County's transportation system.

Additional Court Costs - To account for revenues from fines imposed in certain criminal cases to fund a portion of the operating expenses of the offices of the State Attorney and Public Defender.

Beach - To account for beach access fees collected and disbursed for law enforcement, lifesaving, ramp and general maintenance of the County's beaches.

Pier - To account for all revenues and expenditures for the County fishing pier at St. Augustine Beach.

Tourist Development Tax - To account for collection and disbursement of the local option three cent bed tax.

Tree Bank - to account for revenues and expenditures related to replacement and mitigation efforts required by County Ordinance.

Communications Surcharge - To account for a surcharge collected on traffic fines to be used for improving the Sheriff's communications equipment.

Gallimore Center - To account for County operation of a recreation center owned by the City of St. Augustine. The City reimburses the County for expenditures in excess of fees collected.

SPECIAL REVENUE FUNDS DESCRIPTIONS (continued)

Alcohol and Drug Abuse - To account for County funds, authorized by F.S. 893,165, for use in local substance abuse programs.

Boating Improvement - To account for revenues received from motorboat registration fees to be used for recreational channel marking, public launching facilities and other boating related activities.

Public Building Impact Fees - To account for revenues and expenditures from impact fees for capital improvements relating to public buildings, improvements and equipment directly attributed to growth. These fees are collected countywide.

Police Impact Fees - To account for revenues and expenditures from impact fees for capital public safety improvements and equipment directly attributed to growth. These fees are collected countywide.

Fire Impact Fees - To account for revenues and expenditures from impact fees for fire service public safety capital improvements and equipment directly attributed to growth. These fees are collected countywide.

EMS Impact Fees - To account for revenues and expenditures from impact fees for ambulance capital improvements and equipment directly attributed to growth. These fees are collected countywide.

Road Impact Fees - To account for revenues and expenditures from impact fees for transportation infrastructure improvements and equipment directly attributed to growth. These fees are collected and expended within four delineated zones within the county. The combining statements are provided.

Park Impact Fees - To account for revenues and expenditures from impact fees for park land acquisition improvements and equipment directly attributed to growth. These fees are collected and expended within four delineated zones within the county. The combining statements are provided.

Art Specialty Licenses - To account for revenues from arts license plates to be used for culture and recreation activities.

Choose Life Specialty Licenses - To account for revenues from choose life license plates to be used for human services relating to counseling and meeting the physical needs of pregnant women who are committed to placing their children for adoption.

E911 Communications - To account for revenues and expenditures related to the Emergency Response System.

Fire District - To account for revenues and expenditures for the operation of the County's sixteen volunteer fire stations.

Vilano Street Lighting - To account for revenues to provide street lighting to certain unincorporated areas.

SPECIAL REVENUE FUNDS DESCRIPTIONS (continued)

St. Augustine South Street Lighting - To account for revenues to provide street lighting to certain unincorporated areas.

Elkton Drainage - To account for tax revenues to maintain the Parker Canal drainage ditch system in Elkton.

Jullington M.S.D. - To account for tax revenues to provide street lighting, right of way maintenance, mosquito control and other services to the Jullington Creek area.

Executive Cove Road M.S.B.U. - To account for non-ad valorem revenues to provide private road and drainage improvements to the assessed areas.

Thompson Bailey Road M.S.B.U. - To account for non-ad valorem revenues to provide private road and drainage improvements to the assessed areas.

Treasure Beach M.S.B.U. -To account for special assessments to provide for the acquisition and refurbishment of boating canals within the Treasure Beach subdivision.

Private Roads M.S.B.U. -To account for non-ad valorem revenues to provide private road paving and drainage improvements to assessed areas.

Northwest Recreation - To account for revenues that are to be expended for recreation in the Northwest quadrant of the County.

Records Modernization Trust- To account for revenues and expenditures for equipment upgrades and modernization of the maintenance of all official records of the County.

Teen Court- To account for revenues and expenditures of the operation of Teen Court.

School Crossing Guards and Law Enforcement Education - To account for revenues from local assessment on all non criminal traffic violations and related expenditures for school crossing guards pursuant to Chapter 318.18 Florida Statutes and Resolution 85-184 and to account for revenues from "second dollar" assessment on fines and related expenditures for law enforcement education pursuant to Chapter 943.25(5) Florida Statutes.

Forfeited Property- To account for revenues received from the sale of forfeited property.

ST. JOHNS COUNTY, FLORIDA
COMBINING BALANCE SHEET-
ALL SPECIAL REVENUE FUNDS
September 30, 2001

	County Health Department	Building Services	Court Facilities	Law Enforcement Trust
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,129,321	\$ 1,718,230	\$ 185,025	\$ 62,957
Investments				
Accounts receivable		377		
Interest receivable				
Due from individuals				
Due from other funds	1,453	125	4,960	265
Due from other governments				
Inventory				
TOTAL ASSETS	\$ 1,130,774	\$ 1,718,732	\$ 189,985	\$ 63,222
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 1,096,953	\$ 81,717	\$ 63,570	
Due to other funds		1,875		\$ 35,943
Deferred revenue				
TOTAL LIABILITIES	1,096,953	83,592	63,570	35,943
FUND EQUITY (DEFICIT):				
Fund balances (deficit):				
Reserved for records modernization				
Reserved for teen court				
Reserved for school crossing guard and law enforcement education				
Unreserved-undesignated	33,821	1,635,140	126,415	27,279
TOTAL FUND EQUITY (DEFICIT)	33,821	1,635,140	126,415	27,279
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 1,130,774	\$ 1,718,732	\$ 189,985	\$ 63,222

State Housing Initiatives Program	Mental Health	Utility Regulation	County Transportation Trust	Additional Court Costs	Beach
\$ 1,461,025	\$ 700	\$ 31,822	\$ 4,609,198	\$ 223,615	\$ 602,398
277,981			5,130,772		
6,762	41,429	51,094	26,965		
			69,233		
			73,350	15,050	
70,834	260,653		283,844		
			116,013		
<u>\$ 1,816,602</u>	<u>\$ 302,782</u>	<u>\$ 82,916</u>	<u>\$ 10,309,375</u>	<u>\$ 238,665</u>	<u>\$ 602,398</u>
\$ 45,942	\$ 153,907	\$ 47,610	\$ 1,934,153	\$ 7,050	\$ 18,310
	282,872		6,509	117	
45,942	436,779	47,610	1,940,662	7,167	18,310
1,770,660	(133,997)	35,306	8,368,713	231,498	584,088
1,770,660	(133,997)	35,306	8,368,713	231,498	584,088
<u>\$ 1,816,602</u>	<u>\$ 302,782</u>	<u>\$ 82,916</u>	<u>\$ 10,309,375</u>	<u>\$ 238,665</u>	<u>\$ 602,398</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
 COMBINING BALANCE SHEET-
 ALL SPECIAL REVENUE FUNDS
 September 30, 2001

	<u>Pier</u>	<u>Tourist Development Tax</u>	<u>Tree Bank</u>	<u>Communications Surcharge</u>
ASSETS				
Equity in pooled cash and cash equivalents	\$ 104,383	\$ 920,569	\$ 32,866	\$ 460,038
Investments		1,249,771		
Accounts receivable		18,000		
Interest receivable		16,834		
Due from individuals				
Due from other funds		272,477		13,621
Due from other governments	6,490			
Inventory				
TOTAL ASSETS	\$ 110,873	\$ 2,477,651	\$ 32,866	\$ 473,659
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 7,883	\$ 116,229		
Due to other funds				
Deferred revenue				
TOTAL LIABILITIES	7,883	116,229	-	-
FUND EQUITY (DEFICIT):				
Fund balances (deficit):				
Reserved for records modernization				
Reserved for teen court				
Reserved for school crossing guard and law enforcement education				
Unreserved-undesignated	102,990	2,381,422	32,866	473,659
TOTAL FUND EQUITY (DEFICIT)	102,990	2,381,422	32,866	473,659
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 110,873	\$ 2,477,651	\$ 32,866	\$ 473,659

<u>Gallmore Center</u>	<u>Alcohol and Drug Abuse</u>	<u>Boating Improvement</u>	<u>Public Building Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>
\$ 1,090	\$ 12,366	\$ 357,161	\$ 5,322	\$ 519,794	\$ 514,526
167					
52,691	518	1,740	1,264	285	504
<u>\$ 53,948</u>	<u>\$ 12,884</u>	<u>\$ 358,901</u>	<u>\$ 6,586</u>	<u>\$ 520,079</u>	<u>\$ 515,030</u>
\$ 3,559		\$ 33,294			
51,074					
54,633	-	33,294	-	-	-
(685)	12,884	325,607	6,586	520,079	515,030
(685)	12,884	325,607	6,586	520,079	515,030
<u>\$ 53,948</u>	<u>\$ 12,884</u>	<u>\$ 358,901</u>	<u>\$ 6,586</u>	<u>\$ 520,079</u>	<u>\$ 515,030</u>
					(continued)

ST. JOHNS COUNTY, FLORIDA
 COMBINING BALANCE SHEET-
 ALL SPECIAL REVENUE FUNDS
 September 30, 2001

	EMS Impact Fees	Road Impact Fees	Park Impact Fees	Art Specialty Licenses
ASSETS				
Equity in pooled cash and cash equivalents	\$ 621,347	\$ 3,693,019	\$ 1,819,207	\$ 9,507
Investments		968,760		
Accounts receivable				
Interest receivable		13,393		
Due from individuals				
Due from other funds		297		
Due from other governments	118	7,587	3,174	
Inventory				
TOTAL ASSETS	\$ 621,465	\$ 4,683,056	\$ 1,822,381	\$ 9,507
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable and accrued liabilities		\$ 2,435	\$ 22,424	
Due to other funds				
Deferred revenue				
TOTAL LIABILITIES	-	2,435	22,424	-
FUND EQUITY (DEFICIT):				
Fund balances (deficit):				
Reserved for records modernization				
Reserved for teen court				
Reserved for school crossing guard and law enforcement education				
Unreserved-undesignated	621,465	4,680,621	1,799,957	9,507
TOTAL FUND EQUITY (DEFICIT)	621,465	4,680,621	1,799,957	9,507
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 621,465	\$ 4,683,056	\$ 1,822,381	\$ 9,507

<u>Choose Life Specialty Licenses</u>	<u>E-911 Communications</u>	<u>Fire District</u>	<u>Vilano Street Lighting</u>	<u>St. Augustine South Street Lighting</u>	<u>Elkton Drainage</u>
\$ 6,419	\$ 907,723	\$ 1,414,599	\$ 4,022	\$ 8,506	\$ 4,549
	75,480	1,942,537			
		12,935			
		25,145			
		3,669	135	315	93
		13,064			
<u>\$ 6,419</u>	<u>\$ 983,203</u>	<u>\$ 3,411,949</u>	<u>\$ 4,157</u>	<u>\$ 8,821</u>	<u>\$ 4,642</u>
	\$ 363,040	\$ 319,776	\$ 915	\$ 2,624	\$ 1,000
		636			
-	363,040	320,412	915	2,624	1,000
<u>6,419</u>	<u>620,163</u>	<u>3,091,537</u>	<u>3,242</u>	<u>6,197</u>	<u>3,642</u>
<u>6,419</u>	<u>620,163</u>	<u>3,091,537</u>	<u>3,242</u>	<u>6,197</u>	<u>3,642</u>
<u>\$ 6,419</u>	<u>\$ 983,203</u>	<u>\$ 3,411,949</u>	<u>\$ 4,157</u>	<u>\$ 8,821</u>	<u>\$ 4,642</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING BALANCE SHEET-
ALL SPECIAL REVENUE FUNDS
September 30, 2001

	Julington M.S.D.	Thompson Bailey Road M.S.B.U.	Treasure Beach M.S.B.U.	Private Roads M.S.B.U.
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,514			
Investments				
Accounts receivable				
Interest receivable				
Due from individuals				
Due from other funds		\$ 99		
Due from other governments				
Inventory				
TOTAL ASSETS	\$ 1,514	\$ 99	\$ -	\$ -
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable and accrued liabilities				
Due to other funds			\$ 38,357	\$ 117,884
Deferred revenue				
TOTAL LIABILITIES	-	-	38,357	117,884
FUND EQUITY (DEFICIT):				
Fund balances (deficit):				
Reserved for records modernization				
Reserved for teen court				
Reserved for school crossing guard and law enforcement education				
Unreserved-undesignated	1,514	99	(38,357)	(117,884)
TOTAL FUND EQUITY (DEFICIT)	1,514	99	(38,357)	(117,884)
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 1,514	\$ 99	\$ -	\$ -

<u>Northwest Recreation</u>	<u>Record Modernization</u>	<u>Teen Court</u>	<u>School Crossing Guard and Law Enforcement Education</u>	<u>Forfeited Property</u>	<u>Total</u>
\$ 53,962	\$ 225,338	\$ 99,876	\$ 227,135	\$ 40,959	\$ 22,089,888
					9,569,821
					226,447
					131,367
	175				175
	68		50,634		438,867
					700,508
					116,013
<u>\$ 53,962</u>	<u>\$ 225,579</u>	<u>\$ 99,676</u>	<u>\$ 277,769</u>	<u>\$ 40,959</u>	<u>\$ 33,273,086</u>
		\$ 776	\$ 31,737	\$ 3,039	\$ 3,994,903
			1,064		898,371
				37,920	37,920
-	-	776	32,801	40,959	4,932,194
	225,579				225,579
		98,900			98,900
53,962			244,968		244,968
					27,771,445
<u>53,962</u>	<u>225,579</u>	<u>98,900</u>	<u>244,968</u>	<u>-</u>	<u>28,340,892</u>
<u>\$ 53,962</u>	<u>\$ 225,579</u>	<u>\$ 99,676</u>	<u>\$ 277,769</u>	<u>\$ 40,959</u>	<u>\$ 33,273,086</u>
					(concluded)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	County Health Department	Building Services	Court Facilities	Law Enforcement Trust	State Housing Initiatives Program
REVENUES:					
Taxes	\$ 1,501,045				
Special assessments					
Licenses and permits		\$ 2,954,221	\$ 68,236		\$ 1,036,113
Intergovernmental					
Charges for services					
Fines and forfeitures					
Contributions					
Investment income	53,654	71,492	2,470	\$ 2,513	102,421
Miscellaneous revenue		584		14,758	48,523
TOTAL REVENUES	1,554,699	3,026,277	70,706	17,271	1,186,057
EXPENDITURES:					
Current:					
General government		2,547,595	116,957		
Public safety					
Transportation					
Economic environment					1,405,751
Human services	1,654,535				
Culture and recreation					
Debt service:					
Principal retirement					
Interest and fiscal charges					
TOTAL EXPENDITURES	1,654,535	2,547,595	116,957	-	1,405,751
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(98,836)	478,682	(46,251)	17,271	(217,694)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	4,000	48,300			8,948
Operating transfers out				(35,943)	
TOTAL OTHER FINANCING SOURCES (USES)	4,000	48,300	-	(35,943)	8,948
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(95,836)	526,982	(46,251)	(18,672)	(210,746)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	129,657	1,108,158		45,951	1,981,408
RESIDUAL EQUITY TRANSFER			172,866		
FUND BALANCES (DEFICITS), END OF YEAR	\$ 33,821	\$ 1,635,140	\$ 126,415	\$ 27,279	\$ 1,770,660

<u>Mental Health</u>	<u>Utility Regulation</u>	<u>County Transportation Trust</u>	<u>Additional Court Costs</u>	<u>Beach</u>	<u>Pier</u>	<u>Tourist Development Tax</u>	<u>Tree Bank</u>
	\$ 203,571	\$ 7,107,322				\$ 3,874,931	
\$ 2,024,437		6,181,870		\$ 30,276	\$ 6,490	10,000	
427,436	17,500	1,575,660		934,253	165,840		\$ 12,950
	15,000		\$ 203,357				
	4,954	248,164				188,182	1,363
15,580		638,577					
		43,975					
<u>2,487,436</u>	<u>241,025</u>	<u>15,785,898</u>	<u>203,357</u>	<u>964,529</u>	<u>172,130</u>	<u>4,073,113</u>	<u>14,313</u>
	351,374		93,759			2,235,013	
		12,385,521		419,538			
2,825,990				249,974	155,317	838,284	
<u>2,825,990</u>	<u>351,374</u>	<u>12,385,521</u>	<u>93,759</u>	<u>669,512</u>	<u>155,317</u>	<u>3,073,297</u>	<u>.</u>
(358,555)	(110,349)	3,410,177	109,586	295,017	16,813	998,816	14,313
378,708		354,890		30,488		(1,500,000)	
		(1,138,740)					
378,708	-	(781,850)	-	30,488	.	(1,500,000)	-
18,150	(110,349)	2,828,327	109,586	325,503	16,813	(500,184)	14,313
(152,147)	145,855	5,735,156	121,900	258,585	88,177	2,861,606	18,553
		5,230					
<u>\$ (133,897)</u>	<u>\$ 35,306</u>	<u>\$ 8,308,713</u>	<u>\$ 231,486</u>	<u>\$ 584,088</u>	<u>\$ 102,890</u>	<u>\$ 2,381,422</u>	<u>\$ 32,866</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Communications Surcharge	Gallimore Center	Alcohol & Drug Abuse TF	Boating Improvement	Public Building Impact Fees
REVENUES:					
Taxes					\$ 532,043
Special assessments					
Licenses and permits		\$ 41,130		\$ 95,188	
Intergovernmental		20,388			
Charges for services					
Fines and forfeitures	\$ 221,791		\$ 6,328		
Contributions					
Investment income	15,794		417	15,084	3,285
Miscellaneous revenue		17			
TOTAL REVENUES	237,585	61,533	6,745	110,272	535,308
EXPENDITURES:					
Current:					
General government					
Public safety					
Transportation					
Economic environment					
Human services					
Culture and recreation		61,533		62,609	
Debt service:					
Principal retirement					
Interest and fiscal charges					
TOTAL EXPENDITURES	-	61,533	-	62,609	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	237,585	-	6,745	47,663	535,308
OTHER FINANCING SOURCES (USES):					
Operating transfers in					
Operating transfers out					(575,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(575,000)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	237,585	-	6,745	47,663	(39,692)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	236,074	(885)	6,139	277,944	46,276
RESIDUAL EQUITY TRANSFER					
FUND BALANCES (DEFICITS), END OF YEAR	\$ 473,659	\$ (885)	\$ 12,884	\$ 325,607	\$ 6,584

<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>EMS Impact Fees</u>	<u>Road Impact Fees</u>	<u>Park Impact Fees</u>	<u>Art Specialty Licenses</u>	<u>Choose LifeSpecialty Licenses</u>	<u>E-911 Communications</u>
\$ 142,419	\$ 202,966	\$ 51,991	\$ 2,721,297	\$ 1,027,187			
					\$ 8,329	\$ 8,419	\$ 706,537
23,829	20,135	33,739	315,916	82,481	485		37,075
166,245	223,101	85,730	3,037,213	1,109,668	8,797	8,419	745,612
83,404	3,700	114,473	21,681				
				450,646	6,892		
83,404	3,700	114,473	21,681	450,646	6,892	-	-
82,844	219,401	(28,743)	3,015,532	659,022	1,905	8,419	745,612
			498,807 (3,405,728)	(250,000)			(712,529)
			(2,906,821)	(250,000)	-	-	(712,529)
82,844	219,401	(28,743)	108,611	409,022	1,905	8,419	33,083
437,235	295,629	660,208	4,572,010	1,390,935	7,802		587,080
\$ 620,079	\$ 615,030	\$ 821,465	\$ 4,880,621	\$ 1,799,957	\$ 9,507	\$ 8,419	\$ 620,163 (continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Fire District	Viano Street Lighting	St. Augustine South Street Lighting	Elkton Drainage	Ju/ington M.S.D.
REVENUES:					
Taxes	\$ 4,704,915	\$ 12,080	\$ 32,938	\$ 22,829	
Special assessments					
Licenses and permits	83,598				
Intergovernmental	125,827				
Charges for services	9				
Fines and forfeitures					
Contributions					
Investment income	284,308	38	103		
Miscellaneous revenue	24,021				
TOTAL REVENUES	5,202,676	12,098	33,038	22,829	-
EXPENDITURES:					
Current:					
General government					
Public safety	4,275,629				
Transportation		12,278	31,877	24,927	
Economic environment					
Human services					
Culture and recreation					
Debt service:					
Principal retirement					
Interest and fiscal charges					
TOTAL EXPENDITURES	4,275,629	12,278	31,877	24,927	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	927,047	(180)	1,361	(2,298)	-
OTHER FINANCING SOURCES (USES):					
Operating transfers in					
Operating transfers out	(212,112)				
TOTAL OTHER FINANCING SOURCES (USES)	(212,112)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	714,935	(180)	1,361	(2,298)	-
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	2,378,602	3,422	4,836	5,940	1,514
RESIDUAL EQUITY TRANSFER					
FUND BALANCES (DEFICITS), END OF YEAR	\$ 3,091,537	\$ 3,242	\$ 6,197	\$ 3,642	\$ 1,514

Executive Cove Road M.S.B.U.	Thompson Bailey Road M.S.B.U.	Treasure Beach M.S.B.U.	Private Roads M.S.B.U.	Northwest Recreation	Record Modernization	Teen Court	School Crossing Guard and Law Enforcement Education	Forfeited Property	Total
\$ 11,828	\$ 19,564	\$ 104,673	\$ 23,120						\$17,459,408
									4,837,088
									3,108,055
					\$ 145,288	\$ 77,358	\$ 389,043	\$ 62,875	9,998,097
									4,085,047
									446,478
									248,184
406	901	1,551	1,553	\$ 2,117				1,744	1,889,548
				14,800					163,018
<u>12,234</u>	<u>20,465</u>	<u>106,224</u>	<u>24,873</u>	<u>16,717</u>	<u>145,288</u>	<u>77,358</u>	<u>389,043</u>	<u>64,619</u>	<u>42,229,901</u>
					184,985	42,349			5,582,032
							304,108	64,619	5,285,471
238	391		484						12,477,175
		2,094							1,407,845
									4,480,525
				3,298					1,828,553
		82,000							82,000
		11,661	9,519						21,380
<u>238</u>	<u>391</u>	<u>95,855</u>	<u>9,983</u>	<u>3,298</u>	<u>184,985</u>	<u>42,349</u>	<u>304,108</u>	<u>64,619</u>	<u>31,144,981</u>
11,998	20,074	10,269	14,890	13,419	(49,697)	35,007	64,935	-	11,084,920
(12,030)	(20,352)		(22,507)						1,320,136
									(7,882,941)
(12,030)	(20,352)	-	(22,507)	-	-	-	-	-	(6,562,805)
(32)	(278)	10,269	(7,817)	13,419	(49,697)	35,007	64,935	-	4,522,115
32	377	(48,826)	(110,067)	40,543	275,276	63,893	180,033		23,840,881
									177,896
<u>\$ -</u>	<u>\$ 99</u>	<u>\$ (38,357)</u>	<u>\$ (117,884)</u>	<u>\$ 53,962</u>	<u>\$ 225,579</u>	<u>\$ 98,900</u>	<u>\$ 244,968</u>	<u>\$ -</u>	<u>\$28,340,892</u>
									(concluded)

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL-
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	County Health Department		Building Services	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes	\$ 1,546,272	\$ 1,501,045		
Special assessments				
Licenses and permits			\$ 2,559,216	\$ 2,954,221
Intergovernmental				
Charges for services				
Fines and forfeitures				
Contributions				
Investment income	50,000	53,654	8,274	71,492
Miscellaneous revenue				564
TOTAL REVENUES	<u>1,596,272</u>	<u>1,554,699</u>	<u>2,567,490</u>	<u>3,026,277</u>
EXPENDITURES:				
Current:				
General government			3,227,660	2,547,595
Public safety				
Physical environment				
Transportation				
Economic environment				
Human services	1,658,535	1,654,535		
Culture and recreation				
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	<u>1,658,535</u>	<u>1,654,535</u>	<u>3,227,660</u>	<u>2,547,595</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(62,263)	(99,836)	(660,170)	478,682
OTHER FINANCING SOURCES (USES):				
Operating transfers in	4,000	4,000	48,300	48,300
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000</u>	<u>4,000</u>	<u>48,300</u>	<u>48,300</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(58,263)	(95,836)	(611,870)	526,982
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	129,657	129,657	1,108,158	1,108,158
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 71,394</u>	<u>\$ 33,821</u>	<u>\$ 496,288</u>	<u>\$ 1,635,140</u>

Court Facilities		Law Enforcement Trust		State Housing Initiatives Program	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 80,000	\$ 88,238			\$ 925,227	\$ 1,036,113
	2,470	\$ 1,750	\$ 2,513	58,000	102,421
		1,000	14,758		49,523
80,000	70,708	2,750	17,271	984,227	1,188,057
232,666	116,957				
				2,636,340	1,405,751
232,666	116,957	-	-	2,636,340	1,405,751
(172,666)	(46,251)	2,750	17,271	(1,852,113)	(217,694)
				6,948	6,948
		(47,499)	(35,943)		
-	-	(47,499)	(35,943)	6,948	6,948
(172,666)	(46,251)	(44,749)	(18,672)	(1,845,165)	(210,746)
		45,951	45,951	1,981,406	1,981,406
172,666	172,666				
\$ -	\$ 126,415	\$ 1,202	\$ 27,279	\$ 336,241	\$ 1,770,660

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL-
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Mental Health		Utility Regulation	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes			\$ 170,474	\$ 203,571
Special assessments				
Licenses and permits				
Intergovernmental	\$ 2,156,683	\$ 2,024,437		
Charges for services	655,325	427,438	10,000	17,500
Fines and forfeitures				15,000
Contributions				
Investment income			3,900	4,954
Miscellaneous revenue		15,560		
TOTAL REVENUES	<u>2,812,008</u>	<u>2,467,435</u>	<u>184,374</u>	<u>241,025</u>
EXPENDITURES:				
Current:				
General government			394,751	351,374
Public safety				
Physical environment				
Transportation				
Economic environment				
Human services	3,019,475	2,825,990		
Culture and recreation				
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	<u>3,019,475</u>	<u>2,825,990</u>	<u>394,751</u>	<u>351,374</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(207,467)	(358,555)	(210,377)	(110,349)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	376,705	376,705		
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	<u>376,705</u>	<u>376,705</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>169,238</u>	<u>18,150</u>	<u>(210,377)</u>	<u>(110,349)</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	(152,147)	(152,147)	145,655	145,655
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 17,091</u>	<u>\$ (133,997)</u>	<u>\$ (64,722)</u>	<u>\$ 35,306</u>

County Transportation Trust		Additional Court Costs		Beach	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 7,327,948	\$ 7,107,322				
6,681,450	6,181,970			\$ 35,000	\$ 30,276
1,591,340	1,575,690			650,000	934,253
		\$ 140,000	\$ 203,357		
243,400	248,164				
180,000	638,577				
1,500	43,975				
16,025,638	15,795,698	140,000	203,357	685,000	964,529
		110,838	93,759		
				446,066	419,538
17,934,488	12,385,521				
				318,755	249,974
17,934,488	12,385,521	110,838	93,759	764,821	689,512
(1,908,850)	3,410,177	29,162	109,598	(79,821)	295,017
340,720	354,890			30,486	30,486
(3,203,229)	(1,136,740)				
(2,862,509)	(781,850)	-	-	30,486	30,486
(4,771,359)	2,628,327	29,162	109,598	(49,335)	325,503
5,735,158	5,735,158	121,900	121,900	258,585	258,585
5,230	5,230				
\$ 969,027	\$ 8,368,713	\$ 151,062	\$ 231,498	\$ 209,250	\$ 584,088

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL-
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Pier		Tourist Development Tax	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes			\$ 3,625,000	\$ 3,874,931
Special assessments				
Licenses and permits				
Intergovernmental		\$ 6,490		10,000
Charges for services	\$ 163,850	165,640		
Fines and forfeitures				
Contributions				
Investment income			100,000	188,182
Miscellaneous revenue				
TOTAL REVENUES	163,850	172,130	3,725,000	4,073,113
EXPENDITURES:				
Current:				
General government			2,473,346	2,235,013
Public safety				
Physical environment				
Transportation				
Economic environment				
Human services				
Culture and recreation	227,556	155,317	1,978,778	838,284
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	227,556	155,317	4,452,122	3,073,297
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,706)	16,813	(727,122)	999,816
OTHER FINANCING SOURCES (USES):				
Operating transfers in				
Operating transfers out			(1,500,000)	(1,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,500,000)	(1,500,000)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(63,706)	16,813	(2,227,122)	(500,184)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	86,177	86,177	2,861,606	2,861,606
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	\$ 22,471	\$ 102,990	\$ 634,484	\$ 2,361,422

Tree Bank		Communications Surcharge		Gallimore Center	
Budget	Actual	Budget	Actual	Budget	Actual
	\$ 12,950	\$ 215,920	\$ 221,791	\$ 61,218 28,220	\$ 41,130 20,386
	1,363	8,500	15,794	100	17
-	14,313	224,420	237,585	89,538	61,533
		408,668			
\$ 18,350				89,538	61,533
18,350	-	408,668	-	89,538	61,533
(18,350)	14,313	(184,248)	237,585	-	-
-	-	-	-	-	-
(18,350)	14,313	(184,248)	237,585	-	-
18,553	18,553	236,074	236,074	(685)	(685)
\$ 203	\$ 32,866	\$ 51,826	\$ 473,659	\$ (685)	\$ (685)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL-
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Alcohol & Drug Abuse TF		Boating Improvement	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes				
Special assessments				
Licenses and permits				
Intergovernmental			\$ 46,000	\$ 95,188
Charges for services				
Fines and forfeitures		\$ 6,328		
Contributions				
Investment income		417	12,000	15,084
Miscellaneous revenue				
TOTAL REVENUES	-	6,745	58,000	110,272
EXPENDITURES:				
Current:				
General government				
Public safety				
Physical environment				
Transportation				
Economic environment				
Human services				
Culture and recreation			328,910	62,609
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	-	-	328,910	62,609
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	6,745	(270,910)	47,663
OTHER FINANCING SOURCES (USES):				
Operating transfers in				
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	6,745	(270,910)	47,663
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	6,139	6,139	277,944	277,944
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	\$ 6,139	\$ 12,884	\$ 7,034	\$ 325,607

Public Building Impact Fees		Police Impact Fees		Fire Impact Fees	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 582,000	\$ 532,043	\$ 140,650	\$ 142,419	\$ 203,700	\$ 202,966
5,000	3,265	12,000	23,829	12,000	20,135
587,000	535,308	152,650	166,248	215,700	223,101
7,489		401,878	83,404	355,296	3,700
7,489	-	401,878	83,404	355,296	3,700
579,511	535,308	(249,026)	82,844	(139,596)	219,401
(575,000)	(575,000)				
(575,000)	(575,000)	-	-	-	-
4,511	(39,692)	(249,026)	82,844	(139,596)	219,401
46,278	46,278	437,235	437,235	295,629	295,629
\$ 50,789	\$ 6,586	\$ 188,209	\$ 520,079	\$ 156,033	\$ 515,030

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL-
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	EMS Impact Fees		Road Impact Fees	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes				
Special assessments	\$ 87,300	\$ 51,991	\$ 2,235,850	\$ 2,721,297
Licenses and permits				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Contributions				
Investment income	10,000	33,739	147,000	315,916
Miscellaneous revenue				
TOTAL REVENUES	97,300	85,730	2,382,850	3,037,213
EXPENDITURES:				
Current:				
General government				
Public safety	730,143	114,473		
Physical environment				
Transportation			4,003,005	21,681
Economic environment				
Human services				
Culture and recreation				
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	730,143	114,473	4,003,005	21,681
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(632,843)	(28,743)	(1,620,155)	3,015,532
OTHER FINANCING SOURCES (USES):				
Operating transfers in			498,807	498,807
Operating transfers out			(3,405,728)	(3,405,728)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,906,921)	(2,906,921)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(632,843)	(28,743)	(4,527,076)	108,611
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	650,208	650,208	4,572,010	4,572,010
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	\$ 17,365	\$ 621,465	\$ 44,934	\$ 4,680,621

<u>Park Impact Fees</u>		<u>Art Specialty Licenses</u>		<u>Choose Life Specialty Licenses</u>	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 611,100	\$ 1,027,187				
		\$ 6,000	\$ 8,329		\$ 6,419
33,000	82,481	100	468		
<u>644,100</u>	<u>1,109,668</u>	<u>6,100</u>	<u>8,797</u>	<u>-</u>	<u>6,419</u>
1,572,458	450,646	8,962	6,892		
<u>1,572,458</u>	<u>450,646</u>	<u>8,962</u>	<u>6,892</u>	<u>-</u>	<u>-</u>
(928,358)	659,022	(2,862)	1,905	-	6,419
<u>(250,000)</u>	<u>(250,000)</u>				
(250,000)	(250,000)	-	-	-	-
(1,178,358)	409,022	(2,862)	1,905	-	6,419
1,390,935	1,390,935	7,602	7,602		
<u>\$ 212,577</u>	<u>\$ 1,799,957</u>	<u>\$ 4,740</u>	<u>\$ 9,507</u>	<u>\$ -</u>	<u>\$ 6,419</u>

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	<u>E-911 Communications</u>		<u>Fire District</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES:				
Taxes			\$ 4,856,352	\$ 4,704,915
Special assessments				
Licenses and permits			75,000	83,598
Intergovernmental			73,307	125,827
Charges for services	\$ 510,000	\$ 708,537	16	9
Fines and forfeitures				
Contributions				
Investment income	35,000	37,075	100,000	264,306
Miscellaneous revenue				24,021
TOTAL REVENUES	<u>545,000</u>	<u>745,612</u>	<u>5,104,675</u>	<u>5,202,676</u>
EXPENDITURES:				
Current:				
General government				
Public safety	54,786		6,517,858	4,275,629
Physical environment				
Transportation				
Economic environment				
Human services				
Culture and recreation				
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	<u>54,786</u>	<u>-</u>	<u>6,517,858</u>	<u>4,275,629</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	490,214	745,612	(1,413,183)	927,047
OTHER FINANCING SOURCES (USES):				
Operating transfers in				
Operating transfers out	(886,305)	(712,529)	(212,112)	(212,112)
TOTAL OTHER FINANCING SOURCES (USES)	(886,305)	(712,529)	(212,112)	(212,112)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(396,091)	33,083	(1,825,295)	714,935
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	587,080	587,080	2,376,602	2,376,602
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 190,989</u>	<u>\$ 620,163</u>	<u>\$ 751,307</u>	<u>\$ 3,091,537</u>

<u>Vilano Street Lighting</u>		<u>St. Augustine South Street Lighting</u>		<u>Elkton Drainage</u>	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 12,310	\$ 12,060	\$ 33,868	\$ 32,935	\$ 23,082	\$ 22,629
	38		103		
<u>12,310</u>	<u>12,098</u>	<u>33,868</u>	<u>33,038</u>	<u>23,082</u>	<u>22,629</u>
14,532	12,278	38,618	31,677	28,475	24,927
<u>14,532</u>	<u>12,278</u>	<u>38,618</u>	<u>31,677</u>	<u>28,475</u>	<u>24,927</u>
(2,222)	(180)	(2,752)	1,361	(5,393)	(2,298)
-	-	-	-	-	-
(2,222)	(180)	(2,752)	1,361	(5,393)	(2,298)
3,422	3,422	4,836	4,836	5,940	5,940
<u>\$ 1,200</u>	<u>\$ 3,242</u>	<u>\$ 2,084</u>	<u>\$ 6,197</u>	<u>\$ 547</u>	<u>\$ 3,642</u>

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL-
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Julington M.S.D.		Executive Cove Road M.S.B.U.	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes				
Special assessments			\$ 10,707	\$ 11,828
Licenses and permits				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Contributions				
Investment income			100	406
Miscellaneous revenue				
TOTAL REVENUES	-	-	10,807	12,234
EXPENDITURES:				
Current:				
General government				
Public safety				
Physical environment				
Transportation			244	236
Economic environment				
Human services				
Culture and recreation	\$ 1,514			
Debt service:				
Principal retirement				
Interest and fiscal charges				
TOTAL EXPENDITURES	1,514	-	244	236
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,514)	-	10,563	11,998
OTHER FINANCING SOURCES (USES):				
Operating transfers in				
Operating transfers out			(10,000)	(12,030)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(10,000)	(12,030)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,514)	-	563	(32)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	1,514	1,514	32	32
RESIDUAL EQUITY TRANSFER				
FUND BALANCES (DEFICITS), END OF YEAR	\$ -	\$ 1,514	\$ 595	\$ -

<u>Thompson Bailey Road M.S.B.U.</u>		<u>Treasure Beach M.S.B.U.</u>		<u>Private Roads M.S.B.U.</u>	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 18,801	\$ 19,564	\$ 108,000	\$ 104,673	\$ 23,820	\$ 23,120
350	901	2,000	1,551	1,000	1,553
<u>19,151</u>	<u>20,465</u>	<u>110,000</u>	<u>106,224</u>	<u>24,820</u>	<u>24,673</u>
390	391	2,400	2,094	520	464
		82,000	82,000		
		<u>22,000</u>	<u>11,861</u>	<u>10,000</u>	<u>9,519</u>
<u>390</u>	<u>391</u>	<u>106,400</u>	<u>95,955</u>	<u>10,520</u>	<u>9,983</u>
18,761	20,074	3,600	10,269	14,100	14,690
<u>(17,803)</u>	<u>(20,352)</u>			<u>(12,902)</u>	<u>(22,507)</u>
(17,803)	(20,352)	-	-	(12,902)	(22,507)
958	(278)	3,600	10,269	1,198	(7,817)
377	377	(48,626)	(48,626)	(110,067)	(110,067)
<u>\$ 1,335</u>	<u>\$ 99</u>	<u>\$ (45,026)</u>	<u>\$ (38,357)</u>	<u>\$ (108,869)</u>	<u>\$ (117,884)</u>

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL-
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Northwest Recreation		Total	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes			\$ 17,595,304	\$ 17,459,408
Special assessments			4,021,728	4,837,088
Licenses and permits			2,694,216	3,106,055
Intergovernmental			9,984,885	9,566,179
Charges for services			3,608,751	3,862,403
Fines and forfeitures			355,920	446,476
Contributions			243,400	248,164
Investment income	\$ 600	\$ 2,117	781,574	1,884,804
Miscellaneous revenue	18,400	14,800	21,000	163,018
TOTAL REVENUES	19,000	16,717	39,306,778	41,573,595
EXPENDITURES:				
Current:				
General government			6,448,750	5,344,698
Public safety			8,914,493	4,896,744
Physical environment			18,350	-
Transportation			22,018,272	12,477,175
Economic environment			2,638,740	1,407,845
Human services			4,678,010	4,480,525
Culture and recreation	47,698	3,298	4,574,167	1,828,553
Debt service:				
Principal retirement			82,000	82,000
Interest and fiscal charges			32,000	21,380
TOTAL EXPENDITURES	47,698	3,298	49,402,782	30,538,920
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(28,698)	13,419	(10,096,004)	11,034,675
OTHER FINANCING SOURCES (USES):				
Operating transfers in			1,305,966	1,320,136
Operating transfers out			(10,120,578)	(7,882,941)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(8,814,612)	(6,562,805)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(28,698)	13,419	(18,910,616)	4,471,870
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	40,543	40,543	23,121,679	23,121,679
RESIDUAL EQUITY TRANSFER			177,896	177,896
FUND BALANCES (DEFICITS), END OF YEAR	\$ 11,845	\$ 53,962	\$ 4,388,959	\$ 27,771,445

ST. JOHNS COUNTY, FLORIDA
COMBINING BALANCE SHEET-
ALL ROAD IMPACT FEE FUNDS
SEPTEMBER 30, 2001

	Roads Zone A	Roads Zone B	Roads Zone C	Roads Zone D	Totals
ASSETS					
Equity in pooled cash and equivalents	\$ 1,485,902	\$ 394,810	\$ 688,987	\$ 1,123,520	\$ 3,693,019
Investments		968,760			968,760
Interest receivable		13,393			13,393
Due from other funds				297	297
Due from other governments			7,587		7,587
TOTAL ASSETS	\$ 1,485,902	\$ 1,376,763	\$ 696,574	\$ 1,123,817	\$ 4,683,056
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable and accrued liabilities		\$ 250	\$ 2,185		\$ 2,435
TOTAL LIABILITIES	-	250	2,185	-	2,435
FUND EQUITY					
Fund balance:					
Unreserved-undesignated	1,485,902	1,376,513	694,389	1,123,817	4,680,621
TOTAL FUND EQUITY	1,485,902	1,376,513	694,389	1,123,817	4,680,621
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,485,902	\$ 1,376,763	\$ 696,574	\$ 1,123,817	\$ 4,683,056

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
ALL ROAD IMPACT FEE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Roads Zone A		Roads Zone B	
	Budget	Actual	Budget	Actual
REVENUES:				
Special assessments	\$ 533,500	\$ 722,054	\$ 795,400	\$ 627,381
Interest	60,000	54,183	50,000	148,025
TOTAL REVENUES	593,500	776,237	845,400	775,406
EXPENDITURES:				
Current:				
Transportation	1,395,281		1,379,222	4,731
TOTAL EXPENDITURES	1,395,281	-	1,379,222	4,731
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(801,781)	776,237	(533,822)	770,675
OTHER FINANCING SOURCES (USES):				
Operating transfers in			425,412	425,412
Operating transfers out			(1,800,000)	(1,800,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,374,588)	(1,374,588)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(801,781)	776,237	(1,908,410)	(603,913)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	709,665	709,665	1,980,426	1,980,426
FUND BALANCES (DEFICITS), END OF YEAR	\$ (92,116)	\$ 1,485,902	\$ 72,016	\$ 1,376,513

Road Zone C		Roads Zone D		Totals	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 776,000	\$ 1,154,127	\$ 130,950	\$ 217,735	\$ 2,235,850	\$ 2,721,297
12,000	58,092	25,000	55,616	147,000	315,916
788,000	1,212,219	155,950	273,351	2,382,850	3,037,213
248,977	16,950	979,525		4,003,005	21,681
248,977	16,950	979,525	-	4,003,005	21,681
539,023	1,195,269	(823,575)	273,351	(1,620,155)	3,015,532
(1,605,728)	(1,605,728)	73,395	73,395	498,807	498,807
(1,605,728)	(1,605,728)	73,395	73,395	(3,405,728)	(3,405,728)
(1,605,728)	(1,605,728)	73,395	73,395	(2,906,921)	(2,906,921)
(1,066,705)	(410,459)	(750,180)	346,746	(4,527,076)	108,611
1,104,848	1,104,848	777,071	777,071	4,572,010	4,572,010
\$ 38,143	\$ 694,389	\$ 26,891	\$ 1,123,817	\$ 44,934	\$ 4,680,621

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ST. JOHNS COUNTY, FLORIDA
 COMBINING BALANCE SHEET-
 ALL PARK IMPACT FEE FUNDS
 SEPTEMBER 30, 2001

	Parks Zone A	Parks Zone B	Parks Zone C	Parks Zone D	Totals
ASSETS					
Equity in pooled cash and equivalents	\$ 711,222	\$ 173,828	\$ 745,101	\$ 189,058	\$ 1,819,207
Due from other governments			3,174		3,174
TOTAL ASSETS	\$ 711,222	\$ 173,828	\$ 748,275	\$ 189,058	\$ 1,822,381
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 20,000			\$ 2,424	\$ 22,424
TOTAL LIABILITIES	20,000	-	-	2,424	22,424
FUND EQUITY					
Fund balance:					
Unreserved-undesignated	691,222	173,826	748,275	186,634	1,799,957
TOTAL FUND EQUITY	691,222	173,826	748,275	186,634	1,799,957
TOTAL LIABILITIES AND FUND EQUITY	\$ 711,222	\$ 173,828	\$ 748,275	\$ 189,058	\$ 1,822,381

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 ALL PARK IMPACT FEE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	<u>Parks Zone A</u>		<u>Parks Zone B</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES:				
Special assessments	\$ 169,750	\$ 312,131	\$ 174,600	\$ 214,229
Interest	10,000	28,165	7,000	6,062
TOTAL REVENUES	<u>179,750</u>	<u>340,296</u>	<u>181,600</u>	<u>220,291</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>564,889</u>	<u>87,999</u>	<u>43,787</u>	
TOTAL EXPENDITURES	<u>564,889</u>	<u>87,999</u>	<u>43,787</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(385,139)	252,297	137,813	220,291
OTHER FINANCING USES:				
Operating transfers out			<u>(250,000)</u>	<u>(250,000)</u>
TOTAL OTHER FINANCING USES	-	-	(250,000)	(250,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(385,139)	252,297	(112,187)	(29,709)
FUND BALANCES, BEGINNING OF YEAR	<u>438,925</u>	<u>438,925</u>	<u>203,535</u>	<u>203,535</u>
FUND BALANCES, END OF YEAR	<u>\$ 53,786</u>	<u>\$ 691,222</u>	<u>\$ 91,348</u>	<u>\$ 173,826</u>

<u>Parks Zone C</u>		<u>Parks Zone D</u>		<u>Totals</u>	
<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
\$ 179,450	\$ 374,037	\$ 87,300	\$ 126,790	\$ 611,100	\$ 1,027,187
12,000	34,928	4,000	13,326	33,000	82,481
<u>191,450</u>	<u>408,965</u>	<u>91,300</u>	<u>140,116</u>	<u>644,100</u>	<u>1,109,668</u>
<u>734,502</u>	<u>246,949</u>	<u>229,280</u>	<u>115,698</u>	<u>1,572,458</u>	<u>450,646</u>
<u>734,502</u>	<u>246,949</u>	<u>229,280</u>	<u>115,698</u>	<u>1,572,458</u>	<u>450,646</u>
(543,052)	162,016	(137,980)	24,418	(928,358)	659,022
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(250,000)</u>	<u>(250,000)</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(250,000)</u>	<u>(250,000)</u>
(543,052)	162,016	(137,980)	24,418	(1,178,358)	409,022
<u>586,259</u>	<u>586,259</u>	<u>162,216</u>	<u>162,216</u>	<u>1,390,935</u>	<u>1,390,935</u>
<u>\$ 43,207</u>	<u>\$ 748,275</u>	<u>\$ 24,236</u>	<u>\$ 186,634</u>	<u>\$ 212,577</u>	<u>\$ 1,799,957</u>

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DEBT SERVICE FUNDS DESCRIPTIONS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The County maintains the following Debt Service Funds:

Transportation Improvement Revenue Refunding Bonds, Series 1992 - To account for debt service requirements to retire the refunding bonds issued in 1992 to defease the 1988 Transportation Revenue Bonds. These bonds are payable solely from and secured by a lien upon and a pledge of the County's Local Option Gas tax. The bonds mature annually through October 1, 2007.

Limited Ad Valorem Tax Refunding Bonds, Series 1994 - To account for debt service requirements to retire the bonds issued to advance refund the 1988 Limited Ad Valorem Tax Refunding Bonds and the 1989 General Obligation Bonds. The bonds are payable solely from and secured by an irrevocable pledge of ad valorem taxes not to exceed one mill on all taxable property in the County. The bonds mature annually through September 1, 2003.

Sales Tax Revenue Refunding Bonds - To account for debt service requirements to retire bonds issued to advance refund the 1989 Sales Tax Revenue Bonds. These bonds are payable solely from and secured by a lien upon and pledge of sales tax revenue allocated to the County from the State's Local Government Half-Cent Sales Tax Clearing Trust Fund. The bonds mature annually through October 1, 2019.

\$10M FLGFC Pooled Commercial Paper Loan Program - To account for debt service requirements to retire the principal balance, each note is issued by the pool on behalf of St. Johns County. This program is payable solely from the board's covenant to budget and appropriate necessary funds to cover the annual debt service requirement. The paper matures quarterly through March 2, 2004. As of September 30, 2001, the Board received \$2,390,000 from the program with an approved limit of \$10M.

ST. JOHNS COUNTY, FLORIDA
 COMBINING BALANCE SHEET- ALL DEBT SERVICE FUNDS
 September 30, 2001

	Transportation Improvement Revenue Refunding Bonds, Series 1992	Limited Ad Valorem Tax Refunding Bonds, Series 1994	Sales Tax Revenue Refunding Bonds
ASSETS			
Equity in pooled cash and cash equivalents	\$ 1,072,803	\$ 265,183	\$ 1,200,585
Due from other funds		1,536	
TOTAL ASSETS	<u>\$ 1,072,803</u>	<u>\$ 266,719</u>	<u>\$ 1,200,585</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 1,007,108		\$ 1,110,990
TOTAL LIABILITIES	<u>1,007,108</u>	<u>-</u>	<u>1,110,990</u>
FUND EQUITY:			
Fund balances:			
Reserved for debt service	65,695	266,719	89,595
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,072,803</u>	<u>\$ 266,719</u>	<u>\$ 1,200,585</u>

\$10M FLGFC Pooled Commercial Paper Loan Program		Totals
\$	8,241	\$ 2,546,812
		1,536
\$	8,241	\$ 2,548,348
\$	5,907	\$ 2,124,005
	5,907	2,124,005
	2,334	424,343
\$	8,241	\$ 2,548,348

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL-
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Transportation Improvement Revenue Refunding Bonds, Series 1992		Limited Ad Valorem Tax Refunding Bonds, Series 1994	
	Budget	Actual	Budget	Actual
REVENUES:				
Taxes			\$ 1,407,922	\$ 1,374,805
Intergovernmental	\$ 1,127,696	\$ 1,127,696		
Investment income	40,000	39,215	45,000	60,714
TOTAL REVENUES	1,167,696	1,166,911	1,452,922	1,435,519
EXPENDITURES:				
Debt service:				
Principal retirement	810,000	810,000	1,340,000	1,340,000
Interest and fiscal charges	394,715	394,686	209,320	209,098
TOTAL EXPENDITURES	1,204,715	1,204,686	1,549,320	1,549,098
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(37,019)	(37,775)	(96,398)	(113,579)
OTHER FINANCING SOURCES (USES):				
Operating transfers in				
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(37,019)	(37,775)	(96,398)	(113,579)
FUND BALANCES, BEGINNING OF YEAR	103,470	103,470	380,298	380,298
FUND BALANCES, END OF YEAR	\$ 66,451	\$ 65,695	\$ 283,900	\$ 266,719

Sales Tax Revenue Refunding Bonds		\$10M FLGFC Pooled Commercial Paper Loan Program		Totals	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 1,547,690	\$ 1,547,690			\$ 1,407,922	\$ 1,374,805
56,000	48,267		\$ 815	2,675,386	2,675,386
				141,000	149,011
1,603,690	1,595,957	-	815	4,224,308	4,199,202
620,000	620,000	215,000	215,000	2,985,000	2,985,000
984,479	983,206	33,000	31,481	1,621,514	1,618,471
1,604,479	1,603,206	248,000	246,481	4,606,514	4,603,471
(789)	(7,249)	(248,000)	(245,666)	(382,206)	(404,269)
		248,000	248,000	248,000	248,000
		248,000	248,000	248,000	248,000
(789)	(7,249)	-	2,334	(134,206)	(156,269)
96,844	96,844	-	-	580,612	580,612
\$ 96,055	\$ 89,595	\$ -	\$ 2,334	\$ 446,406	\$ 424,343

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CAPITAL PROJECTS FUNDS DESCRIPTIONS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by the Proprietary Funds). The County maintains the following Capital Projects Funds:

Flagler West Renovation - To account for resources to be used to renovate the former Flagler Hospital West into the County Health Facility.

Library Building - To account for resources to be used to construct, renovate and equip buildings that will house various County libraries.

Northwest Road Projects - To account for resources to be used to fund the construction of a road in the Northwestern quadrant of the County.

Judicial Center Master Plan - To account for resources to be used to acquire and construct a new County courthouse and parking facilities and new County administration and Emergency Operations and Communication facilities, and/or remodel, enlarge, repair and improve existing County courthouse and administration facilities.

Palm Valley Bridge - To account for resources to be used to engineer, acquire right of way, and construct the new Palm Valley Bridge in conjunction with the Army Corps of Engineers.

Davis Park Project - To account for resources committed to construction of the Northeast Park.

Beach Re-nourishment Project - To account for resources to be used to replenish the sand along approximately 2.5 miles of beach which has been eroded due to storm damage. This project is being done through the joint cooperation of the U.S. Army Corp of Engineers and the Florida Department of Environmental Protection.

Holmes Boulevard - To account for resources to be used to construct a by-pass around the City of St. Augustine. This by-pass will connect SR 207 And SR 16 and is intended to relieve traffic congestion through current infrastructure improvements.

Northwest Government Center - To account for resources to be used to construct a new government annex building in northwest St. Johns County. The facility will house branch offices for the five constitutional officers.

ST. JOHNS COUNTY, FLORIDA
COMBINING BALANCE SHEET- ALL CAPITAL PROJECTS FUNDS
September 30, 2001

	Library Buildings	Northwest Road Project	Judicial Center Master Plan	Palm Valley Bridge
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,776,274	\$ 1,932,320	\$ 117,545	\$ 195,200
TOTAL ASSETS	\$ 1,776,274	\$ 1,932,320	\$ 117,545	\$ 195,200
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 307,121	\$ 251,288	\$ 5,169	
TOTAL LIABILITIES	307,121	251,288	5,169	-
FUND EQUITY:				
Fund balances:				
Reserved for capital outlay	1,469,153	1,681,032	112,376	195,200
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,776,274	\$ 1,932,320	\$ 117,545	\$ 195,200

<u>Davis Park Project</u>	<u>Beach Re-nourishment Project</u>	<u>Holmes Boulevard</u>	<u>Northwest Government Center</u>	<u>Totals</u>
<u>\$ 523,176</u>	<u>\$ 1,458,317</u>	<u>\$ 2,229,789</u>	<u>\$ 1,214,713</u>	<u>\$ 9,447,334</u>
<u>\$ 523,176</u>	<u>\$ 1,458,317</u>	<u>\$ 2,229,789</u>	<u>\$ 1,214,713</u>	<u>\$ 9,447,334</u>
<u>\$ 49,043</u>				<u>\$ 612,621</u>
<u>49,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>612,621</u>
<u>474,133</u>	<u>1,458,317</u>	<u>2,229,789</u>	<u>1,214,713</u>	<u>8,834,713</u>
<u>\$ 523,176</u>	<u>\$ 1,458,317</u>	<u>\$ 2,229,789</u>	<u>\$ 1,214,713</u>	<u>\$ 9,447,334</u>

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 ALL CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Flager West Renovation		Library Buildings	
	Budget	Actual	Budget	Actual
REVENUES:				
Intergovernmental Contributions	\$ 119,789	\$ 119,790		\$ 65,823
Investment income		8,607	\$ 16,989	75,929
TOTAL REVENUES	119,789	128,397	16,989	141,752
EXPENDITURES:				
General government Capital outlay	744,799	520,170	1,876,346	781,461
TOTAL EXPENDITURES	744,799	520,170	1,876,346	781,461
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(625,010)	(391,773)	(1,859,357)	(639,709)
OTHER FINANCING SOURCES:				
Operating transfers in	275,010	275,010	872,696	872,696
TOTAL OTHER FINANCING SOURCES	275,010	275,010	872,696	872,696
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(350,000)	(116,763)	(986,661)	232,987
FUND BALANCES, BEGINNING OF YEAR	116,763	116,763	1,236,166	1,236,166
FUND BALANCES (DEFICITS), END OF YEAR	\$ (233,237)	\$ -	\$ 249,505	\$ 1,469,153

Northwest Road Project		Judicial Center Master Plan		Palm Valley Bridge	
Budget	Actual	Budget	Actual	Budget	Actual
				\$ 375,000	\$ 375,000
\$ 36,300	\$ 100,920		\$ 7,061	5,000	32,626
36,300	100,920	-	7,061	380,000	407,626
13,370	13,369	\$ 63,000	24,974	2,046,403	2,046,403
13,370	13,369	63,000	24,974	2,046,403	2,046,403
22,930	87,551	(63,000)	(17,913)	(1,666,403)	(1,638,777)
				1,800,000	1,800,000
-	-	-	-	1,800,000	1,800,000
22,930	87,551	(63,000)	(17,913)	133,597	161,223
1,593,481	1,593,481	130,289	130,289	33,977	33,977
\$ 1,616,411	\$ 1,681,032	\$ 67,289	\$ 112,376	\$ 167,574	\$ 195,200

ST. JOHNS COUNTY, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 ALL CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Davis Park Project		Beach Re-nourishment Project	
	Budget	Actual	Budget	Actual
REVENUES:				
Intergovernmental Contributions	\$ 130,000		\$ 2,590,599	\$ 593,607
Investment income	100,000			
	1,258	\$ 36,329		7,403
TOTAL REVENUES	231,258	36,329	2,590,599	601,010
EXPENDITURES:				
Capital outlay	893,258	558,879	\$ 4,090,599	642,693
TOTAL EXPENDITURES	893,258	558,879	4,090,599	642,693
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(662,000)	(522,550)	(1,500,000)	(41,883)
OTHER FINANCING SOURCES:				
Operating transfers in	612,000	612,000	1,500,000	1,500,000
TOTAL OTHER FINANCING SOURCES	612,000	612,000	1,500,000	1,500,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(50,000)	89,450	-	1,458,317
FUND BALANCES, BEGINNING OF YEAR	384,683	384,683		
FUND BALANCES (DEFICITS), END OF YEAR	\$ 334,683	\$ 474,133	\$ -	\$ 1,458,317

Holmes Boulevard		Northwest Government Center		Totals	
Budget	Actual	Budget	Actual	Budget	Actual
				\$ 3,095,599	\$ 968,607
				219,789	185,613
	\$ 28,012		\$ 35,893	59,547	332,780
-	28,012	-	35,893	3,374,935	1,487,000
				63,000	24,974
\$ 4,223,661	41,884	\$ 1,244,555	65,735	15,132,991	4,670,594
4,223,661	41,884	1,244,555	65,735	15,195,991	4,695,568
(4,223,661)	(13,872)	(1,244,555)	(29,842)	(11,821,056)	(3,208,568)
4,223,661	2,243,661	1,244,555	1,244,555	10,527,922	8,547,922
4,223,661	2,243,661	1,244,555	1,244,555	10,527,922	8,547,922
-	2,229,789	-	1,214,713	(1,293,134)	5,339,354
				3,495,359	3,495,359
\$ -	\$ 2,229,789	\$ -	\$ 1,214,713	\$ 2,202,225	\$ 8,834,713

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ENTERPRISE FUNDS DESCRIPTIONS

Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County maintains the following Enterprise Funds:

Utilities - To account for the administration and operations of water and wastewater treatment services to certain areas of St. Johns County. The costs of providing these services are financed or recovered through rates and user charges.

Solid Waste - To account for the administration and operations of garbage disposal for all citizens of St. Johns County. The costs of providing these services are financed or recovered through tipping fees and non-ad valorem assessments.

Golf Course - To account for the administration and operations of the County Golf Course which is operated and financed in a manner similar to private business. The costs of providing this service to the general public is recovered primarily through user charges.

Convention Center - To account for the construction and operation of the County Convention Center. The cost of operations is to be recovered through certain payments and fees associated with the World Golf Village project.

Amphitheater - To improve, operate and maintain the St. Augustine Amphitheater that the State leases to the County for development of the arts in St. Johns County.

ST. JOHNS COUNTY, FLORIDA
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS
SEPTEMBER 30, 2001

	Utilities	Solid Waste	Golf Course
ASSETS			
Equity in pooled cash and cash equivalents	\$ 19,756,322	\$ 9,670,427	\$ 114,101
Investments	4,890,917	4,100,312	
Accounts receivable, net	770,458	337,340	6,377
Unit connection fee notes receivable	342,082		
Interest receivable	186,887	92,411	
Due from other funds		8,533	
Due from other governments	187,419	119,235	
Inventory	353,690		82,564
Restricted assets:			
Cash and cash equivalents	780,101	14,811	85,890
Investments	5,073,823	1,195,138	
Land	2,334,475	602,408	1,795,362
Golf course land improvements			2,352,514
Buildings and improvements	1,024,805	1,529,941	804,653
Water and sewer systems	68,535,535		
Furniture and equipment	2,127,291	1,135,208	1,072,867
Accumulated depreciation	(18,310,758)	(1,134,471)	(1,235,677)
Construction in progress	857,382		2,504,480
Other assets	1,007,536		88,931
TOTAL ASSETS	\$ 91,717,745	\$ 17,871,093	\$ 7,672,062
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 1,510,759	\$ 1,341,202	\$ 100,801
Customer deposits	780,101	14,811	
Due to other funds		10	
Accrued landfill closure and post-closure costs		8,052,396	
Interest payable	652,155		30,301
Other liabilities	-		70,672
Revenue bonds payable	49,051,132		2,543,549
State loan payable	1,563,576		
Long-term lease payable			174,541
Accrued compensated absences	178,460	44,054	47,651
TOTAL LIABILITIES	53,736,183	9,452,273	2,967,515
FUND EQUITY (DEFICIT):			
Contributed capital, net	21,148,153	651,147	2,595,757
Retained earnings (deficit):			
Reserved for construction	2,881,017	1,195,138	
Reserved for debt service	2,192,808		85,890
Reserved developer contributions	4,280,481		
Unreserved	7,479,125	6,372,535	2,022,900
	16,833,409	7,567,673	2,108,790
TOTAL FUND EQUITY (DEFICIT)	37,981,562	8,218,820	4,704,547
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 91,717,745	\$ 17,871,093	\$ 7,672,062

Convention Center	Amphitheater	Totals
\$ 964,145		\$ 30,504,995
16,496		8,791,229
		1,130,671
		342,082
		279,278
		8,533
		306,654
		436,254
1,951,652	\$ 11,541	2,843,795
		6,268,961
		4,732,245
		2,352,514
11,000,000	67,255	14,428,454
		68,535,535
	22,272	4,357,638
(680,000)	(14,735)	(19,355,641)
	57,035	3,418,897
625,055		1,721,522
<u>\$ 13,897,348</u>	<u>\$ 143,368</u>	<u>\$ 131,101,616</u>
	\$ 17,414	\$ 2,970,176
		794,712
		10
		8,052,396
\$ 329,452		1,011,908
		70,672
16,392,828		67,967,509
		1,563,576
		174,541
		270,165
<u>16,722,280</u>	<u>17,414</u>	<u>82,895,665</u>
		24,395,057
	125,954	4,202,109
		2,278,896
		4,280,461
(2,824,932)	-	13,049,628
(2,824,932)	125,954	23,810,894
(2,824,932)	125,954	48,205,951
<u>\$ 13,897,348</u>	<u>\$ 143,368</u>	<u>\$ 131,101,616</u>

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS (DEFICIT) -
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Utilities	Solid Waste	Golf Course
OPERATING REVENUES:			
Charges for services	\$ 12,278,454	\$ 8,268,879	\$ 1,368,413
Special assessment revenue			
Other operating revenue	9,863	115	49,845
Merchandise sales			22,775
Total operating revenues	12,288,317	8,268,794	1,439,033
OPERATING EXPENSES:			
Contractual services	1,831,839	8,308,710	21,386
Salaries and benefits	2,882,345	413,421	708,371
Closure and post-closure expense		78,068	
Operating and maintenance expenses	2,439,429	187,694	400,183
Loss from early asset retirement	1,267,712		
Depreciation	1,519,683	121,302	170,795
Total operating expenses	9,941,008	9,107,193	1,300,735
OPERATING INCOME (LOSS)	2,347,309	(838,399)	138,298
NON-OPERATING REVENUES (EXPENSES):			
Investment income	1,863,118	885,042	39,924
Interest expense	(2,985,097)		(110,971)
Grant proceeds	187,331	163,545	
Franchise fees		620,954	
Other proceeds	14,553		
Gain on sale of fixed assets	3,598	18,799	84,805
Total non-operating revenues (expenses)	(918,499)	1,688,340	10,758
CONTRIBUTED DEVELOPER CAPITAL	4,280,461		
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	5,711,271	849,941	149,056
OPERATING TRANSFERS:			
Operating transfers in			
NET INCOME (LOSS)	5,711,271	849,941	149,056
ADD DEPRECIATION CHARGED TO CONTRIBUTED CAPITAL	463,017		
INCREASE (DECREASE) IN RETAINED EARNINGS	6,174,288	849,941	149,056
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	10,659,121	6,717,732	1,959,734
RETAINED EARNINGS (DEFICIT), END OF YEAR	\$ 16,833,409	\$ 7,567,673	\$ 2,108,790

Convention Center	Amphitheater	Totals
\$ 888,354	\$ 28,354	\$ 22,828,254
320,833		320,833
		59,823
		22,775
1,007,187	28,354	23,031,885
	27,489	10,189,424
	53,953	4,058,090
		76,066
25,002	34,358	3,088,666
		1,267,712
220,000	4,779	2,038,559
245,002	120,579	20,714,517
762,185	(92,225)	2,317,168
180,445	5,474	2,954,001
(1,337,109)		(4,436,177)
	1,933	352,809
		620,954
	10,754	25,307
		107,202
(1,176,664)	18,161	(375,904)
		4,280,461
(414,478)	(74,064)	8,221,725
66,505	100,000	166,505
(347,974)	25,936	6,388,230
		463,017
(347,974)	25,936	6,851,247
(2,478,958)	100,018	18,959,647
\$ (2,824,932)	\$ 125,954	\$ 23,810,894

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS -
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Utilities	Solid Waste	Golf Course
OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,347,309	\$ (838,399)	\$ 138,298
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,519,683	121,302	170,795
Amortization of bond issuance cost	184,791		10,463
Loss from early asset retirements	1,267,712		
Decrease (increase) in accounts receivable	89,842	93,930	(5,686)
Decrease in notes receivable	57,664		
Increase in due from constitutional officers		(5,691)	
Increase in due from other governments	(187,419)	(54,353)	
Increase in inventory	(5,700)		(21,830)
Increase (decrease) in accounts payable and accrued liabilities	866,572	520,478	(187,346)
(Decrease) Increase in customer deposits	(338,841)	685	
Decrease in due to constitutional officers		(221)	
Decrease in accrued landfill closure and post-closure costs		(745,320)	
Increase (decrease) in accrued compensated absences	23,336	14,412	(1,566)
(Decrease) Increase in other liabilities	(12,467)		7,699
Net cash provided by (used in) operating activities	5,812,482	(893,179)	110,825
NONCAPITAL FINANCING ACTIVITIES:			
Operating transfer in			
Grants received	187,331	163,545	
Franchise fees		620,954	
Other proceeds	14,553		
Net cash provided by noncapital financing activities	201,884	784,499	-
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(4,025,894)	(127,082)	(1,124,678)
Sale of capital assets	20,156	173,843	88,075
Proceeds from issuance of long-term lease			240,680
Principal payments on revenue bonds	(2,295,000)		(235,000)
Principal payments on State Revolving Loan	(81,044)		
Principal payments on long-term lease			(68,139)
Interest paid on revenue bonds, loans and lease obligations	(2,087,690)		(108,902)
Capital contributed by developers	4,280,462		
Net cash (used in) provided by capital and related financing activities	(4,189,010)	46,761	(1,208,964)
INVESTING ACTIVITIES:			
Investment purchases	(10,283,733)	(6,031,815)	
Proceeds from sale of investments	15,470,328	8,551,344	239,976
Investment income received	1,820,732	834,748	39,924
Net cash (used in) provided by investing activities	7,007,327	3,354,277	279,900
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	8,832,683	3,292,358	(816,239)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,703,740	6,392,680	1,016,230
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 20,536,423	\$ 9,685,038	\$ 199,991
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Accretion of interest on capital appreciation bonds	865,055		
Increase (decrease) in fair value of investments	476,458	81,564	(214,048)

<u>Convention Center</u>	<u>Amphitheater</u>	<u>Totals</u>
\$ 762,185	\$ (92,225)	\$ 2,317,168
220,000	4,779	2,038,559
25,002		220,256
(12,697)		1,287,712
		165,187
		57,664
		(5,691)
		(241,772)
		(27,530)
	14,945	1,214,647
		(337,956)
		(221)
		(745,320)
		36,182
		(4,768)
<u>994,490</u>	<u>(72,501)</u>	<u>5,952,117</u>
66,505	100,000	166,505
	1,933	352,809
		620,954
	10,754	25,307
<u>66,505</u>	<u>112,687</u>	<u>1,185,575</u>
	(115,200)	(5,392,854)
		282,074
		240,680
(225,000)		(2,755,000)
		(81,044)
		(68,139)
(1,328,160)		(3,523,752)
		4,280,462
<u>(1,551,160)</u>	<u>(115,200)</u>	<u>(7,015,573)</u>
		(16,315,548)
		24,281,648
160,445	5,474	2,881,323
<u>160,445</u>	<u>5,474</u>	<u>10,807,423</u>
(329,720)	(69,540)	10,909,542
3,245,517	81,081	22,439,248
<u>\$ 2,915,797</u>	<u>\$ 11,541</u>	<u>\$ 33,348,790</u>
		865,055
		343,974

INTERNAL SERVICE FUNDS DESCRIPTIONS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other government units, on a cost reimbursement basis. The County maintains the following Internal Service Funds:

Workers' Compensation Insurance - This fund is used to account for the costs of workers' compensation insurance to other departments of the Board of County Commissioners and constitutional officers of St. Johns County.

Health Insurance - This fund is used to account for the costs of health and accidental death and dismemberment insurance to other departments of the Board of County Commissioners and constitutional officers of St. Johns County.

Fleet Maintenance - This fund is used to account for the maintenance and other related costs of motor vehicles to other departments of the Board of County Commissioners and Constitutional Officers of St. Johns County.

ST. JOHNS COUNTY, FLORIDA
COMBINING BALANCE SHEET - ALL INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2001

	Workers' Compensation Insurance	Health Insurance	Totals
ASSETS			
Equity in pooled cash and cash equivalents	\$ 151,049	\$ 1,013,415	\$ 1,164,464
Cash with claims administrator		110,875	110,875
Investments	101,548		101,548
Accounts receivable, net		59,626	59,626
Interest receivable	168		168
Due from other funds	130,141	165,807	295,948
TOTAL ASSETS	\$ 382,904	\$ 1,349,723	\$ 1,732,627
LIABILITIES AND FUND EQUITY (DEFICIT)			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 6,980	\$ 2,027	\$ 9,007
Estimated liability for self insured losses	636,497	653,772	1,290,269
TOTAL LIABILITIES	643,477	655,799	1,299,276
FUND EQUITY (DEFICIT):			
Retained earnings (deficit):			
Unreserved	(260,573)	693,924	433,351
TOTAL FUND EQUITY (DEFICIT)	(260,573)	693,924	433,351
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$ 382,904	\$ 1,349,723	\$ 1,732,627

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS (DEFICIT) -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Workers' Compensation Insurance	Health Insurance	Fleet Maintenance	Totals
OPERATING REVENUES:				
Charges for services	\$ 731,510	\$ 5,024,838		\$ 5,756,348
Other operating revenue		58,602		58,602
Total operating revenues	731,510	5,083,440	-	5,814,950
OPERATING EXPENSES:				
Contractual services	1,233,296	4,951,399		6,184,695
Operating and maintenance expenses		10,468		10,468
Total operating expenses	1,233,296	4,961,867	-	6,195,163
OPERATING (LOSS) INCOME	(501,786)	121,573	-	(380,213)
NON-OPERATING REVENUES:				
Investment income	66,611	48,509		115,120
NET (LOSS) INCOME BEFORE OPERATING TRANSFERS	(435,175)	170,082	-	(265,093)
NON-OPERATING TRANSFERS:				
Operating transfers out	(33,221)			(33,221)
Total non-operating transfers	(33,221)	-	-	(33,221)
NET (LOSS) INCOME	(468,396)	170,082	-	(298,314)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	207,823	523,842	(5,230)	726,435
RESIDUAL EQUITY TRANSFER			5,230	5,230
RETAINED EARNINGS (DEFICIT), END OF YEAR	\$ (260,573)	\$ 693,924	\$ -	\$ 433,351

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF CASH FLOWS -
ALL INTERNAL SERVICE FUNDS

	Workers' Compensation Insurance	Health Insurance	Fleet Maintenance	Totals
OPERATING ACTIVITIES:				
Operating (loss) income	\$ (501,786)	\$ 121,573	\$ -	\$ (380,213)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Decrease (increase) in accounts receivable	3,173	(26,485)	47,564	24,252
(Increase) decrease in due from constitutional officers	(105,348)	(165,807)	41,714	(229,441)
Decrease in due from other governments			19,634	19,634
Decrease in inventory			109,364	109,364
Decrease in accounts payable and accrued liabilities	(13,237)	(609)	(94,603)	(108,449)
(Decrease) increase in estimated liability for self insured losses	(824,134)	98,941		(525,193)
Decrease in due to other funds			(110,330)	(110,330)
Decrease in accrued compensated absences			(18,573)	(18,573)
Net cash (used in) provided by operating activities	(1,241,332)	27,613	(5,230)	(1,218,949)
NONCAPITAL FINANCING ACTIVITIES:				
Residual equity transfer in			5,230	5,230
Operating transfer out	(33,221)	-	-	(33,221)
Net cash (used in) provided by noncapital financing activities	(33,221)	-	5,230	(27,991)
INVESTING ACTIVITIES:				
Investment purchases	(84,115)			(84,115)
Proceeds from sale of investments	791,737			791,737
Investment income received	77,287	48,509		125,776
Net cash provided by investing activities	784,889	48,509	-	833,398
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(488,664)	76,122	-	(413,542)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	640,713	937,293	-	1,578,006
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 151,049	\$ 1,013,415	\$ -	\$ 1,164,464

FIDUCIARY FUNDS DESCRIPTIONS

Expendable Trust - Expendable Trust Funds are those whose principal and income may be expended in the course of their designated operations. The County maintains the following Expendable Trust Fund:

Sheriff Canteen Fund - To account for the Canteen operated within the County jail. Revenues are provided by sales of products, such as candy, cigarettes, etc., to the inmates. The profits can only be spent for the benefit of the inmates.

Agency Funds - Agency Funds are custodial in nature and do not involve measurement of results of operations. The County maintains the following Agency Funds:

Board of County Commissioners:

Pass Through Grants - To account for the collection and disbursement of grant funds to constitutional officers.

Clerk of Courts:

Agency Fund - To account for the receipt and disbursement of funds used for the judicial law library, fines and service charges, bond funds, fees and related court costs for small claims court, litigants in court cases, juror and witnesses, and court-ordered alimony and child support.

Sheriff:

Work Release - To collect and account for the receipts and disbursements of the work release residents of the Corrections facility. Individual resident account records are maintained.

Levy Trust - To account for the collection and disbursement of fees and costs related to enforcement of civil levy action.

Inmate Trust - To account for the receipt of personal funds from the disbursement of funds to inmates.

Crime Prevention - To account for the collection and disbursement of fees and costs for various programs including neighborhood watch.

Victim's Advocate - To account for the receipt of donations which are disbursed to victim's of unforeseen circumstances within St. Johns County.

FIDUCIARY FUNDS DESCRIPTIONS (continued)

DARE Account - To account for the disbursement of federal grant proceeds which are used for elementary school education programs on drug abuse resistance and drop-out prevention.

PAL Account - To account for the disbursement of federal grant proceeds which are used for funding a deputy who works with the local school system providing guidance and programs for juveniles.

Tax Collector:

Taxes and Tags - To account for the collection and disbursement of ad valorem taxes, tourist development taxes, non ad valorem assessments, vehicle tags and titles.

ST. JOHNS COUNTY, FLORIDA
 COMBINING BALANCE SHEET-
 ALL FIDUCIARY FUNDS
 September 30, 2001

	<u>Sheriff Expendable Trust</u>	<u>Board of County Commissioners</u>	<u>Clerk of Circuit Court</u>	<u>Sheriff Agency Funds</u>	
	<u>Sheriff Canteen Fund</u>	<u>Pass-through Grants</u>	<u>Agency Fund</u>	<u>Work Release</u>	<u>Levy Trust</u>
ASSETS					
Equity in pooled cash and cash equivalents	\$ 219,900		\$1,245,691	\$ 14,717	\$ 3,976
Due from individuals			5,066		
Due from other funds			1,326		
Due from other governments		\$ 59,402			
Inventory	40,224				
TOTAL ASSETS	<u>\$ 260,124</u>	<u>\$ 59,402</u>	<u>\$1,252,083</u>	<u>\$ 14,717</u>	<u>\$ 3,976</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Accounts payable	\$ 7,105		\$ 69,144		
Due to individuals			822,806	\$ 14,717	\$ 3,976
Due to other funds		\$ 59,402	164,088		
Due to other governments			177,610		
Customer deposits			18,435		
TOTAL LIABILITIES	<u>7,105</u>	<u>59,402</u>	<u>1,252,083</u>	<u>14,717</u>	<u>3,976</u>
FUND EQUITY:					
Fund balances:					
Unreserved-undesignated	253,019				
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 260,124</u>	<u>\$ 59,402</u>	<u>\$1,252,083</u>	<u>\$ 14,717</u>	<u>\$ 3,976</u>

					Tax Collector Agency	
<u>Inmate Trust</u>	<u>Crime Prevention</u>	<u>Victim's Advocate</u>	<u>DARE Account</u>	<u>PAL Account</u>	<u>Taxes and Tags</u>	<u>Total</u>
\$ 15,195	\$ 13,625	\$ 1,617	\$ 3,764	\$ 12,489	\$2,554,577 39,111	\$4,085,551 44,177 1,326 59,402 40,224
<u>\$ 15,195</u>	<u>\$ 13,625</u>	<u>\$ 1,617</u>	<u>\$ 3,764</u>	<u>\$ 12,489</u>	<u>\$2,593,688</u>	<u>\$4,230,680</u>
						\$ 76,249
\$ 15,195	\$ 13,625	\$ 1,617	\$ 3,764	\$ 12,489	\$ 178,714 496,034 511,046 1,407,894	1,066,903 719,524 688,656 1,426,329
<u>15,195</u>	<u>13,625</u>	<u>1,617</u>	<u>3,764</u>	<u>12,489</u>	<u>2,593,688</u>	<u>3,977,661</u>
						253,019
<u>\$ 15,195</u>	<u>\$ 13,625</u>	<u>\$ 1,617</u>	<u>\$ 3,764</u>	<u>\$ 12,489</u>	<u>\$2,593,688</u>	<u>\$4,230,680</u>

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AGENCY FUNDS

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
BOARD OF COUNTY COMMISSIONERS				
PASS-THROUGH GRANTS				
ASSETS				
Cash and cash equivalents		\$ 55,381	\$ 55,381	
Due from other governments	\$ 72,846	59,402	72,846	\$ 59,402
	<u>\$ 72,846</u>	<u>\$ 114,783</u>	<u>\$ 128,027</u>	<u>\$ 59,402</u>
LIABILITIES				
Due to other funds	\$ 72,846	\$ 114,783	\$ 128,027	\$ 59,402
CLERK OF CIRCUIT COURTS				
AGENCY FUND				
ASSETS				
Cash and cash equivalents	\$ 1,456,438	\$ 33,783,093	\$ 33,973,840	\$ 1,245,691
Due from individuals	6,226	30,919	32,079	5,066
Due from other funds	9,975	1,326	9,975	1,326
	<u>\$ 1,472,639</u>	<u>\$ 33,795,338</u>	<u>\$ 34,015,894</u>	<u>\$ 1,252,083</u>
LIABILITIES				
Accounts payable	\$ 43,708	\$ 11,807,652	\$ 11,782,214	\$ 69,144
Due to individuals	1,024,443	10,189,888	10,391,325	822,808
Due to other funds	199,534	2,258,155	2,293,601	164,088
Due to other governments	192,433	9,417,203	9,432,026	177,610
Customer deposits	12,523	122,640	116,728	18,435
	<u>\$ 1,472,639</u>	<u>\$ 33,795,338</u>	<u>\$ 34,015,894</u>	<u>\$ 1,252,083</u>
SHERIFF				
WORK RELEASE				
ASSETS				
Cash and cash equivalents	\$ 13,874	\$ 488,274	\$ 487,431	\$ 14,717
LIABILITIES				
Due to individuals	\$ 13,874	\$ 359,133	\$ 358,290	\$ 14,717
Due to other funds	-	129,141	129,141	-
	<u>\$ 13,874</u>	<u>\$ 488,274</u>	<u>\$ 487,431</u>	<u>\$ 14,717</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
LEVY TRUST				
ASSETS				
Cash and cash equivalents	\$ 100	\$ 28,748	\$ 22,870	\$ 3,978
LIABILITIES				
Due to individuals	\$ 100	\$ 14,861	\$ 10,785	\$ 3,976
Due to other funds	-	12,085	12,085	-
	<u>\$ 100</u>	<u>\$ 28,748</u>	<u>\$ 22,870</u>	<u>\$ 3,978</u>
DEPOSITORY TRUST				
ASSETS				
Cash and cash equivalents	\$ -	\$ 84,195	\$ 84,195	\$ -
LIABILITIES				
Due to individuals	\$ -	\$ 240	\$ 240	\$ -
Due to other funds	-	83,955	83,955	-
	<u>\$ -</u>	<u>\$ 84,195</u>	<u>\$ 84,195</u>	<u>\$ -</u>
INMATE TRUST				
ASSETS				
Cash and cash equivalents	\$ 3,554	\$ 497,248	\$ 485,605	\$ 15,195
LIABILITIES				
Due to individuals	\$ 3,554	\$ 497,248	\$ 485,605	\$ 15,195
CRIME PREVENTION				
ASSETS				
Cash and cash equivalents	\$ 11,234	\$ 33,935	\$ 31,544	\$ 13,625
LIABILITIES				
Due to individuals	\$ 11,234	\$ 33,935	\$ 31,544	\$ 13,625

(continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
VICTIM'S ADVOCATE				
ASSETS				
Cash and cash equivalents	\$ 1,738	\$ 8,832	\$ 8,953	\$ 1,617
LIABILITIES				
Due to individuals	\$ 1,738	\$ 8,832	\$ 8,953	\$ 1,617
DARE ACCOUNT				
ASSETS				
Cash and cash equivalents	\$ 2,645	\$ 8,471	\$ 7,352	\$ 3,764
LIABILITIES				
Due to individuals	\$ 2,645	\$ 8,471	\$ 7,352	\$ 3,764
PAL ACCOUNT				
ASSETS				
Cash and cash equivalents	\$ 3,345	\$ 58,420	\$ 47,276	\$ 12,489
LIABILITIES				
Due to individuals	\$ 3,345	\$ 58,420	\$ 47,276	\$ 12,489
TAX COLLECTOR				
TAXES AND TAGS				
ASSETS				
Cash and cash equivalents	\$ 2,748,290	\$ 174,513,818	\$ 174,707,329	\$ 2,554,577
Due from individuals	47,926	44,032	52,847	39,111
	<u>\$ 2,796,216</u>	<u>\$ 174,557,848</u>	<u>\$ 174,760,176</u>	<u>\$ 2,593,688</u>
LIABILITIES				
Due to individuals	\$ 589,738	\$ 5,983,306	\$ 6,374,329	\$ 178,714
Due to other funds	524,851	1,475,138	1,503,953	498,034
Due to other governments	373,906	53,882,902	53,545,762	511,048
Other liabilities	1,327,721	1,450,402	1,370,229	1,407,894
Current taxes		111,965,903	111,965,903	
	<u>\$ 2,796,216</u>	<u>\$ 174,557,848</u>	<u>\$ 174,760,176</u>	<u>\$ 2,593,688</u>

(continued)

ST. JOHNS COUNTY, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 4,241,218	\$ 209,538,209	\$ 209,911,778	\$ 3,865,651
Due from individuals	54,164	74,851	84,928	44,189
Due from other funds	12,748	1,328	9,975	4,099
Due from other governments	71,407	59,402	72,648	58,183
	<u>\$ 4,379,537</u>	<u>\$ 209,671,888</u>	<u>\$ 210,079,323</u>	<u>\$ 3,972,102</u>
LIABILITIES				
Accounts Payable	\$ 43,708	\$ 11,807,852	\$ 11,782,214	\$ 69,144
Due to individuals	1,630,671	17,151,931	17,715,699	1,066,903
Due to other funds	799,300	4,073,255	4,150,782	721,793
Due to other governments	565,816	83,100,105	82,977,788	687,933
Customer deposits	12,523	122,640	116,728	18,435
Other liabilities	1,327,721	1,450,402	1,370,229	1,407,894
Current taxes		111,965,903	111,985,903	
	<u>\$ 4,379,537</u>	<u>\$ 209,671,888</u>	<u>\$ 210,079,323</u>	<u>\$ 3,972,102</u>
				(concluded)

ACCOUNT GROUP DESCRIPTIONS

General Fixed Assets - To account for all fixed assets of the County, other than those accounted for in the Enterprise Funds.

General Long-Term Obligations - To account for bonded debt and other forms of long-term obligations supported by general revenue sources of St. Johns County.

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
FOR THE YEAR ENDED SEPTEMBER 30, 2001

General Fixed Assets:

Land	\$ 10,937,870
Buildings and improvements	68,323,605
Furniture and equipment	36,697,558
Construction in progress	5,262,248
Total General Fixed Assets	<u>\$ 121,221,281</u>

Investments in Fixed Assets From:

General and special revenue fund revenues	\$ 69,432,134
Special voted ad valorem tax	4,160,524
General obligation bonds	17,196,769
Revenue bonds	23,602,444
Grants	4,589,572
Contributions	2,239,838
Total Investment in General Fixed Assets	<u>\$ 121,221,281</u>

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

Function/Activity	Total	Land	Buildings and Improvements	Furniture and Equipment
General Government				
Board of County Commissioners	\$ 670,333	\$ 613,656	\$ 49,982	\$ 6,695
County Administrator	1,229,592		1,216,862	12,730
Construction Services	39,608			39,608
Management and Budget	5,894			5,894
Public Information	2,908			2,908
Intergovernmental Services	33,974			33,974
Data Processing	3,124,033		356,338	2,767,695
Property Appraiser	1,060,720		415,116	645,604
Tax Collector	499,045			499,045
Purchasing	11,707			11,707
Personnel	3,245			3,245
County Attorney	8,073			8,073
Planning and Zoning	1,573,862		41,503	1,532,159
Geographic Information Systems	48,053			48,053
Clerk of Circuit Court	42,224			42,224
Circuit and County Court	46,962			46,962
Guardian Ad Litem	1,200			1,200
State Attorney	136,633			136,633
Public Defender	6,020			6,020
Court Reporting	846			846
Supervisor of Elections	619,809			619,809
Visitors Convention Bureau	59,710			59,710
Building Maintenance	512,035		176,021	336,014
Courthouses and Annexes	25,491,612	898,994	23,958,771	633,847
Tourist Development Council	25,696			25,696
Total General Government	35,253,594	1,512,650	26,214,593	7,526,351
Public Safety				
Sheriff	27,528,550		16,215,220	11,313,330
Life Saving	193,719		28,098	165,621
Florida Highway Patrol Radar	-			
Public Safety	111,674		65,484	46,190
Fire Service	10,559,037	353,154	4,451,458	5,754,425
Building Code	-			
Pre-construction Services	152,290			152,290
Codes Compliance	460,230	315,390	45,832	99,008
Construction Support	302,409			302,409
Emergency Management	217,986		54,338	163,648
E-911 Communications	401,061		170,532	230,529
Emergency Medical Services	3,136,057	137,732	714,755	2,283,570
Medical Examiner	534,707		500,975	33,732
Total Public Safety	43,597,720	806,276	22,246,692	20,544,752

(continued)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

Function/Activity	Total	Land	Buildings and Improvements	Furniture and Equipment
Physical Environment				
Agriculture	1,541,540	496,995	986,613	57,932
St. Johns County Fair	122,563		115,940	6,623
St. Johns River Project	3,485			3,485
Total Physical Environment	<u>1,667,588</u>	<u>496,995</u>	<u>1,102,553</u>	<u>68,040</u>
Transportation				
Road Engineering	-			
Road and Bridge	8,286,494	2,097,760	409,380	5,779,354
Garage	128,016		17,705	110,311
Mowing	617,796			617,796
Traffic and Transportation	156,563			156,563
Project Administration	-			
Surveying	223,164			223,164
Development Review	491,818	365,860		125,958
Total Transportation	<u>9,903,851</u>	<u>2,463,620</u>	<u>427,085</u>	<u>7,013,146</u>
Economic Environment				
State Housing Initiative Program	4,122			4,122
Veterans Services	2,451			2,451
Total Economic Environment	<u>6,573</u>	<u>-</u>	<u>-</u>	<u>6,573</u>
Human Services				
Mental Health	139,766		34,611	105,155
Homes for Infirmid	88,775		88,775	
County Health Unit	8,440,050		7,963,654	476,396
Family Medical and Dental	77,558	7,736	66,571	3,251
Animal Control	124,162			124,162
Social Services	258,216		244,762	13,454
Total Human Services	<u>9,128,527</u>	<u>7,736</u>	<u>8,398,373</u>	<u>722,418</u>
Culture and Recreation				
Libraries	4,428,131	762,500	3,370,066	295,565
Recreation	10,437,198	4,748,040	5,170,445	520,713
County Pier	1,535,851	142,053	1,393,798	
Total Culture and Recreation	<u>16,401,180</u>	<u>5,650,593</u>	<u>9,934,309</u>	<u>816,278</u>
Total to functions	<u>115,959,033</u>	<u>10,937,870</u>	<u>68,323,605</u>	<u>36,697,558</u>
Construction In Progress	<u>5,262,248</u>			
Total General Fixed Assets				
Allocated to Functions	<u>\$ 121,221,281</u>			

(concluded)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

Function/Activity	Balance October 1, 2000	Additions	Dispositions & transfers	Adjustments	Balance September 30, 2001
General Government					
Board of County Commissioners	\$ 686,877		\$ 3,868	\$ (12,676)	\$ 670,333
County Administrator	1,231,437		1,845		1,229,592
Construction Services	39,608				39,608
Management and Budget	2,508	\$ 3,386			5,894
Public Information	2,908				2,908
Intergovernmental Services	3,500	30,474			33,974
Data Processing	2,978,878	555,561	443,735	33,329	3,124,033
Property Appraiser	999,452	78,357	17,089		1,080,720
Tax Collector	304,238	226,315	6,539	(24,969)	499,045
Purchasing	11,350		1,150	1,507	11,707
Personnel	3,245				3,245
County Attorney	9,579			(1,506)	8,073
Planning and Zoning	1,237,277	164,571	132,823	304,437	1,573,662
Geographic Information Systems	48,053				48,053
Clerk of Circuit Court	52,002		907	(8,871)	42,224
Circuit and County Court	48,962				46,962
Guardian Ad Litem	1,200				1,200
State Attorney	160,802		1,210	(22,959)	136,633
Public Defender	6,020				6,020
Court Reporting	846				846
Supervisor of Elections	663,687	16,995	60,873		619,809
Visitors Convention Bureau	58,405	1,305			59,710
Building Maintenance	378,368	162,819	14,337	(14,615)	512,035
Courthouses and Annexes	27,010,447	53,463	1,587,708	15,410	25,491,612
Tourist Development Council	25,041	1,405	750		25,696
Total General Government	35,962,690	1,294,451	2,272,634	269,087	35,253,594
Public Safety					
Sheriff	26,295,740	3,019,463	1,786,653		27,528,550
Life Saving	206,213	13,006	25,500		193,719
Florida Highway Patrol Radar	-				-
Public Safety	111,674				111,674
Fire Service	9,668,819	952,827	62,209		10,559,037
Pre-construction Services	120,706	31,584			152,290
Codes Compliance	435,573	26,996	2,339		460,230
Construction Support	303,980		1,571		302,409
Emergency Management	194,786	23,200			217,986
E-911 Communications	401,061				401,061
Emergency Medical Services	2,840,686	378,068	104,197	21,500	3,136,057
Medical Examiner	543,483	10,200	18,976		534,707
Total Public Safety	41,122,521	4,455,144	2,001,445	21,500	43,597,720

(continued)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

Function/Activity	Balance October 1, 2000	Additions	Dispositions & transfers	Adjustments	Balance September 30, 2001
Physical Environment					
Agriculture	1,541,540				1,541,540
St. Johns County Fair	118,143	4,420			122,563
St. Johns River Project	3,485				3,485
Total Physical Environment	1,663,168	4,420	-	-	1,667,588
Transportation					
Road and Bridge	7,957,587	407,358	120,783	42,352	8,288,494
Garage	88,237	1,504		28,275	128,016
Mowing	580,483	95,947		(58,614)	617,796
Traffic and Transportation	142,184	14,379			156,563
Project Administration	-				-
Surveying	199,903	23,281			223,164
Development Review	478,070	13,748			491,818
Total Transportation	9,456,424	556,197	120,783	12,013	9,903,851
Economic Environment					
State Housing Initiative Program	33,979			(29,857)	4,122
Veterans Services	2,451				2,451
Total Economic Environment	36,430	-	-	(29,857)	6,573
Human Services					
Mental Health	102,949	38,568	1,751		139,766
Homes for Infirmid	213,028		124,253		88,775
County Health Unit	1,110,996	7,358,372	39,078	9,760	8,440,050
Family Medical and Dental	74,307	2,304		947	77,558
Animal Control	94,512	30,650	1,000		124,162
Social Services	259,443		1,227		258,216
Total Human Services	1,855,235	7,429,894	167,309	10,707	9,128,527
Culture and Recreation					
Libraries	4,445,103	7,598	9,160	(15,410)	4,428,131
Recreation	7,550,807	3,210,986	56,555	(268,040)	10,437,198
County Pier	1,535,851				1,535,851
Total Culture and Recreation	13,531,761	3,218,584	65,715	(283,450)	16,401,180
Construction in Progress	8,845,301	4,381,137	7,964,190		5,282,248
Total General Fixed Assets	\$ 112,473,530	\$ 21,339,827	\$ 12,592,076	\$ -	\$ 121,221,281 (concluded)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP
September 30, 2001

Amount Available and to be provided for
the Payment of General Long-Term Obligations:

Amount Available In Debt Service Funds:

Transportation Improvement Revenue Refunding Bonds, Series 1992	\$ 65,695
Limited Ad Valorem Tax Refunding Bonds, Series 1994	266,719
Sales Tax Revenue Refunding Bonds	89,595
\$10M FLGFC Pooled Commercial Paper Loan Program	<u>2,334</u>

Amount Available in Debt Service Funds	<u>424,343</u>

Amount to be Provided:

Bonds Payable:

Limited Ad Valorem Tax Refunding Bonds, Series 1994	2,613,281
Transportation Improvement Revenue Refunding Bonds, Series 1992	5,864,305
Sales Tax Revenue Refunding Bonds, 1994	7,861,474
Sales Tax Revenue Refunding Bonds, 1998	<u>10,628,931</u>

Bonds Payable	<u>26,967,991</u>

\$10M Commercial Paper Program	<u>2,172,666</u>

Special Assessments	<u>87,000</u>

Long-Term Lease Obligations	<u>1,637,308</u>

Accrued Compensated Absences:

Board of County Commissioners	1,186,474
Clerk of Courts	174,372
Sheriff	1,817,983
Tax Collector	62,597
Property Appraiser	75,581
Supervisor of Elections	<u>32,854</u>

Accrued Compensated Absences	<u>3,349,861</u>

Total Amount to be Provided	<u>34,214,826</u>

Total Amount Available and to be provided for The Payment of General Long-Term Obligations	<u>\$ 34,639,169</u>

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP (continued)
September 30, 2001

General Long-Term Debt Payable:

General Obligation Bonds Payable:

Limited Ad Valorem Tax Refunding Bonds, Series 1994	<u>\$ 2,880,000</u>
General Obligation Bonds Payable	<u>2,880,000</u>

Revenue Bonds Payable:

Sales Tax Revenue Refunding Bonds, Series 1998	10,680,000
Sales Tax Revenue Refunding Bonds, Series 1994	7,900,000
Transportation Improvement Revenue Refunding Bonds, Series 1992	<u>5,930,000</u>
Revenue Bonds Payable	<u>24,510,000</u>
Revenue and General Obligation Bonds Payable	<u>27,390,000</u>

Special Assessment Debt:

Special Assessment Debt with Governmental Commitment	<u>87,000</u>
Special Assessment Debt	<u>87,000</u>

Other General Long-Term Debt:

\$10M Commercial Paper Program	2,175,000
Long-Term Lease Obligations	1,637,308
Accrued Compensated Absences	<u>3,349,861</u>
Total Other General Long-Term Debt Payable	<u>7,162,169</u>
Total General Long-Term Obligations Payable	<u>\$ 34,639,169</u> (concluded)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Balance October 1, 2000	Additions	Retirements	Balance September 30, 2001
General Long-Term Debt Payable:				
Revenue Bonds Payable:				
Transportation Improvement Revenue Refunding Bonds, Series 1992	\$ 6,740,000		\$ 810,000	\$ 5,930,000
Sales Tax Revenue Refunding Bonds, Series 1994	8,495,000		595,000	7,900,000
Sales Tax Revenue Refunding Bonds, Series 1998	10,705,000		25,000	10,680,000
Total Revenue Bonds Payable	25,940,000	-	1,430,000	24,510,000
General Obligation Bonds Payable:				
Limited Ad Valorem Tax Refunding Bonds, Series 1994	4,220,000		1,340,000	2,880,000
Total General Obligation Bonds Payable	4,220,000	-	1,340,000	2,880,000
Special Assessment Debt:				
Special Assessment Debt with Governmental Commitment	169,000		82,000	87,000
Total Special Assessment Debt	169,000	-	82,000	87,000
Other General Long Term Debt:				
\$10M Commercial Paper Program		2,380,000	215,000	2,175,000
Long Term Lease Obligations	1,429,591	207,717		1,637,308
Accrued Compensated Absences	3,343,921	258,852	252,912	3,349,861
Total Other General Long-Term Obligations Payable	4,773,512	2,856,569	467,912	7,162,169
Total General Long-Term Obligations Payable	\$ 35,102,512	\$ 2,856,569	\$ 3,319,912	\$ 34,639,169

ST. JOHNS COUNTY, FLORIDA
GENERAL OBLIGATION BOND ISSUES - DESCRIPTION
LIMITED AD VALOREM TAX REFUNDING BONDS, SERIES 1994
AS OF SEPTEMBER 30, 2001

Original authorization	\$ 11,155,000
Unissued	<u>-</u>
Issued	11,155,000
Retirements through September 30, 2001	<u>8,275,000</u>
Balance Outstanding September 30, 2001	<u>\$ 2,880,000</u>

Date of Issue	March 15, 1994
Maturity Range	1994-2003
Principal payment date	March 1
Interest payment dates	March - September
Denominations	\$5,000
Interest rates	

5.000% Maturities 2002-2003

Call feature	Non-callable

Paying agent	The Bank of New York New York, New York

ST. JOHNS COUNTY, FLORIDA
 REVENUE BOND ISSUES - DESCRIPTION
 TRANSPORTATION IMPROVEMENT REVENUE
 REFUNDING BONDS, SERIES 1992
 AS OF SEPTEMBER 30, 2001

Original authorization	\$ 12,500,000
Unissued	<u>315,000</u>
Issued	12,185,000
Retirements through September 30, 2001	<u>6,255,000</u>
Balance Outstanding September 30, 2001	<u>\$ 5,930,000</u>

Date of Issue	July 1, 1992
Maturity Range	1992 - 2007
Principal payment date	October 1
Interest payment dates	April - October
Denominations	\$5,000
Interest rates	

5.600% Maturities 2002
 5.700% Maturities 2003
 6.000% Maturities 2004 - 2007

Call feature	2002 @ 101 2003 - Maturity @ 100

Paying agent	The Bank of New York New York, New York

ST. JOHNS COUNTY, FLORIDA
REVENUE BOND ISSUES - DESCRIPTION
SALES TAX REVENUE REFUNDING BONDS, SERIES 1994
AS OF SEPTEMBER 30, 2001

Original authorization	\$ 11,640,000
Unissued	<u>-</u>
Issued	11,640,000
Retirements through September 30, 2001	<u>3,740,000</u>
Balance Outstanding September 30, 2001	<u><u>\$ 7,900,000</u></u>

Date of Issue	June 1, 1994
Maturity Range	1994-2011
Principal payment date	October 1
Interest payment dates	April - October
Denominations	\$5,000
Interest rates	

4.875% Maturities 2002
5.000% Maturities 2003-2004
5.100% Maturities 2005
5.300% Maturities 2006
5.400% Maturities 2007
5.500% Maturities 2008
5.625% Maturities 2009-2011

Call feature	2002 @ 102 2003 @ 101 2004-Maturity @ 100

Paying agent	The Bank of New York New York, New York

ST. JOHNS COUNTY, FLORIDA
 REVENUE BOND ISSUES - DESCRIPTION
 SALES TAX REVENUE REFUNDING BONDS, SERIES 1998
 AS OF SEPTEMBER 30, 2001

Original authorization	\$ 10,750,000
Unissued	<u>-</u>
Issued	10,750,000
Retirements through September 30, 2001	<u>70,000</u>
Balance Outstanding September 30, 2001	<u>\$ 10,680,000</u>

Date of Issue	May 15, 1998
Maturity Range	2008-2019
Principal payment date	October 1
Interest payment dates	April - October
Denominations	\$5,000
Interest rates	

4.40% Maturities 2008
 4.90% Maturities 2013
 5.00% Maturities 2018

Call feature	2008 @ 101 2009-Maturity @ 100

Paying agent	First Union National Bank Jacksonville, Florida

SUPPORTING SCHEDULES

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES BY DEPARTMENT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	BUDGET	ACTUAL
GENERAL FUND		
General Government		
Board of County Commissioners	\$ 517,041	\$ 485,773
County Administrator	324,246	310,660
Construction Services	151,010	148,013
Management and Budget	443,802	415,260
Risk Management	97,496	96,956
Inter-governmental Services	258,467	258,079
Management Information Systems	2,280,954	1,846,986
Outside Agencies-Public	2,661,000	2,630,419
Purchasing	184,393	181,772
Personnel	291,307	279,884
County Attorney	622,885	622,880
Planning	2,064,773	1,381,625
Zoning	266,589	221,452
Regional Planning Council	43,298	43,298
Ponte Vedra Zoning Board	11,698	11,654
Graphic Information System	402,823	344,803
Circuit Court	892,610	877,326
Guardian Ad Litem	45,968	41,885
County Court	27,265	22,935
Law Library	5,050	5,023
Court Reporting	240,727	233,569
Refunds	17,998	16,939
Building Maintenance Services	1,653,741	1,438,051
Courthouse, Annex Maintenance	1,479,520	1,276,448
Total General Government	14,984,661	13,191,690
Public Safety		
School Crossing Guard	369,044	369,043
Public Safety Communications	425,222	424,452
Codes Compliance	331,381	291,148
Emergency Management	628,181	301,213
Emergency Medical Service	4,475,028	4,375,626
Medical Examiner	198,074	198,016
Total Public Safety	6,426,930	5,959,498

(continued)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES BY DEPARTMENT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	BUDGET	ACTUAL
Physical Environment		
Sea Grant College	1,000	1,000
Agriculture and Home Economics	946,700	317,767
Hastings Agricultural Research Center	14,229	14,228
St. Johns County Fair	57,457	21,387
St. Johns Soil and Water Conservation	27,693	27,300
St. Johns River Project	20,000	20,000
Planning	15,000	15,000
Sea Turtle Study	5,000	428
Total Physical Environment	1,087,079	417,110
Transportation		
Development Review	1,303,880	1,164,820
Total Transportation	1,303,880	1,164,820
Economic Environment		
Committee of 100	74,960	45,838
Veterans Services	82,161	82,158
Planning	506,521	506,521
St. Johns Housing Partnership	40,000	40,000
Total Economic Environment	703,642	674,517
Human Services		
Hospitals	1,002,169	788,846
Nursing Homes	50,000	50,000
Family Medical and Dental Center	106,925	105,809
Animal Control	191,469	190,870
Humane Society Services	187,000	184,258
Youth Crisis Center	33,380	33,380
Social Services	444,893	305,558
Child Day Care	91,029	91,029
N.E.Fla.Community Action Agency	33,133	33,133
Welfare Participation-Medicaid	924,331	785,487

(continued)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES BY DEPARTMENT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	BUDGET	ACTUAL
Council on Aging	406,235	395,276
Retardation	39,000	39,000
Retired Senior Volunteers	12,675	2,673
Betty Griffin House	70,000	70,000
Learn to Read Program	16,500	16,500
EPIC	55,000	55,000
Total Human Services	3,663,739	3,146,619
Culture and Recreation		
Libraries	2,782,945	2,646,748
Recreation Programs	3,834,807	3,524,142
Recreation and Parks	1,125,919	1,037,542
Total Culture and Recreation	7,743,671	7,208,432
Total Expenditures	\$ 35,913,602	\$ 31,762,686

BUILDING SERVICE FUND

Public Safety		
Preconstruction Services	\$ 1,380,389	\$ 1,182,356
Construction Support	1,847,271	1,365,239
Total Expenditures	\$ 3,227,660	\$ 2,547,595

COUNTY TRANSPORTATION TRUST FUND

Transportation		
Road Construction	\$ 6,663,464	\$ 2,582,999
Road and Bridge Maintenance	6,637,575	5,452,546
Mowing	740,710	653,059
Traffic and Transportation	784,238	694,778
Project Administration	771,161	726,146
Surveying	617,610	589,246
Fleet Services	1,719,732	1,686,747
Total Expenditures	\$ 17,934,488	\$ 12,385,521

(continued)

ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES BY DEPARTMENT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	BUDGET	ACTUAL
ADDITIONAL COURT COSTS FUND		
General Government		
State Attorney	\$ 98,838	\$ 68,877
Public Defender	12,000	4,882
Total Expenditures	<u>\$ 110,838</u>	<u>\$ 93,759</u>
 BEACH FUND		
Public Safety		
Sheriff Beach Patrol	\$ 41,500	\$ 41,500
City of St. Augustine Beach Patrol	51,500	44,041
Life Saving Corps	353,066	333,997
Total Public Safety	<u>448,066</u>	<u>419,538</u>
Culture and Recreation		
Beach Services	106,958	93,863
Beach Toll Collection	211,797	156,111
Total Culture and Recreation	<u>318,755</u>	<u>249,974</u>
Total Expenditures	<u>\$ 764,821</u>	<u>\$ 669,512</u>
 TOURIST DEVELOPMENT TAX FUND		
General Government		
Administration	\$ 414,707	\$ 260,108
Category I	2,058,639	1,974,905
Total General Government	<u>2,473,346</u>	<u>2,235,013</u>
Culture and Recreation		
Category II	536,548	400,533
Category III	1,442,228	437,751
Total Culture and Recreation	<u>1,978,776</u>	<u>838,284</u>
Total Expenditures	<u>\$ 4,452,122</u>	<u>\$ 3,073,297</u>

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APPENDIX B

GENERAL INFORMATION CONCERNING THE COUNTY

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APPENDIX C
GENERAL INFORMATION CONCERNING THE COUNTY

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APPENDIX C

GENERAL INFORMATION CONCERNING THE COUNTY

The following information concerning St. Johns County, Florida is included only for the purpose of providing general background information.

Location

St. Johns County (the "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 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 three incorporated municipalities located in the County: St. Augustine, Hastings 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. A small portion of the municipality of Marineland (primarily located in Flagler County) on which no improvements are located, is also a part of the County.

Government

The Board of County Commissioners of St. Johns County is organized under Article VIII of the Constitution of the State of Florida which empowers the creation of counties as a political subdivision of the state. St. Johns County is a nonchartered county and has the power of self government as provided by general and special law through county ordinances. Under the Constitution of the State of Florida, the offices of Clerk of Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board. The Board of County Commissioners of the County enacted an ordinance which established the office of the County Administrator, who serves as the Chief Administrative Officer of the County and is responsible for the administration of County departments, services and agencies as authorized by the Board of County Commissioners. The County School Board is a separately organized taxing entity not under the jurisdiction of the Board of County Commissioners and has specific legislative authority granted by the Constitution. The Board of County Commissioners is a five member body with its members elected countywide. The Board serves as the taxing authority for certain entities authorized by the Constitution of the State of Florida including the constitutional officers and special taxing districts that are authorized under legislation and approved by the Board of County Commissioners. Certain dependent county taxing districts also come under the purview of the Board's taxing limitations. The current general taxing limitation for the Board of County Commissioners is ten mills plus an additional ten mills in municipal service taxing or benefit units in unincorporated areas of the County, as authorized by the Legislature. A mill generates one dollar of tax for every one thousand dollars of taxable value.

Population

St. Johns County currently ranks 30th out of Florida's 67 counties in total gross population and ranks 7th statewide in the percentage change in population growth from 1991 to 2001.

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

<u>Year</u>	<u>Population</u>
1980	51,303
1990	83,829
2000	123,135
2001	128,604

Source: U.S. Bureau of the Census; Florida Executive State Data Center, Office of the Governor, Florida Population Estimate by County September 2001.

Commerce and Industry

A combination of historical significance, favorable climate, and available recreational facilities including public beaches, golf courses, tennis courts, and cultural events has made the County a national and international tourist destination attracting more than a million visitors annually.

The County is home to a number of state, national and international business and sports organizations all contributing to a stable economy. Among those headquartered in the County are the PGA Tour, Inc., Association of Tennis Professionals, Flagler College, Florida School for the Deaf and Blind, Florida National Guard, and Florida East Coast Railway. The World Golf

Village, located in the northwestern part of the County, is the home of the world Golf Hall of Fame, World Golf Village Resort Hotel, and the St. Johns County Convention Center.

While tourism ranks highly in the economy, manufacturing and commercial activities, including food processing, airplane modification and repair, book binding, aluminum extrusion and commercial fishing play key roles.

Agriculture

Agribusiness remains a key sector of the state and the northeast region's economy. Agriculture is a major industry in the County and in 2001 provided the County with on-farm revenue in excess of \$89.6 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in Florida in value of these products. Agriculture commodities produced in the County and their respective estimated values for 2001 are as follows:

Potatoes	\$28,000,000
Cabbage	9,000,000
Forest Products	900,000
Ornamental Horticulture	50,000,000
Corn, Corn Silage & Hay	200,000
Livestock, Dairying & Poultry	<u>1,500,000</u>
Total	\$89,600,000 ¹

¹ Source: Florida Department of Agriculture St. Johns County Extension Service, as of August 12, 2001.

Employment

The following table shows the average monthly employment for St. Johns County by category for calendar year ended 2001.

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
Manufacturing	3,498	8.66%
Construction	2,540	6.28
Transportation, Communications, & Utilities	855	2.12
Wholesale Trade	1,457	3.61
Retail Trade	10,512	26.01
Finance, Insurance and Real Estate	1,712	4.24
Services	12,637	31.26
Government	6,191	15.32
Agriculture (Except Domestic, Self-Employed, Unpaid Family Workers and Seasonal Workers)	984	2.43
Mining	0	0.00
Nonclassifiable	28	.07
TOTAL	40,414	100.00%

Source: State of Florida, Department of Labor and Employment Security.

Major Employers

The following table shows some of the major employers in St. Johns County and their approximate level of employment in 2001.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School Board	Education	2,500
St. Johns County	County Government	1,450
Flagler Hospital	Health Care	1,000
Northrup Grumman	Aircraft Overhaul and Modification	1,000
Florida School for the Deaf and Blind	Educational Institution	639
V.A.W. of America, Inc.	Aluminum Extrusion	550
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	400
Tree of Life, Inc.	Health Food Distributor	385
National Guard	Florida National Guard Headquarters	355
Tensolite	High-Tech Wire Manufacturers	275
Ideal/Stant	Automobile Parts Manufacturer	230

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

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 the County. Each year, more than one million people 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 St. Augustine. 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 County. Bus transportation is provided to St. Augustine by Greyhound with 5 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 Matanzas Bay provides access to the St. Augustine Inlet, the Intracoastal Waterway and the Atlantic Ocean. The nearest deep water port is in Jacksonville.

Health Care Facilities

Medical facilities are provided by Flagler Hospital, which has 230 beds. There are approximately 110 physicians in the area, including specialists in most fields. The County has five nursing homes; two of which are funded by the County and three of which are private establishments. There is also the University of St. Augustine for Health Sciences. Programs offered are physical therapy and occupational therapy.

Education

The public school system is operated by the St. Johns County School Board. There are thirteen elementary schools, twelve secondary schools, one discipline program school (grades 6-12), two elementary parochial schools, a parochial high school, a bi-county Vocational and Technical Center, St. Johns River Community College, and Flagler College, which is a four-year liberal arts institution in which more than 1,300 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.

**St. Johns County, Florida
Civilian Labor Force
(unadjusted)**

<u>Fiscal Year</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1991/92	37,048	2,914	7.9%	7.1%
1992/93	43,215	2,863	6.6	7.0
1993/94	44,701	2,783	6.2	6.6
1994/95	45,552	2,140	4.7	5.8
1995/96	51,750	1,552	3.0	5.1
1996/97	54,094	1,567	2.9	4.2
1997/98	56,374	1,549	2.7	4.5
1998/99	60,124	1,563	2.6	4.0
1999/00	61,865	1,624	2.6	3.7
2000/01	66,325	2,143	3.2	4.6

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

**St. Johns County, Florida
Assessed and Estimated Actual Value of Property Valuations**

<u>Fiscal Year</u>	<u>Taxable Value Real Property</u>	<u>Taxable Value Personal Property</u>	<u>Taxable Value Centrally Assessed</u>	<u>Total Taxable Valuations</u>
1991/92	\$3,399,910,947	\$307,882,418	\$11,995,281	\$3,719,788,646
1992/93	3,504,853,905	300,136,448	8,979,760	3,813,970,113
1993/94	3,746,646,651	301,885,084	9,448,364	4,057,980,099
1994/95	4,000,055,855	317,459,944	12,768,651	4,330,284,450
1995/96	4,336,130,636	338,279,655	12,176,831	4,686,587,122
1996/97	4,597,639,793	353,147,333	11,966,300	4,962,753,426
1997/98	5,151,257,542	380,758,444	15,038,418	5,547,054,404
1998/99	5,755,043,340	459,394,987	14,988,390	6,229,426,717
1999/00	6,614,044,633	539,554,576	15,702,372	7,169,301,581
2000/01	7,563,588,131	588,493,446	17,115,611	8,169,197,188

Source: St. Johns County Property Appraiser

St. Johns County, Florida
Property Tax Levies and Collections

Tax Fiscal Year	Property Taxes Levied	Current Tax Collections ¹	Delinquent Tax Collections	Total Tax Collection	% of Levy Collected ²
1991/92	\$ 26,481,535	\$ 24,840,713	\$ 227,516	\$25,068,229	94.66%
1992/93	27,424,618	25,511,092	92,283	25,603,375	93.36%
1993/94	30,073,155	28,944,275	254,752	29,199,027	97.09%
1994/95	30,857,851	29,763,755	103,244	29,866,999	96.79%
1995/96	32,514,425	32,340,780	99,229	32,440,009	99.77%
1996/97	34,897,004	33,522,098	240,926	33,763,024	96.75%
1997/98	39,162,186	37,767,161	195,502	37,962,663	96.94%
1998/99	43,705,566	42,021,349	78,550	42,099,899	96.33%
1999/00	49,538,943	47,928,518	34,256	47,962,774	96.82%
2000/01	55,872,261	53,891,302	138,271	54,029,573	96.70%

¹ Aggregate amount of tax collections as of close-out of fiscal year ended 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.

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data.

**St. Johns County, Florida
Net Debt Statement
as of September 30, 2001**

<u>Direct Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
Limited Ad Valorem Tax Refunding Bonds, Series 1994	\$2,880,000		
Water and Sewer Revenue Bonds, Series 1989			\$ 5,880,000
Water and Sewer Revenue Bonds, Series 1991A			12,907,429
Water and Sewer Revenue Refunding Bonds, Series 1998			2,055,000
Water and Sewer Revenue and Refunding Bonds, Series 1996			16,240,000
Water and Sewer Revenue Refunding Bonds, Series 1994A			9,485,000
Water and Sewer Revenue Refunding Bonds, Series 1999B			4,515,000
State Revolving Loan Fund Agreement			1,563,576
Taxable Convention Center Revenue Bonds, Series 1996			16,765,000
Sales Tax Revenue Refunding Bonds, Series 1998		10,680,000	
Sales Tax Revenue and Refunding Bonds, Series 1994		7,900,000	
Capital Improvement Revenue Bonds, Series 1998		2,550,000	
Transportation Improvement Revenue Refunding Bonds, Series 1992		5,930,000	
\$10M Commercial Paper Program		<u>2,175,000</u>	
Total Direct Debt	<u>\$2,880,000</u>	<u>\$29,235,000</u>	<u>\$69,411,005</u>

<u>Indirect Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
City of St. Augustine, Florida			
Water and Sewer Revenue Refunding Bonds, Series 1995(A)			\$14,270,000
Water and Sewer Revenue Refunding Bonds, Series 1995(B)			465,000
Water and Sewer Revenue Refunding Bonds, Series 1996			5,460,000
Water and Sewer Revenue Bonds, Series 1999			4,240,000
Public Service Tax and Guaranteed Entitlement Revenue Refunding Bonds, Series 1995		\$ 2,065,000	
Public Service Tax and Guaranteed Entitlement Revenue Refunding Bonds, Series 2001		13,795,000	
Town of Hastings, Florida			
Water and Sewer Bonds			1,032,400
Hastings Library Construction Note			209,287
School District of St Johns County, Florida			
General Obligation Refunding Bonds, Series 1993	\$26,960,000		
Certificates of Participation, Series 1993	<u> </u>	<u>12,080,000</u>	<u> </u>
Total Indirect Debt	<u>\$26,960,000</u>	<u>\$ 27,940,000</u>	<u>\$25,676,687</u>
Total Direct and Indirect Debt	<u>\$29,840,000</u>	<u>\$57,175,000</u>	<u>\$95,087,692</u>

DEBT RATIOS

Direct General Obligation Debt	\$ 2,880,000.00
Per Capita	\$22.39
As a Percent of Taxable Assessed Valuation	0.04%
As a Percent of Total Assessed Valuation	0.03 %
Direct General Obligation and Non-Self Supporting Revenue Debt	\$ 32,115,000.00
Per Capita	\$249.72
As a Percent of Taxable Assessed Valuation	0.39%
As a Percent of Total Assessed Valuation	0.29%
2001 St. Johns County Population Estimate	128,604
FY 2000 Taxable Assessed Valuation for St. Johns County	\$8,169,197,188.00
FY 2000 Total Assessed Valuation for St. Johns County	\$10,959,864,446.00

Police and Fire Protection

St. Johns County is served by the Sheriffs Office, which has approximately 400 full- and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, served by volunteers. The County operates a special rescue unit manned by trained emergency medical technicians.

APPENDIX D
THE RESOLUTION

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APPENDIX D

THE RESOLUTION

Resolution No. 89-84, as amended by Resolution 89-189,
Resolution No. 90-61, Resolution No. 90-208,
Resolution No. 91-113, Resolution No. 95-87,
Resolution No. 96-34, Resolution No. 98-99
and Resolution No. 99-72

RESOLUTION PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND ERECTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE WATER DISTRIBUTION FACILITIES OF ST. JOHNS COUNTY, AND OF NEW SEWAGE COLLECTION AND TREATMENT FACILITIES TO BE OPERATED BY THE COUNTY IN COMBINATION WITH SUCH WATER FACILITIES AS A SINGLE WATER AND SEWER SYSTEM; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$10,430,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1989, TO FINANCE THE COST THEREOF AND THE COST OF REFUNDING THE COUNTY'S OUTSTANDING WATER REVENUE BONDS; PROVIDING FOR THE REFUNDING OF SAID OUTSTANDING BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID SERIES 1989 BONDS CERTAIN PLEDGED FUNDS INCLUDING THE NET REVENUES OF SAID SYSTEM AND CERTAIN LAWFULLY AVAILABLE CONNECTION CHARGES, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID SERIES 1989 BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID SERIES 1989 BONDS; REPEALING THE COUNTY'S RESOLUTION NO. 88-241 AND RESOLUTION NO.88-253; AND PROVIDING AN EFFECTIVE DATE.

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BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA:

ARTICLE I

GENERAL

SECTION 1.01. Definitions. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a 360-day year.

"Act" shall mean Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No.86-89 and other applicable provisions of law.

"Additional Bonds" shall mean the obligations issued at any time under the provisions of Section 5.02 hereof on a parity with the Series 1989 Bonds.

"Additional Project" shall mean the acquisition, construction, erection, renovation or reconstruction of capital improvements and additions to the System and shall include all property rights, appurtenances, easements, rights of way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, erection, renovation, reconstruction, or the operation thereof, which shall be financed in whole or in part with the proceeds of Additional Bonds.

"Amortization Installment" shall mean a mandatory redemption amount designated as such by Supplemental Resolution and established with respect to any Term Bonds.

"Annual Audit" shall mean the annual audit prepared pursuant to the requirements of Section 5.10 hereof.

"Annual Budget" shall mean the annual budget prepared pursuant to the requirements of Section 5.06 hereof.

"Assessments" shall mean the proceeds to be derived by the Issuer from any non-ad valorem special assessments which shall be levied by the Issuer, on its own behalf or as the governing body of a municipal service benefit unit, against some or all of the parcels of real property to be specially benefitted by the services and facilities of any Additional Project or by any portion thereof, and which shall be expressly declared by one or more resolutions of the Governing Body to be Assessments, as hereby defined, and which shall be expressly pledged by said resolution(s), including interest on such non-ad valorem special assessments and any penalties thereon and moneys received upon the foreclosure of the liens thereof and, by reason of such non-ad valorem special assessments, upon the sale of tax certificates, to the payment of the principal of and premium, if any, and interest on the Bonds or one or more Series of Bonds. The Issuer shall have the right to levy and collect non-ad valorem special assessments upon some or all of the parcels of real property specially benefitted by any Additional Project or by any portion thereof without declaring that such assessments shall be Assessments, as herein defined, and to provide for the application of such assessments to any lawful public purpose, including provision for the application of such assessments to the payment of the principal of or Redemption Price, if applicable, and interest on any particular Series of Bonds or Subordinated Indebtedness or any other obligations of the Issuer.

"Assessments Fund" shall mean the St. Johns County Water and Sewer Assessments Fund established pursuant to Section 4.06(A)(7) hereof.

"Assessments Redemption Bonds" shall mean the particular Bonds designated as such by resolution of the Governing Body, which shall be term or serial Bonds amortizing corresponding to the Issuer's receipt of the installments of the Assessments which shall be pledged to their payment, and which shall be subject to mandatory redemption by operation of the Assessments Fund pursuant to Section 4.06(A)(7) hereof. The final maturity of every Series of Assessment Redemption Bonds shall not be later than one year after the due date of the final installment of the Assessments which shall be pledged to their payment. Assessments Redemption Bonds shall not be issued in any principal amount which will cause the aggregate principal amount of all Assessments Redemption Bonds Outstanding to exceed 25% of the par value of all Bonds then Outstanding, unless all Bonds shall be insured and the Insurer shall consent to the issuance of any amount of Assessments Redemption Bonds which shall result in an aggregate principal amount of Assessments Redemption Bonds Outstanding in an amount greater than 25% of the par value of all Bonds Outstanding.

"Authorized Depository" shall mean the State Board of Administration of Florida or a bank or trust company in the State which is eligible under the laws of the State to receive funds of the Issuer.

"Authorized Investments" shall mean any of the following which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the investment of its funds:

(1) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and stripped and zero-coupon obligations) or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

(2) Bonds, debentures or notes or other evidences of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority and Government National Mortgage Association.

(3) Certificates of deposit properly secured at all times by collateral security described in either or both of paragraphs (1) and (2) of this definition or in the collateral provisions of Chapter 280, Florida Statutes, as amended, and issued by commercial banks, savings and loan associations or mutual savings banks chartered by the State or the United States of America, and bank trust receipts issued by commercial banks or trust companies chartered by the State or the United States of America upon any securities described in paragraph (1) of this definition.

(4) The following investments fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation: (A) certificates of deposit, (B) savings accounts, (C) deposit accounts, or (D) depository receipts of a bank, savings and loan association or mutual savings bank.

(5) Commercial paper rated in one of the two highest rating categories by at least two nationally recognized rating agencies or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation.

(6) Written repurchase agreements with any bank, savings institution or trust company which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or with any broker-dealer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by collateral described in (1) above or obligations of any agency or instrumentality of the United States of America, and provided further that (A) such collateral is held by a bank or trust company chosen by the Issuer which has no interest in the repurchase agreement during the term of such repurchase agreement, (B) such collateral is not subject to liens or claims of third parties, (C) such collateral has a market value (determined at least once every 30 days) at least equal to the amount invested in the repurchase agreement, (D) the entity holding the collateral has a perfected first security interest in the collateral for the benefit of the Bondholders, (E) the agreement shall be for a term not longer than 270 days and (F) the failure to maintain such collateral at the level required in (C) above will require the entity holding the collateral to liquidate the collateral.

(7) Money market funds rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation.

(8) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, as amended, or any similar common trust fund which is established pursuant to State law as a legal depository of public moneys.

(9) Obligations of state or local government municipal bond issuers that are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation.

(10) Such other obligations as shall be permitted to be legal investments of the Issuer by the laws of the State.

Rating categories when referred to herein shall be without regard to gradations within such categories, such as "plus" or "minus."

"Authorized Issuer Officer" for the performance on the behalf of the Issuer of any act of the Issuer or the execution of any instrument on behalf of the Issuer shall mean any person authorized by resolution of the Issuer or appointed by certificate of the Chairman to perform such act or sign such document.

"Bond Amortization Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.05 hereof.

"Bond Counsel" shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Insurance Policy" shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on any portion of the Bonds, including the municipal bond new issue insurance policy issued by the Insurer that guarantees payment of the principal of and interest on the Series 1989 Bonds and the municipal bond new issue insurance policy issued by the Insurer that guarantees payment of the principal of and interest on the Series 1990A Bonds.

"Bond Service Requirement" for any Bond Year, as applied to the Bonds of any Series, shall mean (1) as of the date of delivery of such Series of Bonds, the sum of the Debt Service Requirement on such Series of Bonds and all other payments required by this Resolution to be paid in such Bond Year with respect to such Series of Bonds, and (2) as of any particular date of calculation thereafter with respect to such Series of Bonds, the sums of (a) the portion of the Debt Service Requirement and all other payments required by this Resolution that have been paid in such Bond Year plus (b) the portion of the Debt Service Requirement and all other payments required by this Resolution that have yet to be paid in such Bond Year. For purposes of this definition, "all other payments required by this Resolution" shall mean, with respect to any Series of Bonds, the pro rata deposits to the Reserve Account and the Renewal and Replacement Fund in such Bond Year, and redemption premiums, if any, payable in such Bond Year.

"Bond Year" pertaining to any Series shall mean the period commencing on June 2 of each year and continuing through the next succeeding June 1. Each Bond Year shall be designated with the number of the calendar year in which such Bond Year ends.

"Bondholder" or "Holder" or "holder" shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds according to the registration books of the Issuer.

"Bonds" shall mean the Series 1989 Bonds, together with any Additional Bonds and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 5.04 hereof.

"Capital Appreciation Bonds" shall mean those Bonds so designated by Supplemental Resolution, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

"Chairman" shall mean the Chairman of the Governing Body or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Clerk" shall mean the Clerk of the Circuit Court for St. Johns County and ex officio Clerk of the Governing Body or such other person as may be duly authorized by the Clerk to act on his or her behalf.

"Code" shall mean the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service, and all other promulgations of said service pertaining thereto.

"Connection Charges" shall mean all non-refundable (except at the option of the Issuer) "water unit connection fees," "sewer unit connection fees, impact fees, capital expansion fees, utility improvement fees or other similar fees and charges, whether payable in full prior to connection with the System or to initiation of any service afforded by System facilities or payable in installments over any period of time, separately imposed from time to time by the Issuer upon new customers of the System as a nonuser capacity charge for a proportionate share of the cost of the acquisition or construction of Expansion Facilities, which are imposed by the Issuer for the purpose of allocating to each such customer a proportionate share of the cost of the additional System capacity made necessary by the inclusion or expected inclusion of System services to such new customers, but only to the extent that any such fee or charge has been lawfully levied and collected by the Issuer and may under applicable law be used for the acquisition or construction of the Expansion Facilities or for Connection Charges Debt Service Components, and any income from the investment of moneys on deposit in the Connection Charges Fund or any other moneys transferred to the Connection Charges Fund pursuant to the provisions of this Resolution. Connection Charges shall not include Assessments.

"Connection Charges Debt Service Component" for any Bond Year, as applied to the Bonds of any Series, shall mean the component of the Debt Service Requirement for such Series of Bonds, initially set forth in the Project Certificate and thereafter, from time to time as necessary, as determined by the Issuer, which shall be determined by multiplying the Bond Service Requirement for such Series of Bonds by the Expansion Percentage.

"Connection Charges Fund" shall mean the St. Johns County Water and Sewer System Connection Charges Fund established pursuant to Section 4.05 hereof.

"Construction Account" shall mean the special account for the payment of the cost of Project 1990A, established in the Construction Fund in accordance with the provisions hereof and Section 3.04 of Resolution No. 90-61 adopted by the Governing Body on March 27, 1990.

"Construction Fund" shall mean the Construction Fund established pursuant to Section 4.04 hereof.

"Consulting Engineers" shall mean the firm of engineers licensed as professional engineers in the State and retained by the Issuer to perform the duties of the Consulting Engineers under the provisions of this Resolution.

"Cost" when used in connection with a Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during the construction period of such Project and for a reasonable period thereafter; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses incidental to the issuance of the Bonds including bond insurance premiums, rating agency fees and the fees and expenses of any auditors, Paying Agent, Registrar, Credit Bank or, depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; and (10) any other costs properly attributable to the issuance of the Bonds, and such construction or acquisition, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"Costs of Issuance Account" shall mean the St. Johns County Water and Sewer Revenue Bonds Costs of Issuance Account established pursuant to Section 2.03(C) hereof.

"Coupon Bonds" shall mean any Bonds the interest payable on which shall be represented by bearer coupons attached thereto, and the interest on which Bonds shall be payable only upon the presentation and surrender of such coupons to the Paying Agent as they severally fall due.

"Credit Bank" shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

"Credit Facility" shall mean as to any particular Series of Bonds, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than an insurance policy issued by an Insurer), as approved in the Supplemental Resolution providing for the issuance of such Bonds.

"Current Account" shall mean the separate account in the Connection Charges Fund established pursuant to Section 4.05 hereof.

"Debt Service Fund" shall mean the St. Johns County Water and Sewer Revenue Bonds Debt Service Fund established pursuant to Section 4.05 hereof.

"Debt Service Requirement" for any Bond Year shall mean the sum of:

(1) The aggregate amount required to pay the interest becoming due on the Bonds, other than Capital Appreciation Bonds, during such Bond Year, except to the extent that such interest shall have been provided by payments into the Interest Account out of Bond proceeds or other sources for a specific period of time. For purposes of this definition, any Variable Rate Bonds shall be assumed to bear interest at the rate of 9.20% per annum.

(2) The aggregate amount required to pay the principal becoming due on the Bonds, other than Capital Appreciation Bonds, for such Bond Year. For purposes of this definition: (a) the stated maturity date of any Term Bonds shall be disregarded and the principal of such Term Bonds shall be deemed to be due in the Bond Years and in the amounts of the Amortization Installments applicable to such Term Bonds; and (b) the principal amount of any single maturity of Term Bonds for which the Issuer shall have established no Amortization Installments shall be deemed to be due in the Bond Years and in such amounts as shall provide for the amortization of such principal amount over a term equal to the number of years such Term Bonds shall be Outstanding to such maturity and in equal annual installments of combined principal and interest; provided, however, that if the Issuer has employed a Credit Facility in connection with any such Term Bonds having no Amortization Installments the amortization of such Term Bonds shall be deemed to correspond to the applicable terms of such Credit Facility.

(3) The aggregate amount required to pay the Accreted Value due on any Capital Appreciation Bonds maturing in such Bond Year.

"Expansion Facilities" shall mean improvements, extensions and additions to the System, together with all lands or interest therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible, heretofore or hereafter constructed or acquired in order to meet the increased demand upon the System, whether actual or anticipated, created by new users connecting to the System.

"Expansion Percentage" as applied to each Series of Bonds, shall mean a fraction having a numerator equal to that portion of the total original principal amount of all Bonds of such Series that are attributable to Expansion Facilities, if any, as shall be determined by the Qualified Independent Consultant and set forth in the Project Certificate relating to such Series, and a denominator equal to the total original principal

amount of all Bonds of such Series. However, if amounts on deposit in the Stabilization Account are, pursuant to Section 4.06(A) hereof, withdrawn therefrom and applied to the purchase or redemption of Bonds of such Series prior to the maturity date of such Bonds, then the numerator of the foregoing fraction shall be reduced by the amounts so withdrawn and the denominator shall be reduced by the total principal amount of the Bonds of such Series so purchased or redeemed. For purposes of the preceding sentence, Term Bonds redeemed from amounts on deposit in the Bond Amortization Account shall not be considered to have been redeemed prior to their maturity date.

"Federal Securities" shall mean direct obligations of the United States of America and obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Securities shall include any certificates or any other evidences of an ownership interest in the aforementioned obligations or in specified portions thereof (which may consist of specified portions of the interest thereon).

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Governing Body" shall mean the Board of County Commissioners of the Issuer or its successor in function.

"Gross Revenues" shall mean all income and moneys received by the Issuer from the Rates, and all earnings and income derived from the investment of moneys under the provisions of this Resolution which are transferred to the Revenue Fund or the Interest Account as herein provided, but excluding (i) Connection Charges and (ii) non-ad valorem special assessments, including the Assessments.

"Initial Project" shall mean the acquisition, construction and erection of additions, extensions and improvements to the water distribution facilities of the Issuer, and of new sewage collection and treatment facilities to be operated in combination with such water facilities as a single water and sewer system, as more particularly described in and in accordance with certain plans on file or to be on file with the Issuer, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements as shall be designated and approved by resolution of the Governing Body in accordance with the Act. The Initial Project shall also mean the laboratory testing facility operated by the Utility Department of St. Johns County, Florida. This facility will perform microbiological testing, wet chemical methods, metal analysis, as well as other testing. The analyses will be performed for the Utility Department, other St. Johns County departments, and other governmental entities.

"Insurer" shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities and whose credit is such that, at the time of any action or consent required or permitted by the Insurer pursuant to the terms of this Resolution, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by either Moody's Investors Service or Standard and Poor's Corporation, and with respect to any Series of Bonds, the Insurer which shall have insured or guaranteed payment of the principal of or interest on such Bonds.

"Interest Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.05 hereof.

"Interest Date" shall be such date or dates for the payment of interest on a Series of Bonds as shall be provided by Supplemental Resolution.

"Issuer" shall mean St. Johns County, Florida.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the greatest annual Debt Service Requirement for the Bonds for the then current or any future Bond Year.

"Maximum Interest Rate" shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any time bear in the future in accordance with the terms of such Supplemental Resolution.

"Moody's Investors Service" shall mean Moody's Investors Service, the nationally recognized securities rating firm, and any successor or successors thereto; and if such corporation shall be dissolved or liquidated or shall no longer perform securities rating functions, shall mean any other nationally recognized securities rating firm designated by the Issuer and approved by the Insurer and/or the Credit Bank, as applicable.

"Net Revenues" shall mean Gross Revenues less Operating Expenses.

"Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund created pursuant to Section 4.05 hereof.

"Operating Expenses" shall mean the Issuer's expenses for operation, maintenance, repairs and replacements with respect to the System and shall include, without limiting the generality of the foregoing, administration expenses, insurance and surety bond premiums, the fees to the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit (but excluding any expenses or reimbursement obligations for draws made thereunder), the fees of any rebate compliance service or of Bond Counsel relating to compliance with the provisions of Section 148 of

the Code, legal and engineering expenses, ordinary and current rentals of equipment or other property, refunds of moneys lawfully due to others, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the System, all to the extent properly attributable to the System, in accordance with generally accepted accounting principles employed in respect of activities such as those involved in the operation of public water and sewer facilities similar to the System, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar under this Resolution, but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of the Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provision for interest, depreciation, amortization or similar charges.

"Outstanding" shall mean all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under, an agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Sections 2.06 and 2.08 hereof, (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof, and (4) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to resolution of the Governing Body and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to resolution of the Governing Body.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Funds" shall mean the Net Revenues, any Connection Charges on deposit in the Current Account and, until applied in accordance with the provisions of this Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in the Revenue Fund and the Debt Service Fund. Pledged Funds shall not include Net Revenues on deposit in the Rebate Fund or Connection Charges on deposit in the Stabilization Account.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (a) not callable prior to maturity or (b) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, and as to which the obligor has reserved no right to call such bonds prior to such redemption date, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or Federal Securities, secured in the manner set forth in Section 8.01 hereof; which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities deposited in such fund with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in such irrevocable instructions, and (4) which are rated in the highest rating category of Standard & Poor's Corporation and of Moody's Investors Service.

"Principal Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.05 hereof.

"Project" shall mean the Initial Project, Project 1990A, Project 1990B and any Additional Project.

"Project 1990A" shall mean the acquisition, construction and erection of additions and extensions to the System to be made by the Issuer in the vicinity of State Road 16, as more particularly described in and in accordance with certain plans on file or to be on file with the Issuer, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment and facilities, as shall be designated and approved by resolution of the Governing Body in accordance with applicable law. Project 1990A shall be an Additional Project.

"Project 1990B" shall mean the acquisition, construction and erection of the additions and extensions to the System described in Section 1.04(A) of Resolution No. 90-208 adopted by the Governing Body on November 14, 1990, and in accordance with the certain plans and specifications therefor on file or to be on file with the Issuer, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment and facilities, as shall be designated and approved by resolution of the Governing Body in accordance with applicable law. Project 1990B shall be an Additional Project.

"Project Certificate" shall mean that certificate of the Qualified Independent Consultant filed with the Issuer at or prior to the delivery of any Series setting forth the estimated total cost of the Project, the estimated cost of the Expansion Facilities portion of the Project or the Additional Project which shall be financed with the proceeds of such Series, the Expansion Percentage and the Connection Charges Debt Service Component.

"Qualified Independent Consultant" shall mean one or more qualified and recognized independent consultants, having favorable repute, skill and experience with respect to the acts and duties required of a qualified independent consultant to be provided to the Issuer, as shall from

time to time be retained by the Issuer to perform the acts and carry out the duties herein provided for such consultants. The Qualified Independent Consultant may also be the Consulting Engineers.

"Rates" shall mean the fees and charges which shall be made and collected by the Issuer for the use of the services or facilities of the System. Rates shall be deemed to exclude (i) Connection Charges and (ii) non-ad valorem special assessments, including the Assessments.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 4.05 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or Supplemental Resolution.

"Refinanced Bonds" shall mean the Issuer's outstanding Water Revenue Bond dated June 15, 1981.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to resolution of the Governing Body and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to resolution of the Governing Body.

"Renewal and Replacement Fund" shall mean the Renewal and Replacement Fund established pursuant to Section 4.05 hereof.

"Renewal and Replacement Fund Requirement" shall mean, as of any date of calculation, an amount of money equal to five percent (5%) of the Gross Revenues received by the Issuer in the immediately preceding Fiscal Year or such other greater or lesser sum as shall be recommended to the Issuer by the Qualified Independent Consultant and approved by the Governing Body as a sum appropriate for the Renewal and Replacement Fund considering the purposes thereof as prescribed by this Resolution, the past performance and existing condition of the System and the probable future System usage requirements of the Issuer, in keeping with sound management practices.

"Reserve Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.05 hereof.

"Reserve Account Insurance Policy" shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.06(A)(2)(d).

"Reserve Account Letter of Credit" shall mean a Credit Facility (other than a Reserve Account Insurance Policy) issued by any bank or national banking association, insurance company or other financial institution and then on deposit in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.06(A)(2)(d) hereof.

"Reserve Account Requirement" shall mean, as of any date of calculation, an amount of money equal to the lesser of (1) the Maximum Debt Service Requirement, (2) 125% of the average annual Debt Service Requirement, or (3) 10% of the initial proceeds of all Bonds. In computing the Reserve Account Requirement, the interest rate on Variable Rate Bonds shall be assumed to be 9.20% per annum.

"Resolution" and "this Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all Supplemental Resolutions.

"Revenue Fund" shall mean the Revenue Fund established pursuant to Section 4.05 hereof.

"Securities" shall mean Federal Securities and Prerefunded Obligations.

"Serial Bonds" shall mean all of the Bonds other than the Term Bonds.

"Series" shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or in a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Amortization Installments or other provisions.

"Series 1989 Bonds" shall mean the Issuer's Water and Sewer Revenue Bonds, Series 1989, authorized pursuant to Section 2.02 hereof.

"Stabilization Account" shall mean the separate account in the Connection Charges Fund established pursuant to Section 4.05 hereof.

"Standard and Poor's Corporation" shall mean Standard and Poor's Corporation, the nationally recognized securities rating firm, and any successor and successors thereto; and if such corporation shall be dissolved or liquidated or shall no longer perform securities rating functions, shall mean any other nationally recognized securities rating firm designated by the Issuer and approved by the Insurer and/or the Credit Bank, as applicable.

"State" shall mean the State of Florida.

"Subordinated Indebtedness" shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 5.01 hereof and any Variable Rate Bonds which become Subordinate Indebtedness in accordance with Section 5.02(F) hereof.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution, adopted and becoming effective prior to the issuance of the Series 1989 Bonds or in accordance with the terms of Sections 4.03, 7.01, 7.02 and 7.03 hereof.

"System" shall mean the complete water facilities now owned, operated and maintained by the Issuer, the Initial Project, every Additional Project and any and all other water and sewer facilities hereafter acquired and operated by the Issuer which shall be expressly declared by resolution of the Governing Body to be part of the System, which System shall also include any and all improvements, extensions and additions to the foregoing which shall be hereafter constructed or acquired, whether the same shall be financed from the proceeds of Bonds or from any other funds or sources, together with all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith. The System includes also the water and sewer facilities of the Anastasia Sanitary District, which facilities were vested in the Issuer by Chapter 90-498, Laws of Florida, Special Acts of 1990.

"Taxable Bond" shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes or that such interest is subject to federal income taxation.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution and which are subject to mandatory redemption by Amortization Installments.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other interest rate which at the date of issue is not fixed as one or more stated percentages for the entire term of such Bonds.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02. Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and shall be a part of the contract of the Issuer with any Credit Bank and any Insurer. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and for the benefit, protection and security of any Credit Bank and any Insurer. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04. Findings. It is hereby ascertained, determined and declared as follows:

(A) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Initial Project be acquired and constructed and that the Refunded Bonds be refunded, all in the manner hereinafter provided.

(B) The Cost of the Initial Project shall be financed with the proceeds of the Series 1989 Bonds, and the cost of such refunding shall be financed with the proceeds of the Series 1989 Bonds.

(C) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Bonds. No part of the Pledged Funds has been pledged or encumbered in any manner, except that certain of the Pledged Funds have been pledged as security for the Refunded Bonds; and such pledge in favor of the Refunded Bonds shall be extinguished simultaneously with the issuance of the Series 1989 Bonds.

(D) No Bondholder shall ever be entitled to compel the payment of the principal of and interest on the Bonds or any other payments provided for in this Resolution from any funds or revenues of the Issuer other than the sources herein provided in accordance with the terms hereof; nor will any Bondholder or any Credit Bank or any Insurer have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the principal of or interest on the Bonds or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon the System or any other property of the Issuer or situated within its territorial limits, except the Pledged Funds.

(E) The Issuer presently levies and collects from each new customer of the System, with respect to additions to the System, at the time such customer requests utilities services, Connection Charges in order to defray the costs of Expansion Facilities. The Issuer deems it

necessary, desirable and in the best interest of the Issuer that the Connection Charges be pledged for the payment of the principal of and interest on the Bonds to the extent herein provided.

(F) The Issuer has heretofore, by the adoption of Resolution No. 88-241 and Resolution No. 88-253, authorized the issuance of two issues of bonds to finance the acquisition and construction of the same facilities constituting the Initial Project, with the intent that such bonds be sold and delivered to the United States of America, U.S. Department of Agriculture, Farmers Home Administration. It is in the best interest of the finances and economy of the Issuer that the Initial Project be financed instead in the manner herein provided and, accordingly, it is appropriate that the Issuer repeal said Resolution No. 88-241 and said Resolution No. 88-253.

SECTION 1.05. Initial Project Authorized. The acquisition and construction of the Initial Project in the manner herein provided is hereby authorized.

SECTION 1.06. Refunding Authorized. The refunding of the Refunded Bonds in the manner herein provided is hereby authorized.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01. Authorization of Bonds. The Issuer hereby authorizes the issuance of Bonds of the Issuer to be designated as "St. Johns County, Florida, Water and Sewer Revenue Bonds," which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as may hereafter be provided by Supplemental Resolution or as limited by the Act or by other applicable law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution or Supplemental Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be payable in lawful money of the United States of America and shall be issued for such purpose or purposes and bear interest at such rate or rates not exceeding the maximum rate permitted by law as shall be determined by this Resolution or by Supplemental Resolution. From and after any maturity date of any of the Bonds (deposit of moneys and/or Securities for the payment of the principal and interest on such Bonds having been made by the Issuer with the Paying Agents), notwithstanding that any of such Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders shall have no rights in respect of such Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

The Bonds shall be issued in such denomination or denominations and such form, whether coupon or registered; shall be dated such date or dates; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature on June 1 or December 1 in such years and amounts; and the proceeds shall be used in such manner all as determined by this Resolution or by Supplemental Resolution. The Issuer may issue Bonds which may be secured by a Credit Facility or by an insurance policy of an Insurer all as shall be determined by this Resolution or by Supplemental Resolution.

SECTION 2.02. Authorization and Description of Series 1989 Bonds. A Series of Bonds entitled to the benefit, protection and security of this Resolution is hereby authorized to be issued by the Issuer in an aggregate principal amount not to exceed \$10,430,000 for the principal purposes of financing a part of the cost of refunding the Refunded Bonds and acquiring and constructing the Initial Project, funding the Reserve Account and paying a part of the costs of issuance incurred with respect to such Series. Such Series shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "St. Johns County, Florida, Water and Sewer Revenue Bonds, Series 1989."

The Series 1989 Bond shall be dated as of the first day of the month in which occurs the delivery of the Series 1989 Bonds to the purchaser or purchasers thereof or such other date as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R;" shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable in such manner and on June 1 and December 1 in each year; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds and Capital Appreciation Bonds, maturing in such amounts and on June 1 or December 1 in such years not exceeding forty (40) years from their date; shall be payable in such place or places; shall have such Paying Agents and Registrars; and shall contain such redemption provisions; all as the Issuer shall hereafter provide by Supplemental Resolution.

The principal of or Redemption Price, if applicable, of the Series 1989 Bonds are payable upon presentation and surrender of the Series 1989 Bonds at the office of the Paying Agent. Interest payable on any Series 1989 Bond on any Interest Date will (except for the final payment of

interest which will be paid only upon presentation and surrender of such Series 1989 Bond at the office of the Paying Agent) be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 1989 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 1989 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 2.03. Application of Series 1989 Bond Proceeds. Except as otherwise provided by Supplemental Resolution, the proceeds derived from the sale of the Series 1989 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 1989 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

(A) Accrued and capitalized interest shall be deposited in the Interest Account.

(B) An amount shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.06(A)(2)(d) hereof, shall equal the Reserve Account Requirement.

(C) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the "St. Johns County Water and Sewer Revenue Bonds Costs of Issuance Account," which shall be used only for payment of the costs and expenses described in this subsection. A sum sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Series 1989 Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and all other similar costs shall be deposited to the credit of the Costs of Issuance Account, and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed by the Issuer for the payment of such costs and expenses, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Series 1989 Bonds, such moneys shall be transferred by the Issuer to the Construction Fund and the Costs of Issuance Account shall be closed. After the Costs of Issuance Account shall be closed, the Issuer may pay from the Construction Fund any unpaid issuance expenses.

(D) The remaining proceeds of the Series 1989 Bonds which, together with the moneys held by the Issuer for the payment of the principal of and interest on the Refunded Bonds and a reserve therefor and interest earnings thereon, shall be sufficient to pay in full the principal of the Refunded Bonds, interest to accrue thereon to the date of maturity or redemption and any premium payable upon redemption shall be paid by the Issuer to the owners and holders of the Refunded Bonds or deposited with a bank or trust company and held for the benefit of such owners and holders pursuant to an escrow deposit agreement to be executed by the Issuer in favor of such bank or trust company and hereafter provided for by Supplemental Resolution.

(E) The balance of the Series 1989 Bond proceeds shall be deposited in the Construction Fund.

SECTION 2.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.05. Authentication. No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entry as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.10 hereof.

SECTION 2.06. Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.04, and deliver, upon authentication by the Registrar pursuant to Section 2.05 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by resolution of the Governing Body, and with such omissions, insertions and variations as may be appropriate to temporary Bonds.

The Issuer, at its own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Registrar.

SECTION 2.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new 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 Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder and shall be entitled to the same benefits and security as the Bond so lost, stolen or destroyed.

SECTION 2.08. Interchangeability, Negotiability and Transfer. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, shall forthwith (a) following the fifteenth day of the calendar month next preceding an interest payment date for such Series, (b) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series, and (c) at any other time as reasonably requested by the Paying Agent of such Series, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and the Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be canceled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of any Bonds which shall have been selected for redemption or of Bonds of any Series during the fifteen (15) days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed redemption of Bonds, during the fifteen (15) days next preceding the date of selection of Bonds to be redeemed.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly

known as book-entry obligations, provided it shall establish a system of registration therefor by resolution of the Governing Body.

Upon the occurrence of an Event of Default which would require Financial Guaranty, as defined in Section 5.16 hereof, to make payments under its Bond Insurance Policy, Financial Guaranty and its designated agent shall be provided with access to the registration books of the Issuer.

SECTION 2.09. Coupon Bonds. The Issuer, at its discretion, may by Supplemental Resolution authorize the issuance of Coupon Bonds, registrable as to principal only or as to both principal and interest. Such Supplemental Resolution shall provide for the negotiability, transfer, interchangeability, denominations and form of such Bonds and coupons appertaining thereto. Coupon Bonds (other than Taxable Bonds) shall only be issued if an opinion of Bond Counsel is received to the effect that issuance of such Coupon Bonds will not adversely affect the exclusion of the interest payable on such Bonds from gross income for federal income tax purposes.

SECTION 2.10. Form of Bonds. Except as otherwise provided pursuant to Section 2.09 hereof and except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution, the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior, to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

[FORM OF BONDS INTENTIONALLY OMITTED]

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Privilege of Redemption. The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

SECTION 3.02. Selection of Bonds to be Redeemed. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03. Notice of Redemption. Unless waived by any Holder of Bonds to be redeemed, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this section to any Holder of Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the Redemption Price,
- (3) if less than all outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,
- (4) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price plus accrued interest at the office of the Paying Agent.

Prior to any redemption date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of and accrued interest on all the Bonds or portions of Bonds which are to be redeemed on that date; provided, however, that redemption of Bonds, other than mandatory sinking fund redemptions and other than pursuant to the application of refunding bond proceeds, shall be made only from and to the extent of funds on deposit with the Paying Agent, or other paying agent with respect to such Bonds, and available for such purpose on the date the official notice of redemption is mailed.

In addition to the foregoing notice, further notice shall be given by the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to any Insurer which shall have insured, or any Credit Bank which shall have provided a Credit Facility for, any of the Bonds being redeemed and to all registered securities depositories then in the business of holding substantial amounts of obligations of types similar to the type of which the Bonds consist (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Each such further notice shall be published one time in the Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

SECTION 3.04. Redemption of Portions of Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. Payment of Redeemed Bonds. Official notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Registrar and/or Paying Agent for the purpose of the payment of the Redemption Price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

ARTICLE IV

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 4.01. Bonds not to be Indebtedness of Issuer. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder of any Bond or any Credit Bank or any Insurer shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Bond or be entitled to payment of such Bond from any moneys of the Issuer except the Pledged Funds, in the manner provided herein.

SECTION 4.02. Security for Bonds. The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds

shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds. The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Series 1989 Bonds, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds in the manner provided in this Resolution to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds.

SECTION 4.03 Additional Security. Anything herein to the contrary notwithstanding, however, the Issuer may cause any Series of Bonds to be payable from and secured by a Credit Facility or an insurance policy of an Insurer not applicable to any one or more other Series of Bonds, as shall be provided by Supplemental Resolution, in addition to the security of the Pledged Funds provided herein.

SECTION 4.04 Construction Fund. The Issuer covenants and agrees to establish a separate fund with an Authorized Depository to be known as the "St. Johns County Water and Sewer System Construction Fund," which shall be used only for payment of the Costs of Projects. Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution or Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the Issuer, any moneys received for or in connection with a Project by the Issuer from any other source.

The Issuer shall establish within the Construction Fund a separate account for the Initial Project and each Additional Project, the Cost of which is to be paid in whole or in part out of the Construction Fund.

The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the appropriate account of the Construction Fund.

The Issuer covenants that the acquisition and construction of each Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Clerk of documents and/or certificates signed by an Authorized Issuer Officer stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the Construction Fund account from which payment is to be made, (5) the purpose, by general classification, for which payment is to be made, and (6) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such documents and/or certificates of the Authorized Issuer Officers for seven (7) years from the dates of such documents and/or certificates. The Clerk shall make available the documents and/or certificates at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

The date of completion of a Project shall be determined by the Authorized Issuer Officer who shall certify such fact in writing to the Governing Body. Promptly after the date of the completion of a Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, the Issuer shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (1) another account of the Construction Fund for which the Authorized Issuer Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (2) the Reserve Account, to the extent of a deficiency therein, (3) the Debt Service Fund, and (4) such other fund or account of the Issuer, including those established hereunder, as shall be determined by the Governing Body, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for federal income tax purposes.

SECTION 4.05. Funds and Accounts. The Issuer covenants and agrees to establish with one or more Authorized Depositories separate funds to be known as the "St. Johns County Water and Sewer System Revenue Fund," the "St. Johns County Water and Sewer System Connection Charges Fund," the "St. Johns County Water and Sewer System Operation and Maintenance Fund," the "St. Johns County Water and Sewer Revenue Bonds Debt Service Fund," the "St. Johns County Water and Sewer System Renewal and Replacement Fund," and the "St. Johns County Water and Sewer Revenue Bonds Rebate Fund." The Issuer shall maintain in the Debt Service Fund four accounts: the "Interest Account," the "Principal Account," the "Bond Amortization Account," and the "Reserve Account." Moneys in the Debt Service Fund, until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders. The Issuer shall maintain in the Connection Charges Fund two accounts: the "Current Account" and the "Stabilization Account."

The Issuer shall at any time and from time to time appoint one or more Authorized Depositories to hold, for the benefit of the Issuer and/or the Bondholders, any one or more of the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as

herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees.

SECTION 4.06 Flow of Funds.

(A) Gross Revenues and Connection Charges. The Issuer shall deposit the Connection Charges into the Current Account, promptly upon the receipt thereof, until an amount equal to the Connection Charges Debt Service Components for the then current Bond Year shall have been deposited into the Current Account in such Bond Year. After an amount equal to such Connection Charges Debt Service Components shall have been deposited into the Current Account in such Bond Year, the Issuer shall deposit additional Connection Charges received in such Bond Year into the Stabilization Account.

On or before the last day of each month, commencing with the month in which delivery of the Series 1989 Bonds shall be made to the purchasers thereof, all or any portion of the moneys in the Current Account may, at the option of the Issuer, be deposited or credited to the Debt Service Fund in the manner described in part (2) hereof, provided, however, that such moneys shall be deposited or credited to the Debt Service Fund in the manner described in part (2) hereof in the event that moneys in the Revenue Fund are insufficient or unavailable to make all of the deposits into the Debt Service Fund required by part (2) hereof. The balance of any moneys remaining in the Current Account after such deposits, if any, shall be transferred to the Stabilization Account.

Moneys in the Stabilization Account may, to the extent such moneys are lawfully available for such purpose, be applied only (i) to the Current Account in an amount which shall not exceed the Connection Charges Debt Service Components for the then current Bond Year, less amounts previously transferred from the Current Account to the Debt Service Fund during such Bond Year, (ii) to the purchase or redemption of Bonds or (iii) to the Issuer, from time to time, for the acquisition and construction of Expansion Facilities.

Notwithstanding anything to the contrary contained in this Resolution, the aggregate amount of Connection Charges applied and allocated to the aggregate Debt Service Requirements for the Bonds shall never exceed the aggregate Connection Charges Debt Service Components for the Bonds.

The Issuer shall deposit all Gross Revenues into the Revenue Fund, promptly upon the receipt thereof. On or before the last day of each month, commencing with the month in which delivery of the Bonds shall be made to the purchasers thereof, the moneys in the Revenue Fund shall be deposited or credited in the following manner and in the following order of priority:

(1) Operation and Maintenance Fund. The Issuer shall deposit into or credit to the Operation and Maintenance Fund such sum as shall be necessary to cause the moneys in the Operation and Maintenance Fund to be sufficient to pay Operating Expenses for the next succeeding month according to the Annual Budget; provided, however, that subject always to the provisions of Section 5.06 hereof, the Issuer shall transfer moneys from the Revenue Fund to the Operation and Maintenance Fund at any time to pay Operating Expenses to the extent there shall be a deficiency in the moneys in the Operation and Maintenance Fund for such purpose. Moneys in the Operation and Maintenance Fund shall be paid out from time to time by the Issuer to pay reasonable and necessary Operating Expenses as and when the same shall be incurred.

(2) Debt Service Fund. Next, the Issuer shall deposit into or credit to the Debt Service Fund, from moneys in the Revenue Fund and/or the Current Account, such sums which, together with the moneys deposited into or credited to the Debt Service Fund from the Assessment Fund pursuant to the provisions of part (7) of this subsection (A), shall be sufficient to make all of the deposits, transfers and payments described in this part (2). The moneys on deposit in the Debt Service Fund shall be applied by the Issuer in the manner provided herein solely for the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds, including Assessments Redemption Bonds, and for the purchase of, and reinstatement of the maximum limits of, any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, and shall not be available for any other purpose. The moneys transferred to the Debt Service Fund from the Assessments Fund, the Revenue Fund and the Current Account shall be deposited or credited in the following manner and in the following order of priority:

(a) Interest Account. The Issuer shall deposit into or credit to the Interest Account the sum which, together with the surplus moneys 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 coming due on the Bonds on the next Interest Date, plus the full balance of any continuing deficiencies in prior deposits to the Interest Account. Moneys in the Interest Account shall be applied by the Issuer to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose. The Issuer shall adjust the amount of the deposit into the Interest Account not later than the month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date.

(b) Principal Account. Next, the Issuer shall deposit into or credit to the Principal Account the sum which, together with the surplus moneys 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 (i) the principal amount of all Outstanding Bonds other than Term Bonds due and unpaid and (ii) one-twelfth (1/12) of the principal amount of the Bonds other than Term Bonds which shall thereafter mature during the then current Bond Year. Serial Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Principal Account on their respective maturity dates, and deposits or credits to the Principal Account to provide funds for such purpose shall commence in the month which is

one year prior to each such maturity date. Moneys in the Principal Account shall be applied by the Issuer to pay the principal of the Bonds other than Term Bonds as and when the same shall mature, and for no other purpose.

(c) **Bond Amortization Account.** Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account. Commencing in the month which is one year prior to the due date of each Amortization Installment, the Issuer shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said account held for the credit of such Amortization Installment and all Outstanding Term Bonds due and unpaid and not theretofore allocated to supplement any previous monthly deposit, will be sufficient to pay (i) one-twelfth (1/12) of such Amortization Installments and (ii) the full balance of any continuing deficiencies in prior deposits to the Bond Amortization Account for such Amortization Installment and the principal amount of all such Outstanding Term Bonds due and unpaid. Term Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Bond Amortization Account on the respective due dates of the Amortization Installments applicable thereto, and deposits or credits to the Bond Amortization Account to provide funds for such purpose shall commence in the month which is one year prior to each such Amortization Installment due date. Moneys in the Bond Amortization Account shall be applied by the Issuer to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment may be applied by the Issuer, on or prior, to the sixtieth (60th) day preceding the due date of such Amortization Installment (i) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (ii) to the redemption at the applicable Redemption Price of such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Issuer shall pay out of the Bond Amortization Account and the Interest Account to the respective Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Revenue Fund.

(d) **Reserve Account.** Next, the Issuer shall deposit into or credit to the Reserve Account such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Account Requirement including the reinstatement of any Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit therein or the cash replacement thereof. On or prior to each Interest Date and each maturity or redemption date for the payment of any principal of the Bonds, moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus moneys shall be deposited by the Issuer into the Principal Account or such other appropriate fund or account of the Issuer, provided such deposit to such other fund or account will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Upon the issuance of any Series of Bonds, under the terms, limitations and conditions as herein provided, the Issuer shall provide for the funding of the Reserve Account in an amount equal to the Reserve Account Requirement. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds.

Whenever moneys on deposit in the Reserve Account, together with the other available amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds (including principal and interest thereon) in accordance with their terms, the funds on deposit in the Reserve Account shall be applied to the payment of Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Issuer may, at its sole option and discretion, cause to be deposited a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums, if any, remaining on deposit in the Reserve Account after the deposit of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent for such Series (upon the giving of notice as required thereunder) on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be either (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by either Standard & Poor's Corporation or Moody's Investors Service, or (ii) who holds one of the two highest policyholder ratings accorded insurers by A. M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank,

insurance company or other financial institution which has, been assigned a rating by either Moody's Investors Service or Standard & Poor's Corporation in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

If fifteen (15) days prior to an Interest Date, a principal maturity date or a mandatory redemption date, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on Bonds on such date. the Issuer shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit, and (b) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Insurer to provide moneys which, together with the sum then on deposit in the Reserve Account, are sufficient to pay all amounts due on such interest payment or redemption date.

If a disbursement is made from a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit provided pursuant to this Section 4.06(A)(2)(d), the Issuer shall reinstate the maximum limits of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit immediately following such disbursement as soon as moneys are available in the Reserve Account in accordance with the provisions of the first paragraph of this Section 4.06(A)(2)(d), by depositing funds in the amount of the disbursement made under such instrument, with the issuer thereof, together with interest thereon to the date of reimbursement at the rate set forth in such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, but in no case greater than the maximum rate of interest permitted by law. In addition, and in the same manner, the Issuer shall reimburse the issuer of the Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit for all reasonable expenses incurred by such issuer in connection with the draw on such Reserve Account Insurance Policy or the Reserve Account Letter of Credit, as the case may be.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor and/or an agreement relating thereto, which shall be approved by Supplemental Resolution, provided, however, any such promissory note and any payment obligations of the Issuer under such agreement (i) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (ii) shall be payable solely from the moneys available in the Reserve Account in accordance with the provisions of the first paragraph of this Section 4.06(A)(2)(d). All of the provisions of such promissory note and such agreement, when executed and delivered by the Issuer, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

To the extent the Issuer causes to be deposited into the Reserve Account, a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit for a term of years shorter than the life of the Series of Bonds so insured or secured, then the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit shall provide, among other things, that the issuer thereof shall provide the Issuer with notice as of each anniversary of the date of the issuance of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit of the intention of the issuer thereof to either (i) extend the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit beyond the expiration dates thereof, or (ii) terminate the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit on the initial expiration dates thereof or such other future date as the issuer thereof shall have established. If the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit notifies the Issuer pursuant to clause (ii) of the immediately preceding sentence or if the Issuer terminates the Reserve Account Letter of Credit and/or Reserve Account Insurance Policy, then the Issuer shall deposit into the Reserve Account pursuant to the first sentence of this Section 4.06(A)(2)(d), during the first full calendar month following the date on which such notice of intent to terminate is received by the Issuer and in each succeeding month, such sums as shall be sufficient to pay each month an amount equal to a fraction, the numerator of which is one (1) and the denominator of which is equal to the number of months remaining in the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit, of the portion of the Reserve Account Requirement covered by the Reserve Account Letter of Credit and/or the Reserve Account Insurance Policy on the date such notice was received, until the sum on deposit in the Reserve Account, and no later than the expiration of such Reserve Account Insurance Policy and/or such Reserve Account Letter of Credit, shall be equal to the Reserve Account Requirement.

If any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall terminate prior to the stated expiration date thereof, the Issuer agrees that it shall fund the Reserve Account pursuant to the first sentence of this Section 4.06(A)(2)(d), during a period not to exceed twelve (12) months when it shall make consecutive equal monthly payments in order that the amount on deposit in such account at the end of such period shall be equal to the Reserve Account Requirement; provided, the Issuer may at its sole option and discretion, with the prior written consent of the Insurer, if any, obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the payments required by this paragraph.

Prior to deposit in the Reserve Account, any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall be approved in writing by any Insurer or Credit Bank and shall conform to such additional or different restrictions as such Insurer or Credit Bank shall reasonably require.

(3) Subordinated Indebtedness. Next, the Issuer shall apply available moneys in the Revenue Fund to the payment of the debt service for any Subordinated Indebtedness.

(4) Renewal and Replacement Fund. Next, whenever the balance on deposit in the Renewal and Replacement Fund shall be less than the Renewal and Replacement Fund Requirement, the Issuer shall deposit into or credit to the Renewal and Replacement Fund the balance of all

moneys remaining in the Revenue Fund to the extent necessary to cause the moneys in the Renewal and Replacement Fund to equal the Renewal and Replacement Fund Requirement. If at anytime the balance on deposit in the Renewal and Replacement Fund shall exceed the Renewal and Replacement Fund Requirement, such excess shall be withdrawn by the Issuer from the Renewal and Replacement Fund and deposited into the Revenue Fund. The moneys in the Renewal and Replacement Fund shall be applied by the Issuer to the payment of the cost of extensions, improvements and additions to, or renewals and replacements of the capital assets of, the System, or extraordinary repairs of the System; provided, however, that whenever moneys in the Debt Service Fund shall be insufficient to pay all or any part of the principal of, Redemption Price or interest on any of the Bonds, moneys in the Renewal and Replacement Fund shall first be used to supplement the Debt Service Fund to the extent necessary to prevent a default on the Bonds.

(5) Rebate Fund. Next, the Issuer may, at its option, deposit into or credit to the Rebate Fund the amount described in Section 4.07(A) hereof.

(6) Excess Revenues. Finally, the Issuer may withdraw the balance of all moneys remaining on deposit to the credit of the Revenue Fund and apply the same to any lawful county purpose.

(7) Assessments. The Issuer covenants and agrees to establish with one or more Authorized Depositories a separate fund to be known as the "St. Johns County Water and Sewer Assessments Fund." The Assessments Fund shall be used only for the purposes hereinafter provided. All Assessments shall be deposited by the Issuer into the Assessments Fund promptly upon receipt thereof. As a first charge against moneys at any time on deposit to the credit of the Assessments Fund, the Issuer shall reimburse itself for all expenses incurred by the Issuer in connection with its conduct of the proceedings necessary for the imposition, levy and collection of the Assessments in accordance with applicable law. On or before the last day of each month in every Bond Year, all moneys in the Assessments Fund shall be deposited or credited to the Debt Service Fund until the aggregate amount of all such deposits therein during such Bond Year shall equal all of the installments of the Assessments scheduled to be paid to the Issuer during such Bond Year, and all such moneys thus deposited to the Debt Service Fund shall be applied by the Issuer in the same manner as other moneys therein are applied pursuant to the provisions of part (2) of this subsection (A). On each April 1 and October 1, moneys in the Assessments Fund in excess of the aggregate installments of Assessments scheduled to be paid to the Issuer in the current Bond Year shall be applied by the Issuer, promptly thereafter, to the purchase of Assessments Redemption Bonds, at a price not greater than the Redemption Price at which such Assessments Redemption Bonds may be redeemed on the next succeeding Interest Date (or the principal amount of any such Assessments Redemption Bonds which shall be about to mature on the next succeeding June 1), and/or shall be exhausted by the Issuer, to the maximum extent possible, on such next succeeding Interest Date, by application thereof by the Issuer to the mandatory redemption of Assessments Redemption Bonds. The Issuer shall call for redemption the Assessments Redemption Bonds to be redeemed by causing notice to be given as provided in Section 3.03 hereof. The Issuer shall pay out of the Assessments Fund to the Paying Agent for the Assessments Redemption Bonds to be redeemed (or paid at maturity), on or before the day preceding the redemption date (or maturity date) the amount required to pay the principal of or Redemption Price, if applicable, and interest on the Assessments Redemption Bonds to be redeemed (or then maturing), and such amount shall be applied by the Paying Agent to such redemption (or payment). All expenses in connection with the purchase, redemption or payment of Assessments Redemption Bonds shall be paid by the Issuer from the Revenue Fund.

Nothing in this part (7) contained shall be construed to limit the source of payment of the principal of or Redemption Price, if applicable, or interest on the Assessments Redemption Bonds to moneys on deposit in the Assessments Fund, the Assessments Redemption Bonds being secured and payable in the same manner as all other Bonds as provided in part (2) of this subsection (A). After all of the Assessments Redemption Bonds of any Series shall have been retired, whether from moneys of the Debt Service Fund or moneys of the Assessments Fund or both, all funds remaining on deposit to the credit of the account for such Series in the Assessments Fund and all Assessments collected by the Issuer for such Series shall be promptly deposited in the Revenue Fund.

The Assessments Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Assessments Fund may be invested and reinvested in Authorized Investments maturing not later than thirty (30) days from the date of acquisition thereof. Any and all income received by the Issuer from the investment of moneys in the Assessments Fund shall be deposited in the Interest Account.

In the event that Assessments are hereafter pledged to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds or one or more Series of Bonds, the Issuer covenants that it will forthwith, whenever it shall first be timely, adopt all resolutions, hold all hearings and perform all acts which are conditions precedent to and are necessary for the lawful levy and collection of the Assessments. The Issuer covenants that if any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have failed to assess any particular parcel of property which should have been assessed within an area designated by the Issuer for such Assessments, the Issuer shall take all steps necessary to cause a new and valid non-ad valorem special assessment to be made against such property; and in any case any such second assessment, or an initial assessment for one that shall have been omitted, shall be either in whole or in part annulled, vacated or set aside or be unenforceable or uncollectible by reason of defect or irregularity, the Issuer shall obtain and make other non-ad valorem special assessments until a valid assessment shall be made.

(B) Discretionary Purchase or Redemption. The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely

affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(C) Deposit with Paying Agent. At least one (1) business day prior to the date established for payment of any principal or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw from the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

(D) Reimbursement of Credit Bank. In the case of Bonds secured by a Credit Facility, amounts on deposit in any funds or accounts established for such Bonds may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal or Redemption Price, if applicable, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the Holders thereof for payment.

SECTION 4.07. Rebate Fund. Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States Treasury (except to the extent the same may be transferred to the Revenue Fund) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its arbitrage certificate, relating to the Bonds, and other instructions from Bond Counsel, delivered in connection with or subsequent to the issuance of the Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing from moneys in the Revenue Fund or from other moneys of the Issuer derived from sources other than ad valorem taxation and legally available for such purpose the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer derived from sources other than ad valorem taxation such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.07 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds of the Series of which such accounts were created.

The provisions of the above-described instructions of Bond Counsel may be amended from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

Public Financial Management, Inc., Philadelphia, Pennsylvania, is hereby appointed to serve as rebate administrator hereunder with respect to every Series of the Bonds until the Issuer shall by resolution appoint as successor rebate administrator any Bond Counsel or any certified public accountant, bank or trust company, or other agent of the Issuer who shall be qualified to assure compliance by the Issuer with the requirements of this section. The rebate administrator is hereby authorized to hire counsel, accountants, and other experts which the rebate administrator may, in its sole discretion, determine advisable for the purpose of obtaining the required calculations of the rebate amounts and determinations as to the due dates for the rebate thereof and other matters necessary for compliance with Section 148(f) of the Code as the same relates to the Bonds. The rebate administrator will not be liable for any loss occasioned by its reliance upon the instructions of such experts or upon the Issuer's certification of the amounts earned on nonpurpose investments, as such term is defined in Section 148(b)(2) of the Code, in which gross proceeds of the Bonds shall be invested. The duties and responsibilities of the rebate administrator may be performed by more than one Person.

SECTION 4.08. Investments. The Construction Fund, the Revenue Fund, the Connection Charges Fund, the Debt Service Fund and the Renewal and Replacement Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Revenue Fund, the Connection Charges Fund, the Operation and Maintenance Fund, the Rebate Fund, the Renewal and Replacement Fund and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account may be invested or reinvested in Authorized Investments which shall mature no later than five (5) years from the date of acquisition thereof.

Any and all income received by the Issuer from the investment of moneys in the Construction Fund, in the Rebate Fund, in the Revenue Fund and in the Reserve Account in the Debt Service Fund (to the extent the amount therein is less than the Reserve Account Requirement) shall be retained in such respective fund or account unless otherwise required by applicable law.

Any and all income received by the Issuer from the investment of moneys in the Interest Account, the Principal Account and the Bond Amortization Account in the Debt Service Fund, in the Current Account and in the Stabilization Account in the Connection Charges Fund, in the Operation and Maintenance Fund and in the Renewal and Replacement Fund shall be deposited in the Revenue Fund.

Any and all income received by the Issuer from the investment of moneys in the Reserve Account in the Debt Service Fund (to the extent the amount therein is greater than the Reserve Account Requirement) shall be deposited in the Interest Account.

All investments shall be valued at cost. Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

SECTION 4.09. Separate Accounts. The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds 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 herein provided.

ARTICLE V

SUBORDINATED INDEBTEDNESS ADDITIONAL BONDS, AND COVENANTS OF ISSUER

SECTION 5.01. Subordinated Indebtedness. The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness that are not Additional Bonds and that are payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to Section 5.02 hereof.

SECTION 5.02. Issuance of Additional Bonds. No Additional Bonds, payable from the Pledged Funds on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: financing the Cost of an Additional Project, or the completion thereof or of the Initial Project, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Issuer.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) The Issuer shall certify that it is current in all deposits into the various funds and accounts established hereby and all payments theretofore required to have been deposited or made by it under the provisions of this Resolution and has complied with the covenants and agreements of this Resolution.

(B) There shall have been obtained and filed with the Issuer a certificate of an independent certified public accountant: (1) stating that he has examined the books and records of the Issuer relating to the collection and receipt of the Gross Revenues, the Connection Charges and the Assessments; (2) stating for the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer of the twenty-four (24) months immediately preceding the issuance of such Additional Bonds the amount of the Net Revenues, the amount of the Connection Charges deposited into the Current Account and, as to each separate lot of Assessments which shall have been levied for a Project or a part of a Project, the dollar amount of the Assessments deposited into the Assessments Fund, and stating, for each separate lot of Assessments which shall have been levied for a Project or a part of a Project, the dollar amount of the portion of such lot of Assessments to become due and payable to the Issuer during the first full Fiscal Year after the issuance of such Additional Bonds in which installments of such lot of Assessments shall be payable; (3) if no Assessments shall be pledged to the Outstanding Bonds or such Additional Bonds then proposed to be issued, stating that (a) such Net Revenues and such Connection Charges, each adjusted as provided in Section 5.02(E) hereof, equal at least one hundred twenty percent (120%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, and (b) such Net Revenues, adjusted as provided in Section 5.02(E) hereof, not taking into account Connection Charges, equal at least one hundred ten percent (110%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued; (4) if Assessments shall be pledged to the Outstanding Bonds or such Additional Bonds then proposed to be issued, stating that (a) such Net Revenues, adjusted as provided in Section 5.02(E) hereof, together with the dollar amount of the portion of each lot of Assessments to become due and payable during the first full Fiscal Year after the issuance of such Additional Bonds in which installments of such lot of Assessments shall be payable, but (except for the first Fiscal Year in which such lot of Assessments shall be billed) not exceeding the dollar amount of the portion of such lot of Assessments deposited in the Assessments Fund as stated pursuant to clause (2) of this paragraph, and such Connection Charges, adjusted as provided in Section 5.02(E) hereof, equal at least one hundred twenty percent (120%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, (b) such Net Revenues, adjusted as provided in Section 5.02(E)

hereof, and the amount of the Assessments allowed under clause (4)(a) of this paragraph, without taking into account Connection Charges, equal at least one hundred ten percent (110%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, (c) such Net Revenues and such Connection Charges, each adjusted as provided in Section 5.02(E) hereof, without taking into account Assessments, equal at least one hundred twenty percent (120%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, excluding all Outstanding and proposed Assessments Redemption Bonds, and (d) such Net Revenues, adjusted as provided in Section 5.02(2) hereof, not taking into account Assessments or Connection Charges, equal at least one hundred ten percent (110%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, excluding all Outstanding and proposed Assessments Redemption Bonds; and (5) stating that no Event of Default was disclosed in the report of the most recent Annual Audit, or if such Event of Default was so disclosed, that it shall have been cured.

(C) In computing Maximum Debt Service Requirement for purposes of this Section 5.02, the interest rate on outstanding Variable Rate Bonds, and on additional parity Variable Rate Bonds then proposed to be issued, shall be deemed to be the Maximum Interest Rate applicable thereto.

(D) For the purpose of this Section 5.02, the phrase "immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer of the twenty-four (24) months immediately preceding the issuance of such Additional Bonds" shall be sometimes referred to as "twelve consecutive months."

(E) The Net Revenues and the Connection Charges deposited into the Current Account may be adjusted by the independent certified public accountant, at the option of the Issuer, as follows:

(1) If the Issuer, prior to the issuance of the proposed Additional Bonds but not prior to the beginning of such twelve consecutive months, shall have increased the Rates and/or shall have begun to derive revenues from newly constructed or acquired facilities of the System or from a new contract with any public or private entity for residential and/or business use of the facilities and services of the System, which contract shall have a duration not less than the final maturity of such Additional Bonds ("capacity agreement"), the Net Revenues for the twelve consecutive months shall be adjusted to show the Net Revenues which would have been derived in such twelve consecutive months if such increased Rates had been in effect and/or such new facilities and/or such capacity agreement had produced revenues during all of such twelve consecutive months.

(2) In the event the Issuer shall have completed additions, extensions or improvements to the System prior to the issuance of the proposed Additional Bonds but not prior to the beginning of such twelve consecutive months and/or shall be constructing or acquiring additions, extensions or improvements to the System to be financed wholly or in part from the proceeds of such Additional Bonds or from any other source, and/or shall have entered into a capacity agreement, from which capacity agreement and/or from which Project or Projects the Issuer expects to derive revenues within three (3) years after issuance of such Additional Bonds, such Net Revenues may be adjusted by adding thereto the net revenues estimated by the Consulting Engineers to be derived by reason of such capacity agreement during the first twelve (12) months the Issuer shall receive income thereunder and/or to be derived from existing occupied residential and business development during the first twelve (12) months of operation of such Project or Projects after completion of the construction or acquisition thereof.

(3) If the Issuer, in connection with the issuance of Additional Bonds, shall enter into a capacity agreement, then the Net Revenues of the System during the twelve (12) consecutive months shall be increased by the least amount to be paid to the Issuer in any one year thereunder, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such capacity agreement.

(4) In the event the Issuer shall be constructing or acquiring additions, extensions or improvements to the System from the proceeds of such Additional Bonds and shall have entered into any capacity agreement and/or established fees, rates or charges to be charged and collected from users of such facilities when service is rendered, such Net Revenues and such Connection Charges may be adjusted by adding thereto the Net Revenues and the Connection Charges (in an amount not exceeding the Connection Charges Debt Service Component for the proposed Additional Bonds for the first Bond Year commencing after completion of the construction or acquisition of said additions, extensions and improvements) estimated by the Consulting Engineers to be derived during the first twelve (12) months of operation after completion of the construction or acquisition of said additions, extensions and improvements pursuant to such capacity agreement and/or from existing residential and business users of the facilities to be financed by such Additional Bonds together with other funds on hand or lawfully obtained for such purpose.

(F) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution; provided, however, any Supplemental Resolution authorizing the issuance of Additional Bonds may provide that any of the covenants herein contained will not be applicable to such Additional Bonds, provided that such provision shall not, in the opinion of Bond Counsel, adversely affect the rights of any Bonds which shall then be Outstanding. Except as provided in Sections 4.02 and 4.06 hereof, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other; provided, however, that the Issuer shall include a provision in any Supplemental Resolution authorizing the issuance of Variable Rate Bonds pursuant to this Section 5.02 that in the event the principal thereof is accelerated due to such Bonds being held by the issuer of a Credit Facility, the lien of such Bonds on the Pledged Funds shall be subordinate in all respects to the pledge of the Pledged Funds created by this

Resolution.

(G) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of this Section 5.02 shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of Section 5.02(B) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(H) In the event that the total amount of the Bonds herein authorized to be issued are not issued simultaneously, such Bonds which are subsequently issued shall be subject to the conditions of Section 5.02(B) hereof.

(I) In addition to all of the other requirements specified in this Section 5.02, the Issuer must comply with any applicable provisions of any financing documents relating to outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the Issuer to issue Additional Bonds.

SECTIONS 5.03. Bond Anticipation Notes. The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by resolution of the Issuer.

SECTION 5.04. Accession of Subordinated Indebtedness to Parity Status with Bonds. The Issuer may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the Issuer shall meet all the requirements imposed upon the issuance of Additional Bonds by Section 5.02 hereof, assuming, for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, and (B) the Issuer shall provide for the funding of the Reserve Account, upon such accession, in an amount equal to the increase in the amount of the Reserve Account Requirement occasioned by such accession in accordance with Section 4.06(A)(2)(d) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

SECTION 5.05. Operation and Maintenance. The Issuer will maintain or cause to be maintained the System and all portions thereof in good condition and will operate or cause to be operated the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof. The Issuer will obtain and renew to the full extent required by applicable law all permits for acquisition, construction and operation of the System.

SECTION 5.06. Annual Budget. The Issuer shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. No expenditure for Operating Expenses shall be made in any Fiscal Year in excess of the amount provided therefor in the Annual Budget, (A) without a written finding and recommendation by an Authorized Issuer Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures, and (B) until the Governing Body shall have approved such finding and recommendation by resolution.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, other than the first Fiscal Year, the preliminary budget for such Fiscal Year, if it be approved by the Consulting Engineers, shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year shall be adopted; and if the preliminary budget shall not have been approved by the Consulting Engineers, the Annual Budget for the preceding Fiscal Year shall be deemed to continue in effect.

The Issuer may at any time adopt an amended Annual Budget for the then current Fiscal Year, but no such amended Annual Budget shall supersede any prior budget until it shall be approved by the Consulting Engineers as being, in their opinion, reasonable and necessary.

The Issuer shall mail copies of such Annual Budgets and amended Annual Budgets and all resolutions authorizing increased expenditures for Operating Expenses to any Holder who shall file an address with the Clerk and request in writing that copies of all such Annual Budgets and resolutions be furnished to such Holder and shall make available all such Annual Budgets and resolutions authorizing increased expenditures for Operating Expenses at all reasonable times to any Holder or to anyone acting for or on behalf of any Holder. The Issuer shall be permitted to make a reasonable charge for furnishing to any Holder such Annual Budgets and resolutions.

SECTION 5.07. Rates and Connection Charges. The Issuer shall fix, establish, maintain and collect Rates, and revise the same effective at the beginning of each Fiscal Year, in the manner provided in this Section 5.07, to the extent necessary, to provide (A) if no Assessments shall be pledged to the Bonds, (1) Net Revenues in such Fiscal Year, together with any Connection Charges actually on deposit in the Current Account at the beginning of such Fiscal Year, equal to at least one hundred twenty percent (120%) of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, and (2) Net Revenues in such Fiscal Year, not taking into account Connection Charges, equal to at least one hundred ten percent (110%) of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, or (B) if Assessments shall be pledged to

the Bonds, (1) Net Revenues in such Fiscal Year, together with the dollar amount of the Assessments to be collected in such Fiscal Year (but as to each separate lot of Assessments levied for any improvements which shall be part of a Project, except for the first Fiscal Year in which such lot of Assessments shall be billed, not exceeding the dollar amount of the portion of such lot of Assessments actually collected by the Issuer in the immediately preceding Fiscal Year) and any Connection Charges actually on deposit in the Current Account at the beginning of such Fiscal Year, equal to at least one hundred twenty percent (120%) of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, (2) Net Revenues in such Fiscal Year, together with the dollar amount of the Assessments to be collected in such Fiscal Year (but as to each separate lot of Assessments levied for any improvements which shall be part of a Project, except for the first Fiscal Year in which such lot of Assessments shall be billed, not exceeding the dollar amount of the portion of such lot of Assessments actually collected by the Issuer in the immediately preceding Fiscal Year), without taking into account Connection Charges, equal to at least one hundred ten percent (110%) of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, (3) Net Revenues in such Fiscal Year, together with any Connection Charges actually on deposit in the Current Account at the beginning of such Fiscal Year, without taking into account Assessments, equal to at least one hundred twenty percent (120%) of the amount obtained by reducing the Debt Service Requirement for the Bond Year ending in such Fiscal Year by the amount of the debt service for all Assessments Redemption Bonds and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, and (4) Net Revenues in such Fiscal Year, not taking into account Assessments or Connection Charges, equal to at least one hundred ten percent (110%) of the amount obtained by reducing the Debt Service Requirement for the Bond Year ending in such Fiscal Year by the amount of the debt service for all Assessments Redemption Bonds and at least one hundred percent (100%) of any amounts required by the terms hereof to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year. Such Rates shall not be so reduced that the same will be insufficient to provide Net Revenues in each Fiscal Year fully adequate for the purposes provided therefor by this Resolution, provided, however, anything herein to the contrary notwithstanding, no provision hereof shall be construed to obligate the Issuer to impose or, once imposed, continue Connection Charges; but at any time and while Connection Charges shall be in effect and imposed by the Issuer, the same shall be pledged hereunder to the extent provided herein.

The Issuer covenants and agrees that prior to the beginning of each Fiscal Year, whenever the Rates which shall be projected by the Annual Budget proposed for such Fiscal Year shall be insufficient for the coverage required by the first paragraph of this section, the Issuer shall revise the Rates by adopting a schedule thereof by resolution or ordinance in the manner provided by applicable Florida law.

The Issuer further covenants and agrees that after receipt by the Issuer of each Annual Audit, if the Net Revenues shall be shown by such Annual Audit to have been insufficient in the Fiscal Year audited for the coverage required by the first paragraph of this section, the Issuer shall, prior to the commencement of the next succeeding Fiscal Year, revise the Rates by adopting a schedule thereof by resolution or ordinance in the manner provided by applicable Florida law, with respect to which revised Rates schedule the Issuer shall have obtained a certificate in writing from an independent firm of certified public accountants of suitable qualifications and experience that (1) had such revised schedule been in effect during such immediately preceding Fiscal Year the coverages required by this section would have been met or exceeded, and (2) had the same been in effect since the beginning of the then current Fiscal Year, (a) based upon the current Annual Budget said coverage would be met or exceeded for such Current Fiscal Year and (b) estimated Gross Revenues for such current Fiscal Year as reflected in the current Annual Budget would exceed the actual Gross Revenues received in such immediately preceding Fiscal Year as reflected in such Annual Audit by at least the amount that the estimated Operating Expenses for such current Fiscal Year as reflected in the current Annual Budget shall exceed the actual Operating Expenses during such immediately preceding Fiscal Year as reflected in such Annual Audit. If and whenever the Issuer shall be required to increase the Rates by reason of the provisions of this paragraph, the Issuer shall cause the Consulting Engineers to review its Rates, Gross Revenues, Operating Expenses and methods of operation and to make written recommendations as to the means, including further Rate increases, by which the Issuer may best assure Net Revenues in the next succeeding Fiscal Year sufficient for compliance with all of the terms of this Resolution. The Issuer shall implement such recommendations by making any recommended revisions in the Rates in the aforesaid manner, effective at the beginning of the next succeeding Fiscal Year or as soon thereafter as shall be possible, and by taking any other recommended action as soon thereafter as shall be practicable.

The Issuer shall proceed diligently to perform legally and effectively all steps required in the collection of the Connection Charges. Upon the due date of any such Connection Charges, the Issuer shall diligently proceed to collect the same and shall exercise all legally available remedies to enforce such collections now or hereafter available under State law.

SECTION 5.08. Books and Records. The Issuer will keep books, records and accounts of the receipt of the Pledged Funds in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

The Issuer covenants that within one hundred eighty (180) days of the close of each Fiscal Year it will cause to be prepared and filed with the Clerk and mailed to all Credit Banks, Insurers and Holders who shall have filed their names and addresses with the Clerk for such

purpose a statement setting forth in respect of the preceding Fiscal Year: (A) the amount of the Pledged Funds received in the preceding Fiscal Year; (B) the total amounts deposited to the credit of each fund and account created under the provisions of this Resolution; (C) the principal amount of all Bonds issued, paid, purchased or redeemed; and (D) the amounts on deposit at the end of such Fiscal Year to the credit of each such fund or account.

SECTION 5.09. Annual Audit. The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audits shall contain, but not be limited to, a balance sheet, an income statement, a statement of changes in financial position, a statement of change in retained earnings, a statement of insurance coverage, and any other statements as required by law or accounting convention, and a certificate by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein. Each Annual Audit shall be in conformity with generally accepted accounting principles. A copy of each Annual Audit shall regularly be furnished to any Credit Bank, to any Insurer and to any Holder who shall have furnished an address to the Clerk and requested in writing that the same be furnished to such Holder. The Issuer shall be permitted to make a reasonable charge for furnishing to any Holder such Annual Audit.

SECTION 5.10. Mortgage, Sale or Closing of Facilities. The Issuer irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of any facilities of the System except as provided in this section, until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with Section 8.01 hereof.

The Issuer shall have and hereby reserves the right to close any facility of the System or part thereof and/or sell, lease or otherwise dispose of any site, facilities or property comprising a part of the System in the manner provided in this Section 5.10, if in the judgment of the Issuer such closing or disposition will not adversely affect the security for the Bondholders and any one of the following conditions exist: (A) such site, facilities or property is not necessary for the operation of the System, (B) such site, facilities or property is not useful in the operation of the System, (C) such site, facilities or property is not profitable in the operation of the System, or (D) in the case of a lease of such site, facilities or property, such lease will be advantageous to the System.

Prior to the Issuer's closing, sale, lease or other disposition of any facility of the System or part thereof, an Authorized Issuer Officer shall first make a finding in writing and the Consulting Engineers shall first make an engineering finding in writing determining that one or more of the conditions for the closing, sale, lease or other disposition of property provided for in the second paragraph of this Section 5.10 have been met, and the Governing Body shall, by resolution, duly adopt, approve and concur in such finding. Prior to any such sale, lease or other disposition of said property: (1) if the value thereof at original cost is not in excess of one-half (1/2) of one percent (1%) of the value of the gross plant of the System at original cost, an Authorized Issuer Officer shall make a finding in writing determining that one or more of the conditions for the closing, sale, lease or disposition of property provided for in the second paragraph of this Section 5.10 have been met; or (2) if the value of said property at original cost shall be in excess of one-half (1/2) of one percent (1%) of the value of the gross plant of the System at original cost, an Authorized Issuer Officer shall first make a finding in writing and the Consulting Engineers shall first make an engineering finding in writing determining that one or more of the conditions for the closing, sale, lease or other disposition of property provided for in the second paragraph of this Section 5.10 have been met, and the Governing Body shall, by resolution, duly adopt, approve and concur in such findings.

The proceeds from any such sale, lease or other disposition shall be deposited into the Revenue Fund.

The transfer of the System as a whole from the control of the Governing Body to some other board or authority which may hereafter be created for such purpose and which constitutes a governmental entity, interest on obligations issued by which is excluded from gross income of the holders thereof for federal income tax purposes under Section 103 of the Code, shall not be deemed prohibited by this Section 5.10 and such successor board or authority shall fall within the definition of "Issuer" in Section 1.01 hereof.

Notwithstanding the foregoing provisions of this Section 5.10, the Issuer shall have the authority to sell for fair and reasonable consideration any land comprising a part of the System which is no longer necessary or useful in the operation of the System and the proceeds derived from the sale of such land shall be deposited into the Revenue Fund.

The Issuer may make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such contract, license, easement or right does not, in the opinion of the Consulting Engineers, as evidenced by a certificate to that effect filed with the Issuer, impede or restrict the operation by the Issuer of the System, but any payments to the Issuer under or in connection with any such contract, license, easement or right in respect of the System or any part thereof shall constitute Gross Revenues.

SECTION 5.11. Insurance. So long as the Net Revenues are pledged hereunder, the Issuer will carry, with a reputable insurance carrier or carriers, such insurance as is ordinarily carried by private or public corporations owning and operating water and sewer facilities similar to the System, including public liability insurance, in such amounts as the Issuer shall determine to be sufficient. The property loss or damage insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, furniture, fixtures and equipment of the System.

The Issuer may establish certain minimum levels of insurance for which the Issuer may self-insure. Such minimum levels of insurance

shall be in amounts as recommended in writing by an insurance consultant who has a favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for Persons engaged in operations similar to the System.

SECTION 5.12. No Impairment. The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Governing Body. This provision shall not, however, be deemed to prohibit the reduction or elimination of the Rates in the manner provided in Section 5.07 hereof.

SECTION 5.13. Special Covenants Relating to Reserve Account Insurance Policy or Reserve Account Letter of Credit.

(A) The Issuer shall annually submit to the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit, records of withdrawals on such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, as the case may be, received by the Paying Agent and remaining unpaid, the respective dates of such withdrawals, the interest accrued on such withdrawals and the aggregate amount of interest due by the Issuer to the issuer of such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, as the case may be.

(B) The Issuer hereby acknowledges that the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit shall be deemed a third-party beneficiary of this Resolution for the purpose of enforcing the terms, conditions and obligations of the Resolution which benefit the issuer of such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, as the case may be.

SECTION 5.14. Covenants with Credit Banks and Insurers. The Issuer may make such covenants as it may in its sole discretion determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution.

SECTION 5.15. Federal Income Tax Covenants; Taxable Bonds.

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds), that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will knowingly make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and neither, the Issuer nor any such other Person shall knowingly do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will use its best efforts to comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become includable in the gross income of the Holder thereof for federal income tax purposes. The covenants set forth in subsections (A), (B) and (C) of this Section 5.15 shall not apply to any Taxable Bonds.

SECTION 5.16. Financial Guaranty as Insurer. Notwithstanding any provisions to the contrary contained herein, the following provisions shall apply so long as the Bond Insurance Policy issued by Financial Guaranty, as hereinafter defined, shall be in full force and effect:

(A) Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto ("Financial Guaranty"), shall be deemed the Insurer of the Series 1989 Bonds.

(B) The notice address for Financial Guaranty shall be: Financial Guaranty Insurance Company, 175 Water Street, New York, New York 10038, Attention: President.

(C) Financial Guaranty shall be provided with the Annual Budget pursuant to Section 5.06 hereof, the Annual Audit pursuant to Section 5.09 hereof and in addition Financial Guaranty shall be provided with the following information:

(1) Official statements, if any, prepared in connection with the issuance of additional debt, whether or not such debt is on a parity

with the Bonds within 30 days of the sale thereof;

- (2) Notice of any draw upon or deficiency due to market fluctuation in the Reserve Account;
- (3) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (4) On an annual basis commencing October 1, 1989:
 - (a) The number of System users as of the end of the Fiscal Year;
 - (b) Notification of the withdrawal of any major System users (defined as a user comprising 4% or more of System sales measured in terms of revenue dollars) since the last reporting date;
 - (c) Since the last reporting date any significant plant retirements or expansions planned or undertaken; and
- (5) Such additional information as Financial Guaranty may reasonably request from time to time.

(D) For the purposes of Article VI hereof, Financial Guaranty shall be deemed the sole Holder of Bonds insured by Financial Guaranty, and the prior written consent of Financial Guaranty shall be required for any waiver of an Event of Default.

(E) For the purposes of Section 8.01 hereof, only cash or Federal Securities shall be used to accomplish defeasance of the Bonds, provided, however, that Prerefunded Obligations may be used with the prior written consent of Financial Guaranty, and in the event of an advance refunding, there shall be provided a verification report of an independent nationally recognized certified public accounting firm.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default. The following events shall each constitute an "Event of Default" hereunder:

(A) Default shall be made in the payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when due by the Issuer.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from any Insurer or the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or any Credit Bank. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

SECTION 6.02. Remedies. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof. This paragraph shall not be deemed to be a waiver by the Issuer of its venue rights.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and

the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

SECTION 6.03. Directions to Trustee as to Remedial Proceedings. The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring, or any Credit Bank providing a Credit Facility for, any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

SECTION 6.04. Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondholders 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 hereunder, or now or hereafter, existing at law or in equity or by statute.

SECTION 6.05. Waiver of Default. No delay or omission of any Bondholder 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 Section 6.02 of this Resolution to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06. Application of Moneys After Default. If an Event of Default shall happen and shall not have been remedied, the Issuer or a court-appointed trustee or receiver shall apply all Pledged Funds as follows and in the following order:

(A) To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder; and

(B) To the payment of the amounts required for reasonable and necessary Operation Expenses, and for the reasonable renewals, repairs and replacements of the System necessary to prevent loss of Gross Revenues, as certified by the Consulting Engineers; and

(C) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

SECTION 6.07. Control by Insurer or Credit Bank. Upon the occurrence and continuance of an Event of Default, each Insurer or Credit Bank, if such Insurer or Credit Bank shall have honored all of its commitments under its Bond Insurance Policy or its Credit Facility, as the case may be, shall be entitled to direct and control the enforcement of all rights and remedies with respect to the Bonds it shall insure or for which such Credit Facility is provided.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

SECTION 7.01. Supplemental Resolution Without Bondholders' Consent. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

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

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

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine at any time prior to the first delivery of any Series of Bonds the matters and things referred to in Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination.

(F) To authorize Additional Projects or to change or modify the description of the Initial Project or any Additional Project.

(G) To specify and determine matters necessary or desirable for the issuance of Capital Appreciation Bonds or Variable Rate Bonds.

(H) To authorize Additional Bonds or Subordinated Indebtedness.

(I) To make any other change that, in the opinion of Bond Counsel, would not materially adversely affect the security for the Bonds. In making such determination, Bond Counsel shall not take into consideration any Bond Insurance Policy.

Except Supplemental Resolutions described in subsections (E), (F) and (H) of this Section 7.01 and Supplemental Resolutions adopted for the purpose of authorizing Additional Bonds in compliance with all applicable provisions hereof, no Supplemental Resolution adopted pursuant to Article VII shall become effective unless approved by every Insurer; and the Issuer covenants and agrees to furnish to each Insurer an executed original transcript of the Issuer's proceedings with respect to the adoption of each Supplemental Resolution.

SECTION 7.02. Supplemental Resolution With Bondholders' Insurer's and Credit Bank's Consent. Subject only to the terms and conditions contained in this Section 7.02 and Section 7.01 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.02 shall also require the written consent of the Insurer of, or any Credit Bank providing a Credit Facility for, any Bonds which are outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds which adversely affects the rights granted by the Bonds or this Resolution in favor of any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders, the Insurer or the Credit Bank of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books and to all Insurers of, and Credit Banks providing a Credit Facility for, Bonds Outstanding. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be

mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

SECTION 7.03. Amendment with Consent of Insurer and/or Credit Bank Only. If all of a Series of Bonds Outstanding hereunder are insured or secured as to payment of principal and interest by an Insurer or Insurers and/or by a Credit Facility provided by a Credit Bank or Credit Banks, and the Insurer or Insurers and/or the Credit Bank or Credit Banks, as applicable, are not in default, and such Bonds, at the time of the hereinafter described amendment, shall be rated by the rating agencies which shall have rated the Bonds at the time such Bonds were insured or such Credit Facility was provided no lower than the ratings assigned thereto by such rating agencies on the date such Bonds were insured or such Credit Facility was provided, the Issuer may enact one or more Supplemental Resolutions amending all or any part of Articles I, IV, V, VI and VIII hereof with the written consent of said Insurer or Insurers and/or said Credit Bank or Credit Banks, as applicable, and the acknowledgment by said Insurer or Insurers and/or said Credit Bank or Credit Banks that its Bond Insurance Policy or its Credit Facility, as the case may be, will remain in full force and effect. If the Issuer shall provide to Moody's Investors Service and Standard & Poor's Corporation notice of an amendment and a copy thereof at least 15 days in advance of its adoption, the consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment to Section 5.15 hereof with respect to the exclusion, if applicable, of interest on said Bonds from the gross income of the Holders thereof for federal income tax purposes nor may any such amendments deprive the Holders of any Bond of right to payment of the Bonds from, and their lien on, the Pledged Funds and any additional security pledged hereunder. Upon filing with the Clerk of evidence of such notice to such rating agencies and such consent of the Insurer or Insurers and/or the Credit Bank or Credit Banks as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 7.02 hereof. Anything contained in this section to the contrary notwithstanding, any Supplemental Resolution or other amendment or supplement to this Resolution shall be subject to the prior written consent of Financial Guaranty Insurance Company so long as any Bonds insured by Financial Guaranty Insurance Company shall remain Outstanding.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Defeasance. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Funds and any additional security pledged hereunder, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Except as otherwise provided in Section 5.16 hereof, any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of

principal of or Redemption Price, if applicable, or interest on said Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption thereof; provided, however, the Issuer may substitute new Securities and moneys for the deposited Securities and moneys if the new Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on such Bonds, and any trust agreement governing the deposit of such Securities and moneys may provide for the investment of moneys unclaimed by Bondholders and for the payment to the Issuer of such unclaimed moneys and the investment earnings thereon.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Securities and moneys, if any, in accordance with this Section 8.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to satisfy this Section 8.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer 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 Issuer in determining whether to exercise any such option for early redemption.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds or any portion thereof shall be paid by an Insurer or Insurers or a Credit Bank or Credit Banks and such Insurer or Credit Bank shall not have been reimbursed by the Issuer, such Bonds or any portion thereof shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and any additional security pledged hereunder, and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or Insurers or such Credit Bank or Credit Banks shall be subrogated to the rights of such Bondholders.

SECTION 8.02. Capital Appreciation Bonds. For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 8.03. General Authority. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

SECTION 8.04. No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds or any certificate or other instrument to be executed in connection with the issuance of the Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 8.05. No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Bonds, nothing in this Resolution, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Insurer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Insurer and the Persons who shall from time to time be the Holders. The Insurer shall be entitled to (i) give notice of the occurrence of an Event of Default and (ii) intervene in judicial proceedings that affect the Bonds or the security therefor.

SECTION 8.06. Sale of Bonds. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable

provisions of law.

SECTION 8.07. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 8.08. Repeal of Inconsistent Resolutions. Resolution No. 88-241 and Resolution No. 88-253 of the Issuer are hereby repealed. All other resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 8.09. Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 8.10. Effective Date. This Resolution shall become effective immediately upon its passage.

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Issuer"), in connection with the issuance of \$_____ in aggregate principal amount of its Water and Sewer Revenue Refunding Bonds, Series 2002A (the "Series 2002A Bonds"), and \$_____ in aggregate principal amount of its Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Series 2002B Bonds," and, together with the Series 2002A Bonds, the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Issuer on April 25, 1989, as amended and supplemented, particularly as supplemented by a resolution adopted by the Issuer on November 5, 2002 (collectively, the "Resolution"). The Issuer agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer in order to assist the Participating Underwriter (as hereinafter defined) in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Certificate. Each Annual Report shall be accompanied by a Cover Sheet completed by the Issuer.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Cover Sheet" means the Municipal Secondary Market Disclosure Information Cover Sheet in the form attached hereto as Exhibit C.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission, and a method of obtaining hereafter the most current listing of approved National Repositories, are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Florida.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the date which shall be 180 days after the end of the Issuer’s Fiscal Year (presently September 30), commencing with the report for the Fiscal Year ending September 30, 2002, provide to each Repository an Annual Report with a Cover Sheet, that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report with a Cover Sheet to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report (other than the audited financial statements described in Section 3(a) by the date required in Section 3(a), the Issuer shall send a notice to (i) each National Repository or the Municipal Securities Rule Making Board and (ii) the State Repository, in substantially the form attached as Exhibit A, accompanied by a Cover Sheet.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) An update of the following portions of the Official Statement relating to the Bonds: (i) the tables under the heading "HISTORICAL REVENUES, EXPENSES AND DEBT SERVICE COVERAGE," (ii) the table under the heading "THE SYSTEM – Rates" and (iii) the table entitled "St. Johns County Net Debt Statement as of September 30, 2001" under "Appendix B – General Information Concerning the County." Such update shall include only financial information for the prior Fiscal Year and shall not include any projections for future Fiscal Years.

The information provided under Section 4(b) may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Modifications to rights of Bondholders.
- (iv) Bond calls.
- (v) Defeasances.
- (vi) Rating changes.
- (vii) Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
- (viii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(ix) Unscheduled draws on credit enhancements reflecting financial difficulties.

(x) Substitution of credit or liquidity providers or their failure to perform.

(xi) Release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence by completing a Cover Sheet and delivering it to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the State Repository. Notwithstanding the foregoing, notice of Listed Events described in Section 5(a)(iv) and Section 5(a)(v) need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), Section 4 or Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of

Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of November 1, 2002.

BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: St. Johns County, Florida

Name of Bond Issue: St. Johns County, Florida Water and Sewer Revenue
Refunding Bonds, Series 2002A and Taxable Water and
Sewer Revenue Refunding Bonds, Series 2002B

Date of Issuance: November 1, 2002

NOTICE IS HEREBY GIVEN that the Issuer has not provided an annual report with respect to the above-referenced Bonds as required by Section 3 and Section 4 of the Continuing Disclosure Certificate dated as of November 1, 2002, executed and delivered by the Issuer. [The Issuer anticipates that the annual report will be filed by _____.]

Dated:

[ISSUER/DISSEMINATION AGENT]

By: _____
Name:
Title:

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of November 1, 2002:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
E-mail: nrmsir@ftid.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Telephone: (212) 438-4595
Facsimile: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

The current list of NRMSIRs and State Repositories can be found at any time at the SEC's Web site at <http://www.sec.gov/info/municipal/nrmsir.htm>.

EXHIBIT C

COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository pursuant to Securities and Exchange Commission Rule 15c2-12 or any analogous state statute.

Issuer's and/or Other Obligated Person's

Name: _____

CUSIP Numbers (attach additional sheet if necessary)

[] Nine-Digit numbers to which the information relates: _____

[] Information relates to **all securities** issued by the issuer having the following six-digit numbers: _____

Number of pages of attached information: _____

Description of Material Event Notice/Financial Information (Check One):

1. ____ Principal and interest payment delinquencies
2. ____ Non-Payment related defaults
3. ____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ____ Substitution of credit or liquidity providers, or their failure to perform
6. ____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ____ Modifications to rights of securities holders
8. ____ Bond calls
9. ____ Defeasances
10. ____ Release, substitution, or sale of property securing repayment of the securities
11. ____ Rating changes
12. ____ Failure to provide annual financial information as required

13. _____ Other material event notice (specify) _____

*14. _____ Financial Information: Please check all appropriate boxes:

☐ CAFR: (a) ☐ includes ☐ does not include Annual Financial Information
(b) Audited? Yes ☐ No ☐

☐ Annual Financial Information: Audited? Yes ☐ No ☐

☐ Operating Data

Fiscal Period Covered: _____

*Financial information **should not** be filed with the MSRB.

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

APPENDIX F
FORM OF BOND COUNSEL LEGAL OPINION

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FORM OF BOND COUNSEL OPINION

November __, 2002

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), and other proofs submitted relative to the authorization, issuance and sale of and the security for the following described bonds (the "Series 2002A Bonds" and the "Series 2002B Bonds," respectively):

§ _____
St. Johns County, Florida
Water and Sewer Revenue Refunding Bonds
Series 2002A
and
§ _____
St. Johns County, Florida
Taxable Water and Sewer Revenue Refunding Bonds
Series 2002B

Dated as of November 1, 2002

The Series 2002A Bonds and the Series 2002B Bonds (collectively, the "Bonds") are issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89, as amended and supplemented, and Resolution No. 89-84 duly adopted by the Board on April 25, 1989, as amended and supplemented, particularly as supplemented by Resolution No. 2002-__ duly adopted by the Board on November 5, 2002 (the "Resolution"), to finance the cost of refunding the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1989, the cost of reserve account insurance policies relating to the Bonds and the costs of issuance of the Bonds. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. All terms used herein in capitalized form and not otherwise defined herein shall have the respective meanings assigned to such terms in the Resolution.

The principal of, premium, if any, and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of (1) the Net Revenues of the System, (2)

The Honorable Chairman and
Members of the Board of County
Commissioners of St. Johns County
November __, 2002
Page 2

certain Connection Charges to the extent provided in the Resolution and (3) until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds, all moneys and investments thereof in certain of the funds and accounts established pursuant to the Resolution and the earnings on such investments (collectively, the "Pledged Funds"), all in the manner and to the extent described in the Resolution. The Bonds are payable from the Pledged Funds on a parity with the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue and Refunding Bonds, Series 1996, Water and Sewer Revenue Refunding Bonds, Series 1998, Water and Sewer Revenue Refunding Bonds, Series 1999A and Taxable Water and Sewer Revenue Refunding Bonds, Series 1999B (collectively, the "Parity Obligations"), in the manner provided in the Resolution.

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 Pledged Funds 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 the Pledged Funds.

The Issuer has reserved the right to issue additional parity bonds to be payable from and secured by the Pledged Funds equally and ratably with the Bonds and the Parity Obligations, upon the terms and conditions prescribed in the Resolution.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing political subdivision of the State of Florida with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable in accordance with their terms.

The Honorable Chairman and
Members of the Board of County
Commissioners of St. Johns County
November __, 2002
Page 3

4. 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, as defined by Chapter 220, Florida Statutes, as amended.

5. Interest on the Series 2002A Bonds (including any original issue discount properly allocable to the owners thereof) (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax applicable to all taxpayers; provided, however, that interest on the Series 2002A Bonds is included in "adjusted current earnings" for purposes of calculating the alternative minimum tax imposed on corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2002A Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2002A Bonds to be so included in gross income retroactive to the date of issuance of the Series 2002A Bonds. The Issuer has covenanted to comply with all such requirements.

Interest on the Series 2002B Bonds will be treated as interest income for federal income tax purposes. Interest on the Series 2002B Bonds is not excluded from gross income for federal income tax purposes.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. 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.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

FOLEY & LARDNER

APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



**FINANCIAL
SECURITY
ASSURANCE.**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

Policy No.: -N-

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or teletyped notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security, and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise), to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Counter signature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)



**FINANCIAL
SECURITY
ASSURANCE®**

**ENDORSEMENT NO. 1 TO
MUNICIPAL BOND
INSURANCE POLICY
(Florida Insurance
Guaranty Association)**

ISSUER:

Policy No. _____

BONDS:

Effective Date _____

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under part 11 of chapter 631, Florida Statutes.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form No. 553NY (FL 6/90)



**FINANCIAL
SECURITY
ASSURANCE.**

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.: R

BONDS:

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the [Bond Document or] [Insurance Agreement]. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by Financial Security hereunder.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that Financial Security has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due

upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$_____. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document. "Termination Date" means the earlier of _____ and the date the _____ are no longer outstanding under the Bond Document.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud) whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Counter signature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 501B NY (8/96)

EXHIBIT B
BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

November __, 2002

Board of County Commissioners of
St. Johns County, Florida
County Administration Building
4020 Lewis Speedway
St. Augustine, Florida 32095

Re: \$_____ St. Johns County, Florida Water and Sewer Revenue
Refunding Bonds, Series 2002A and \$_____ St. Johns County, Florida
Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B

Ladies and Gentlemen:

William R. Hough & Co. (the "Underwriter") offers to enter into the following agreement (the "Purchase Contract") with St. Johns County, Florida (the "County"), which, upon your acceptance of this offer, will be binding upon the County and upon the Underwriter. This offer is made subject to your acceptance on or before 5:00 p.m., Eastern time, on the date hereof and if not so accepted, will be subject to withdrawal by the Underwriter upon notice to the County at any time prior to your acceptance hereof;

1. **Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the County for offering to the public, and the County hereby agrees to sell and deliver to the Underwriter for such purpose, all (but not less than all) of the County's \$_____ Water and Sewer Revenue Refunding Bonds, Series 2002A (the "Series 2002A Bonds") and the County's \$_____ Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Series 2002B Bonds," and, together with the Series 2002A Bonds, the "Bonds"). The Bonds shall be dated as of November 1, 2002, and shall be issued in such principal amounts, bear such rates of interest, and be redeemable upon such terms as set forth in Exhibit A attached hereto. Interest on the Bonds shall be payable on June 1, 2003, and on each June 1 and December 1 thereafter. The aggregate purchase price of the Series 2002A Bonds is \$_____ (which takes into account a net original issue premium of \$_____ and an Underwriter's discount of \$_____) plus accrued interest from November 1, 2002 to the Closing Date (as hereinafter defined). The aggregate purchase price of the Series 2002B Bonds is \$_____ (which takes into account a net original issue premium of \$_____ and an Underwriter's discount of \$_____) plus accrued interest from November 1, 2002 to the Closing Date. The Bonds shall initially be offered to the public at such prices or yields as indicated on Exhibit A attached hereto. The Bonds are being issued pursuant to the Constitution and Laws of the State of Florida, particularly, Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89, as amended, and other applicable provisions of law, and Resolution No. 89-84 of the County duly adopted on April 25, 1989, as amended and supplemented, particularly as supplemented by Resolution No. 2002-__ duly adopted by the County on November 5, 2002 (Resolution No. 89-84, as amended and supplemented, is herein referred to as the "Resolution").

The Bonds are special and limited obligations of the County, payable solely from and secured by the Pledged Funds (defined below).

The County is proposing to issue the Bonds to finance the cost of (i) refunding the County's outstanding Water and Sewer Revenue Bonds, Series 1989 (the "Series 1989 Bonds"), (ii) purchasing a reserve account insurance policy for deposit into a reserve account for the Bonds, and (iii) paying cost of issuing the Bonds, including payment of the premium for a municipal bond insurance policy (the "Bond Insurance Policy") to be purchased from Financial Security Assurance Inc. (the "Insurer"). The principal of and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) of the water and sewer system of the Issuer (the "System," as defined in the Resolution), (2) certain connection charges to the extent provided in the Resolution and (3) until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds, all moneys and investments thereof in certain of the funds and accounts established pursuant to the Resolution and the earnings on such investments (collectively, the "Pledged Funds"), all in the manner to the extent described in the Resolution. The Bonds are payable on a parity, equally and ratably, from the Pledged Funds with the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue and Refunding Bonds, Series 1996, Water and Sewer Revenue Refunding Bonds, Series 1998 and the Water and Sewer Revenue Refunding Bonds, Series 1999A and Series 1999B.

Concurrently with the execution and delivery of the Bonds, there are to be executed and delivered, among other things, (a) the Continuing Disclosure Certificate of the Issuer dated as of November 1, 2002 (the "Continuing Disclosure Certificate"), (b) the Registrar and Paying Agency Agreement dated as of November 1, 2002, relating to the Series 2002A Bonds, and the Registrar and Paying Agency Agreement dated as of November 1, 2002, relating to the Series 2002B Bonds (collectively, the "Registrar and Paying Agency Agreements"), between the County and The Bank of New York Trust Company of Florida, N.A., as registrar and paying agent for the Series 2002A Bonds and the Series 2002B Bonds (the "Registrar and Paying Agent"), (c) the Tax Certificate of the Issuer dated as of November 1, 2002 (the "Tax Certificate"), relating to the Series 2002A Bonds and (d) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Bonds.

2. **Underwriter's Liability.** Delivered to you herewith, as a good faith deposit, is a corporate check of the Underwriter payable to the order of the County in the amount of \$_____ as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds at Closing in accordance with the provisions hereof. In the event that you accept this offer, said check will be held uncashed by the County as a good faith deposit. At the Closing, the check will be returned to the Underwriter. In the event you do not accept this offer, the check shall be immediately returned to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds at the Closing as provided herein, the check may be cashed by the County and the proceeds retained by the County as full liquidated damages for the failure of the Underwriter to accept and pay for the Bonds at closing and for any and all defaults hereunder on the part of the Underwriter, and the retention of such amounts shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults hereunder on the part of the Underwriter, it being understood by

both the County and the Underwriter that actual damages in such circumstances may be difficult or impossible to compute.

In the event that the County fails to deliver the Bonds at the Closing, or if the County is unable at or prior to the Closing Date to satisfy or cause to be satisfied the conditions to the obligations of the Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter contained herein shall be cancelled or terminated for any reason permitted by this Purchase Contract, the County shall be obligated to immediately return the check to the Underwriter and such return shall constitute a full release and discharge of all claims by the County and the Underwriter arising out of the transaction contemplated herein except for the respective obligations of the County and the Underwriter set forth in Section 8 hereof.

3. **Offering.** The Underwriter agrees to make a public offering of the Bonds at the initial offering prices set forth in Exhibit A attached hereto; provided, however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds.

It shall be a condition of your obligation to sell and deliver the Bonds to the Underwriter, and the obligation of the Underwriter to purchase and accept delivery of the Bonds, that the entire initial aggregate principal amount of the Bonds shall be sold and delivered by you and accepted and paid for by the Underwriter at the Closing.

4. **Preliminary Official Statement and Official Statement.** The County hereby confirms that it has heretofore made available to the Underwriter a Preliminary Official Statement of the County relating to the Bonds dated November __, 2002 (which, together with the cover page and appendices contained therein, is herein called the "Preliminary Official Statement"). Within seven business days of the acceptance hereof by the County, the County shall deliver to the Underwriter, at the County's expense such reasonable number of conformed copies of the Official Statement (which, together with the official cover page and appendices contained therein, is herein called the "Official Statement"), as the Underwriter shall reasonably request, which shall be sufficient in number to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The County, by its acceptance hereof ratifies and approves the Preliminary Official Statement as of its date and approves and authorizes the Underwriter to use the Official Statement and all documents described therein in connection with the public offering and the sale of the Bonds. The County agrees to make no amendments to the Official Statement without the prior written consent of the Underwriter, which consent shall not be unreasonably withheld. In addition, the County will undertake, pursuant to the Resolution and the Continuing Disclosure Certificate dated the Closing Date to provide certain annual financial and operating information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Offering Statement and will also be set forth in the final Official Statement.

In accordance with Section 218.385(6), Florida Statutes, the Underwriter hereby discloses the required information as provided in Exhibit B attached hereto. In accordance with

218.385(2) and (3), Florida Statutes, the Underwriter has delivered to the County the Truth-in-Bonding statement, which statement is attached hereto as Exhibit C.

5. Representations, Warranties and Agreements. The County hereby represents, warrants and agrees as follows:

a. As of the date of the Preliminary Official Statement and the date of this Purchase Contract, and as of the date of Official Statement and at the time of Closing, the statements and information contained in the Preliminary Official Statement and Official Statement will be true, correct and complete in all material respects and the Preliminary Official Statement and Official Statement will not omit any statement or information which should be included therein for the purposes for which the Preliminary Official Statement and Official Statement is to be used or which is necessary to make the statements or information contained therein, in light of the circumstances under which they were made, not misleading (provided, however, that no representation or warranty is being provided with respect to the Bond Insurance Policy or DTC and its book-entry system).

b. Between the date of this Purchase Contract and the time of Closing, the County will not execute any bonds, notes or obligations for borrowed money, other than the Bonds, which pledge either the full faith and credit of the County or the Pledged Funds, without giving prior written notice thereof to the Underwriter.

c. The County is, and will be at the Closing Date, duly organized and validly existing as a political subdivision of the State of Florida, with the powers and authority set forth in the Act.

d. The County has full legal right, power and authority to: (i) enter into this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate and the Tax Certificate, (ii) adopt the Resolution, (iii) sell, issue and deliver the Bonds to the Underwriter under the Act as provided herein, and (iv) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreements, Continuing Disclosure Certificate, the Tax Certificate and the Official Statement, and the County has complied, and at the Closing will be in compliance, in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Bonds contained in the Resolution, the Bonds, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Tax Certificate and this Purchase Contract.

e. By all necessary official action, the County has (i) duly adopted the Resolution, (ii) duly authorized and approved the Official Statement, and (iii) duly authorized and approved the execution and delivery of, and the performance by the County of, the Bonds, this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Tax Certificate and all other obligations on its part in connection with the issuance of the Bonds and the consummation by it of all other transactions contemplated by this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Official Statement and the Tax Certificate in connection with the issuance of the Bonds; and upon delivery of the Bonds at the Closing, the Resolution,

this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate and the Tax Certificate will constitute legal, valid and binding obligations of the County, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

f. When delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Purchase Contract, the Bonds shall be entitled to the benefits of the Resolution in accordance with the provisions of the Resolution, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

g. The adoption of the Resolution and the authorization, execution and delivery of this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Tax Certificate and the Bonds, and compliance with the provisions hereof and thereof, will not conflict with, or constitute a material breach of or default under any law, administrative regulation, consent decree, ordinance, resolution or any agreement or other instrument to which the County was or is subject, as the case may be, nor will such adoption, execution, delivery, authorization or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County, or under the terms of any law, administrative regulation, ordinance, resolution or instrument, except as expressly provided by the Resolution.

h. At the time of Closing, the County will be in compliance in all respects with the covenants and agreements contained in the Resolution and no event of default and no event which, with the lapse of time or giving of notice, or both, would constitute an event of default under the Resolution will have occurred or be continuing.

i. Except as provided in the Official Statement, all approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations hereunder and its obligations under the Resolution have been obtained and are in full force and effect.

j. The County has obtained all consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the operation of the System.

k. The County is lawfully empowered to pledge and grant a lien on the Pledged Funds for payment of the principal of, redemption premium, if any, and interest on the Bonds.

l. Except as expressly disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency or public board or body pending or, to the best knowledge of the County, threatened against the County, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Funds or the pledge of and lien on the Pledged Funds or contesting or affecting as to the County the validity or enforceability in any respect of the Bonds, the Resolution, the Registrar and Paying Agency Agreements, the

Continuing Disclosure Certificate, the Tax Certificate or this Purchase Contract, or contesting the tax-exempt status of interest on the Series 2002A Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or the Board of County Commissioners (the "Commission") or any authority for the issuance of the Bonds, the adoption of the Resolution or the execution and delivery by the County of the Bonds, this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate or the Tax Certificate, or which could materially adversely affect the operations or the financial condition of the System.

m. The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to (i) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

n. The County will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Resolution, and as described in the Official Statement.

o. The County neither is nor has been in default at any time after December 31, 1975, as to principal or interest with respect to an obligation issued or guaranteed by the County as to which County revenues are pledged.

p. As of its date, the Preliminary Official Statement was deemed "final" by the County for the purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain matters permitted thereby.

q. If, after the date of this Purchase Contract and until the earlier of (i) 90 days from the end of the "underwriting period" (as defined in SEC Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from a nationally recognized repository, but in no case less than 25 days following the end of the underwriting period, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall notify the Underwriter thereof and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its own expense forthwith prepare and furnish to the Underwriter a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

r. Any certificate signed by any official of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter as to the truth of the statements therein contained.

s. The County has never failed to comply with any prior continuing disclosure obligation arising out of SEC Rule 15c2-12.

6. **Closing.** At noon, local time, on November __, 2002 (the "Closing Date"), or at such time on such earlier or later date as shall be agreed upon, the County will, subject to the terms and conditions hereof deliver to DTC in the City of New York, New York or such other location as shall be acceptable to the County and DTC, the Bonds in permanent form, duly executed, and will deliver the other documents herein mentioned at a location mutually agreed upon by the County and the Underwriter; and the Underwriter will pay the purchase price of the Bonds as set forth in Section 1 hereof plus accrued interest on the Bonds from November 1, 2002 to the Closing Date, by immediately available funds, payable to the order of the County. This delivery and payment is herein called the "Closing."

7. **Closing Conditions.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the County herein contained and the performance by the County of its obligations hereunder, both as of the date hereof and as of the time of Closing. The obligations of the Underwriter under this Purchase Contract are and shall be subject to each of the following conditions, and the obligations of the County shall be subject to the County receiving the items described in conditions (f)(ii), (f)(iv), (f)(vi) through (f)(xi) and (f)(xiv):

a. The representations and warranties of the County contained herein shall be true and correct as of the date hereof and as of the Closing Date, as if made on the Closing Date.

b. The County shall have performed all agreements of the County required to be performed under the Resolution and this Purchase Agreement prior to or on the Closing Date.

c. At the time of the Closing, the Resolution shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter.

d. At the time of the Closing, all official action of the County relating to this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Tax Certificate, the Official Statement and the Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Underwriter.

e. The Underwriter shall have the right to cancel the agreement contained herein to purchase, to accept delivery of and to pay for the Bonds by notifying you in writing of their intention to do so if

i. between the date hereof and the Closing Date, legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of Congress by any Committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the Series 2002A Bonds, which, in the opinion of Counsel for the Underwriter has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, or

ii. between the date hereof and the Closing Date, legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which has the effect of requiring the contemplated issuance or distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or of requiring the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or

iii. an event described in paragraph (q) of Section 5 hereof shall have occurred which requires an amendment or supplement to the Official Statement and which, in the reasonable opinion of the Underwriter, adversely affects the marketability of the Bonds or the market price thereof, or

iv. in the reasonable opinion of the Underwriter, payment for the delivery of the Bonds is rendered impracticable or inadvisable because (A) trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or (B) a general banking moratorium shall have been established by Federal, New York or Florida authorities, or (C) a war or terrorist act involving the United States or other national calamity shall have occurred or been declared, or

v. an order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, or any legislation, enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement or prohibiting the adoption or performance of the Resolution, or

vi. the County has, without the prior written consent of the Underwriter, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than as described in the Official Statement, in either case payable from the Pledged Funds, or there has been an adverse change of a material nature in the financial position, results of the operation or condition, financial or otherwise, of the County or the System, in all cases other than in the ordinary course of its business, or other than as contemplated in the Official Statement, which change could adversely affect the transactions contemplated hereby, or

vii. the President of the United States, the Office of Management and Budget, the Department of Treasury, the Internal Revenue Service or any other governmental body, department, agency or commission of the United States or the State of Florida shall take or propose to take any action or implement or propose regulations, rules or legislation which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Bonds or causes any material information in the Official Statement, in light of the circumstances under which it appears, to be misleading in any material respect, or

viii. any executive order shall be announced, or any legislation, ordinance, rule or regulation shall be proposed by or introduced in, or be enacted by any governmental body, department, agency or commission of the United States or the State of Florida or the State of New York, having jurisdiction over the subject matter, or a decision by any court of competent jurisdiction within the United States or within the State of Florida or the State of New York shall be rendered which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Bonds or causes any information in the Official Statement to be misleading in any material respect, or

ix. prior to Closing, Moody's Investor's Service, Inc. ("Moody's") and Standard & Poor's Credit Markets Services, a division of The McGraw-Hill Companies ("Standard & Poor's"), shall inform the County or the Underwriter that the Bonds will not have an insured rating of at least "Aaa" and "AAA," respectively, or the Insurer shall inform the County or the Underwriter that it will not deliver its Bond Insurance Policy on the Closing Date.

f. At or prior to the Closing Date, the Underwriter shall receive the following documents:

i. The Resolution certified by the County Clerk under seal as having been duly adopted by the County and as being in effect, with such supplements, modifications or amendments as may have been agreed to by the Underwriter.

ii. A final approving opinion of Foley & Lardner, Bond Counsel, addressed to the County, dated the date of the Closing, in substantially the form included in the Official Statement as Appendix D.

iii. A letter of Bond Counsel addressed to the Underwriter and the Insurer, and dated the Closing Date, to the effect that their final approving opinion referred to in Section 7(f)(ii) hereof may be relied upon by the Underwriter and the Insurer to the same extent as if such opinion were addressed to the Underwriter and the Insurer.

iv. An opinion of James G. Sisco, Esquire, attorney for the County, addressed to the County, the Underwriter and the Insurer, and dated the date of the Closing, substantially to the effect that:

(1) the Resolution has been duly adopted by the County and the Bonds, this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate and the Tax Certificate have been duly authorized, executed and delivered by the County, and the Resolution, the Continuing Disclosure Certificate, the Tax Certificate, the Bonds, when duly authenticated, and the Purchase Contract, the Registrar and Paying Agency

Agreements, when duly executed by the other parties thereto constitute valid, legal and binding agreements of the County enforceable in accordance with their respective terms; provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally;

(2) the County is a political subdivision duly existing under the Constitution and laws of the State of Florida and has good right and lawful authority to issue the Bonds, to secure the Bonds in the manner provided in the Resolution, to carry out its powers under the Act (as defined in the Resolution) and to perform all of its obligations under the Resolution, the Bonds, the Purchase Contract, the Continuing Disclosure Certificate and the Registrar and Paying Agency Agreements;

(3) no consent, waiver or any other action by any person, board or body, public or private, other than the approval of the County which has been duly and validly obtained, is required as of the date hereof for the County to issue the Bonds or adopt the Resolution, or to execute and deliver the Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate or Tax Certificate, or to perform its obligations under any of the foregoing;

(4) to the best of his knowledge, the adoption of the Resolution and the execution and delivery of this Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Tax Certificate and the Bonds and compliance with the provisions of each do not and will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Florida, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the County is a part or is otherwise subject;

(5) except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending or, to the best of his knowledge, threatened, challenging the creation, organization or existence of the County or the validity of the Bonds, the Purchase Contract, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate or the Tax Certificate or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or which, in any manner, questions the right of the County to issue the Bonds or to pledge the Pledged Funds for repayment of the Bonds;

(6) nothing has come to his attention that would lead him to believe that the Official Statement as of its date or as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(7) the Official Statement has been duly authorized, executed and delivered by the County, and the County has consented to the use thereof by the Underwriter; and

(8) the County is lawfully empowered to pledge and grant a lien on the Pledged Funds, for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

(9) for the purposes of the opinion, he has assumed that the interest on the Series 2002A Bonds is excluded from gross income for federal income tax purposes and that neither the Bonds, the Purchase Contract, the Registrar and Paying Agency Agreements, the Official Statement, the Resolution, the Continuing Disclosure Statement, the Tax Certificate nor any other matter or documents need to be registered or qualified under the Securities Act of 1933, as amended, the Florida Securities Act, Chapter 517 Florida Statutes, as amended, the Trust Indenture Act of 1939, as amended, or the securities or blue sky laws of any jurisdiction.

v. A certificate, which shall be true and correct at the time of Closing, signed by the Chairman and the Clerk or such other officials satisfactory to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that, to the best of their knowledge and belief

(1) the representations, warranties and covenants of the County contained herein are true and correct in all material respects as of the Closing Date and that the County has satisfied all conditions to be performed or satisfied hereunder at or prior to Closing;

(2) the Official Statement did not as of its date, and does not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading (provided, that no opinion need be expressed regarding the information contained therein relating to the Insurer, the Bond Insurance Policy, DTC and its book-entry system);

(3) that, except as disclosed in the Official Statement, no litigation or other proceedings are pending or, to his or her knowledge, threatened against the County in any court or other tribunal of competent jurisdiction, State or Federal, in any way (i) restraining or enjoining the issuance, sale or delivery of any of the Bonds, or (ii) questioning or affecting the validity of this Purchase Contract, the Bonds, the Resolution, the Registrar and Paying Agency Agreements, the Continuing Disclosure Certificate, the Tax Certificate or the pledge by the County to the Bondholders of the Pledged Funds, or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Bonds or (iv) questioning or affecting (A) the organization or existence of the County or the title to office of the officers thereof or (B) the power or authority of the County to receive the Pledged Funds or (v) asserting that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(4) that except as disclosed in the Official Statement, the County is not in default nor has been in default at anytime after December 31, 1975 as to principal or interest with respect to any obligation issued or guaranteed by the County;

(5) that no event affecting the County or the System has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or that is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and

(6) that since the date of the financial statements included in the Official Statement, (i) no material adverse change has occurred in the financial condition of the County or the System and (ii) the County has not incurred any material liabilities other than in the ordinary course of business, except as set forth in or contemplated by the Official Statement.

vi. An opinion of Foley & Lardner, as Bond Counsel, addressed to the County and the Underwriter, and dated the Closing Date, to the effect that:

(1) with respect to the information in the Official Statement and based upon said firm's review of the Official Statement, the Resolution, the Bonds and state and federal laws, as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the entire contents of the Official Statement, it is of the opinion that the information in the Official Statement under the headings "INTRODUCTION," "REFUNDING PLAN," "DESCRIPTION OF THE SERIES 2002 BONDS -- General," "DESCRIPTION OF THE SERIES 2002 BONDS -- Redemption," "AUTHORITY AND SECURITY FOR THE SERIES 2002 BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE" (except for the financial and statistical data contained in any such headings, as to which no view need be expressed), "APPENDIX D -- The Resolution" and "APPENDIX E -- Continuing Disclosure Certificate" insofar as such information purports to be descriptions or summaries of the Resolution, the Bonds or state and federal laws to the extent indicated therein, are accurate and fair statements or summaries of the matters set forth or the documents referred to therein; and

(2) 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.

vii. An opinion of Foley & Lardner, as Disclosure Counsel, addressed to the County and the Underwriter, and dated the Closing Date, to the effect that it has participated in the preparation and review of the Official Statement dated November __, 2002 (the "Official Statement") relating to the Bonds; has conferred with and reviewed the opinion rendered by counsel for the County; has conferred with certain of the County's officers and representatives; and has examined such other documents, proceedings, records and other instruments as it has deemed necessary or advisable for purposes of rendering its opinion; and without passing upon, or assuming responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, and without independent verification of factual matters, nothing has come to its attention that would lead it to believe that the Official Statement contains any untrue statement of material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No opinion need be expressed as to the ability of the County to comply with the terms and provisions of the Resolution, or the provisions of any other document or certificate, nor as to the portions of the Official Statement captioned "DESCRIPTION OF THE SERIES 2002 BONDS - Book Entry-Only System," "MUNICIPAL BOND INSURANCE," "RESERVE ACCOUNT INSURANCE POLICY," Appendices A, B, E or F thereto, or any financial, statistical, economic or demographic information included in the Official Statement.

viii. A certificate of an authorized representative of the Registrar, as Paying Agent to the effect that:

(1) the Registrar and Paying Agent is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and is duly authorized to exercise trust powers,

(2) the Registrar and Paying Agent has all the requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Resolution and the Registrar and Paying Agency Agreements;

(3) the performance by the Registrar and Paying Agent of its functions under the Resolution and the Registrar and Paying Agency Agreements will not result in any violation of the Articles of Association or Bylaws of the Registrar and Paying Agent, any court order to which the Registrar and Paying Agent is subject or any agreement, indenture or other obligation or instrument to which the Registrar and Paying Agent is a party or by which the Registrar and Paying Agent is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Registrar and Paying Agent is required in order for the Registrar and Paying Agent to perform its functions under the Resolution and the Registrar and Paying Agency Agreements;

(4) the Registrar and Paying Agency Agreements constitute a valid and binding obligations of the Registrar and Paying Agent in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity; and

(5) to the best of such authorized representative's knowledge, there is no action, suit, proceeding, or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Registrar and Paying Agent wherein an unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Registrar to perform its obligations under the Resolution and the Registrar and Paying Agency Agreements.

ix. Letters of Moody's and Standard & Poor's to the effect that the Bonds have been assigned an insured rating no less favorable than "Aaa" and "AAA," respectively, which ratings shall be in effect as of the Closing Date.

x. Duly executed copies of the Bond Insurance Policy, the Registrar and Paying Agency Agreements and the Continuing Disclosure Certificate in form acceptable to the Underwriter and Bond Counsel.

xi. An opinion of general counsel to the Insurer and a certificate of an officer of the Insurer dated the date of the Closing and addressed to the Underwriter and the County, concerning the Insurer, the Policy, and the information relating to the Insurer and the Policy, contained in the Official Statement, in form and substance satisfactory to the Underwriter.

xii. A duly executed copy of the Tax Certificate in form acceptable to Bond Counsel, setting forth the facts, estimates and circumstances which establish that it is not expected that the proceeds of the Series 2002A Bonds will be used in a manner that would cause the Series 2002A Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and to the best of the knowledge and belief of such officer, such expectations are reasonable.

xiii. A letter of representations of the Issuer to DTC.

xiv. A consent letter of the County's independent auditor.

xv. Internal Revenue Service Form 8038-G relating to the Series 2002A Bonds.

xvi. State of Florida Division of Bond Finance Form BF2003/2004-B.

xvii. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request, to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract and the Underwriter does not waive such inability in writing (except that the delivery of the Continuing Disclosure Certificate cannot be waived), or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, the good faith deposit described in Section 2 hereof shall be returned to the Underwriter and neither the Underwriter nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

8. Expenses. The Underwriter shall be under no obligation to pay, and the County shall pay, any expense incident to the performance of the County's obligations hereunder including, but not limited to: (a) the cost of preparation, printing and delivery of the Resolution; (b) the cost of preparation and printing of the Bonds, (c) the fees and expenses of Bond Counsel, and Disclosure Counsel, (d) the fees and disbursements of the County's certified public accountants; (e) the fees and expenses of Public Financial Management, Inc., the County's financial advisor for the Bonds; (f) the fees and disbursements of any other experts, consultants or advisors retained by the County; (g) fees for bond ratings; (h) the fees and expenses of the Registrar and Paying Agent; and (i) the costs of preparing, printing and delivering the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto. The Underwriter shall pay: (a) the cost of printing and delivery of this Purchase Contract; (b) the cost of all "Blue Sky" and legal investment memoranda and related filing fees; (c) all advertising expenses, and (d) all other expenses incurred by it in connection with the public offering of the

Bonds including the fees and disbursements of counsel for the Underwriter, if any. In the event that either party shall have paid obligations of the other as set forth in this Section 8, adjustment shall be made at the time of the Closing.

9. **Notices.** Any notice or other communication to be given to you under this Purchase Contract may be given by mailing the same to the attention of the County Administrator, at the address set forth on the first page hereof, and any such notice or other communication to be given to the Underwriter may be mailed to William R Hough & Co., One Independent Drive, Suite 3204, Jacksonville, Florida 32202, Attention: Mitchell N. Owens.

10. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the County and the Underwriter and no other party or person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect and shall survive the delivery of the Bonds.

11. **Waiver.** Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter, and the approval of the Underwriter when required hereunder or the determination of their satisfaction as to any document referred to herein shall be evidenced by its purchase of the Bonds; or provided, however, the Underwriter may not waive the delivery of the Continuing Disclosure Certificate.

12. **No Liability.** Neither the Commission, nor any of the members thereof, nor any officer, agent or employee thereof shall be charged personally by the Underwriter with any liability, or held liable to the Underwriter under any term or provision of this Purchase Contract because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

13. **Governing Law.** This Purchase Contract, and the terms and conditions herein, shall constitute the full and complete agreement between the County and the Underwriter with respect to the purchase and sale of the Bonds. This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Florida.

14. **Operation of Warranties, Etc.** All the representations, warranties, covenants and agreements of the County in this Purchase Contract shall remain operative and in full force and effect as if made on the date hereof and the Closing Date, regardless of (i) any investigation made by or on behalf of the Underwriter or by Disclosure Counsel, or (ii) delivery of and any payment for the Bonds hereunder.

15. **Section Headings.** Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

16. **Severability.** If any provision of this Purchase Contract shall be held or deemed to be, or shall in fact be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of

any constitution, statute, or rule of public policy, or for any other reasons, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

17. **Execution of Counterparts.** This Purchase Contract may be executed in any number of counterparts, all of which taken together shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart. The execution of this Purchase Contract has been duly authorized by the Commission.

18. **Governing Law.** This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Florida.

19. **Effectiveness.** This Purchase Contract shall become effective upon the execution by the appropriate County officials of the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

Very truly yours,

WILLIAM R. HOUGH & CO.

By: _____
Mitchell N. Owens, Senior Vice President

Accepted this ____ day of November, 2002
by the Board of County Commissioners of
St. Johns County, Florida

By: County Administrator

EXHIBIT A

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS
SERIES 2002A BONDS - \$_____ SERIAL BONDS

Maturities (<u>June 1</u>)	<u>Amounts</u>	Interest <u>Rates</u>	<u>Yield</u>

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS
SERIES 2002B BONDS - \$_____ SERIAL BONDS

Maturities (<u>June 1</u>)	<u>Amounts</u>	Interest <u>Rates</u>	<u>Yield</u>

Redemption

The Bonds are not subject to redemption prior to their stated maturities.

EXHIBIT B
DISCLOSURE STATEMENT

Board of County Commissioners of
St. Johns County, Florida
County Courthouse
4010 Lewis Speedway
St. Augustine, Florida 32084

Re: \$_____ St. Johns County, Florida Water and Sewer Revenue
Refunding Bonds, Series 2002A and \$_____ St. Johns County, Florida
Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B

Ladies and Gentlemen:

In connection with the proposed issuance by St. Johns County, Florida of \$_____ of its Water and Sewer Revenue Refunding Bonds, Series 2002A and \$_____ of its Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (collectively, the "Bonds"), William R. Hough & Co. (the "Underwriter") is underwriting a public offering of the Bonds. The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

A. The nature and estimated amount of expenses to be incurred by the Underwriter in connection with the purchase and reoffering of the Bonds are set forth in Schedule I attached hereto.

B. No person has entered into an understanding with the Underwriter, or to the knowledge of the Underwriter, with the County, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the County and the Underwriter or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bonds.

C. The underwriting spread, the difference between the price at which the Bonds will be initially offered to the public by the Underwriter and the price to be paid to the County for the Bonds, exclusive of accrued interest, will be \$___ per \$1,000 of Bonds issued.

D. As part of the estimated underwriting spread set forth in Paragraph (c) above, the Underwriter will charge a management fee of \$___ per \$1,000 of Bonds issued.

No other fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriter (including any "finder" as defined in Section 218.386(l)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriter, as set forth in Paragraph (a) above.

We understand that you do not require any further disclosure from the Underwriter, pursuant to Section 218.385(6), Florida Statutes.

WILLIAM R. HOUGH & CO.
One Independent Drive, Suite 3204
Jacksonville, Florida 32202

By: _____
Mitchell N. Owens, Senior Vice President

SCHEDULE I

UNDERWRITERS ESTIMATED EXPENSES

	<u>(per \$1,000)</u>
MSRB, CUSIP, DTC, PSA	\$
Travel, Closing	
Communications/Advertising	
Day Loan	
Clearance	
Total Expenses	\$

EXHIBIT C

TRUTH-IN BONDING STATEMENT

The following truth-in-bonding statement is prepared pursuant to Section 218.385(2) and (3), Florida Statutes, and is for informational purposes only. It shall not affect or control the actual terms and conditions of the debt or obligations.

St. Johns, Florida (the "County") is proposing to issue \$_____ of St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2002A and \$_____ of St. Johns County, Florida, Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (collectively, the "Bonds") for the purpose of providing funds to refund the County's outstanding Water and Sewer Revenue Bonds, Series 1989 (the "Series 1989 Bonds"), to purchase a reserve account insurance policy for deposit into a reserve account and to pay certain costs and expenses related to the issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately __ years. At the interest rates set forth in Exhibit A of the Purchase Contract, total interest paid over the life of the Bonds inclusive of accrued interest will be \$_____.

The principal of and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of (1) the Net Revenues (as defined in the resolution authorizing the issuance of the Bonds, hereinafter called the "Resolution") of the water and sewer system of the Issuer, (2) certain connection charges to the extent provided in the Resolution and (3) until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds, all moneys and investments thereof in certain of the funds and accounts established pursuant to the Resolution and the earnings on such investments (collectively, the "Pledged Funds"), all in the manner to the extent described in the Resolution. Because the Bonds will refund the Series 1989 Bonds and will result in a lower debt service on such bonded indebtedness, authorizing the Bonds will not result in any additional such Pledged Funds not being available to finance other projects of the County.

EXHIBIT C

INSURER'S COMMITMENTS



A Dexia Company

October 25, 2002

FEDERAL EXPRESS

Mr. Allen MacDonald
Finance Director
St. Johns County, Florida
4020 Lewis Speedway
St. Augustine, Florida 32095

Re: Not to Exceed \$5,500,000 aggregate principal amount of St. Johns County, Florida Water and Sewer Revenue Refunding Bonds, Series 2002 A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B

Dear Mr. MacDonald:

Enclosed please find two signed originals for each of our amended and restated municipal bond insurance commitment letter and municipal bond debt service reserve insurance commitment letter, both in respect of the above-referenced issue. Please have both sets of documents signed, keep one original of each for your records, and return the other originals to Ms. Vanessa Edwards-EI, of our office. The signed originals must be returned to Ms. Edwards-EI prior to any reference to Financial Security as insurer of the issue being made in marketing efforts in respect of the issue.

All parties may access Financial Security's website (www.FSA.com) where the logo sheet, statement of insurance, disclosure language, specimen policy, procedures for premium payment, form of opinion and form of disclosure, no default and tax certificate may be viewed and downloaded as needed. Financial Security will require, prior to closing, six hard copies of the final official statement.

We will deliver to Bond Counsel, at the preliminary closing, assuming the requirements of the commitment letter have been met, an opinion of counsel as to the enforceability of the policies, a disclosure, no default and tax certificate of Financial Security and the executed policies. Prior to the closing, Financial Security will obtain rating letters from the rating agencies indicated in the official statement. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

Please ensure the following people are added to the Distribution List for this Financing:

Ronald Millet,
Assistant General Counsel

Telephone: (212) 339-3481
Telecopier: (212) 339-3529
E-Mail: RMillet@FSA.com

Minnie Lau, Analyst

Telephone: (212) 893-7798
Telecopier: (212) 339-3450
E-Mail: MLau@fsa.com

Vanessa Edwards-EI, Paralegal
Documentation and Closing Coordinator

Telephone: (212) 339-0864
Telecopier: (212) 339-0872 or (212) 339-3588
E-Mail: VEDwards-EI@fsa.com

Financial Security requires one original and two copies of the final closing transcript of proceedings and it may be in the form of either hard copies or three CD-ROMs.

Thank you.

Yours truly,

Ronald Millet
Assistant General Counsel

cc: Emily Diaz, Esquire; Foley & Lardner
Mr. Mitchell N. Owens, Senior Vice President; William R. Hough & Co.
Mr. Rebecca Peterson, Consultant; Public Financial Management, Inc.

Financial Security Assurance

350 Park Avenue - New York, New York 10022 - Tel: 212.826.0100 - Fax: 212.688.3101
New York - Dallas - San Francisco - London - Madrid - Paris - Singapore - Sydney - Tokyo



MUNICIPAL BOND INSURANCE COMMITMENT

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security" or "FSA") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment, of which Commitment Exhibit A is an integrated part, or added hereto (the "Commitment"). To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to Financial Security prior to such Expiration Date. Financial Security reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by Financial Security.
4. The Bonds shall contain no reference to Financial Security, the Policy or the insurance evidenced thereby except as may be approved by Financial Security. BOND PROOFS SHALL HAVE BEEN APPROVED BY FINANCIAL SECURITY PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by Financial Security.
5. Financial Security shall be provided with:
 - (a) Executed copies of all financing documents, any disclosure document (the "Official Statement") and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to Financial Security or accompanied by a letter of such counsel permitting Financial Security to rely on such opinion as if such opinion were addressed to Financial Security), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to Financial Security. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to Financial Security for review and approval. Final drafts of such documents shall be provided to Financial Security at least three (3) business days prior to the issuance of the Policy, unless Financial Security shall agree to some shorter period.
 - (b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to Financial Security have been made prior to the delivery date of the Bonds.
 - (c) Standard & Poor's Credit Market Services, Moody's Investors Service Inc. and Fitch IBCA, Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by Financial Security.
6. Promptly after the closing of the Bonds, Financial Security shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) three compact discs).
7. The Official Statement shall contain the language provided by Financial Security and only such other references to Financial Security or otherwise as Financial Security shall supply or approve. FINANCIAL SECURITY SHALL BE PROVIDED WITH SIX PRINTED COPIES OF THE OFFICIAL STATEMENT.

**AMENDED AND RESTATED
MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET**

Issuer: St. Johns County, Florida

Name of Bonds Insured: Water and Sewer Revenue Refunding Bonds, Series 2002 A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B

Principal Amount of Bonds Insured: Not to Exceed \$5,500,000

Date of Commitment: October 23, 2002

Expiration Date: Friday, December 27, 2002*

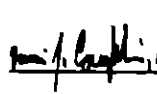
Premium: .235% of total debt service on the Bonds Insured

Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Bonds shall be acceptable to Financial Security.
2. See attached Exhibits B-C.

Terms used in this Commitment and not otherwise defined shall have the meanings ascribed to them in the document authorizing the issuance of and setting forth the terms for the Bonds described above (the "Resolution").

FINANCIAL SECURITY ASSURANCE INC.

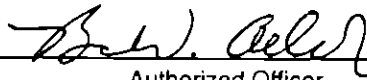


Authorized Officer

*To keep the Commitment in effect to the Expiration Date set forth above, Financial Security must receive a duplicate of this Exhibit A executed by an authorized officer by the earlier of the date on which the Official Statement containing disclosure language about Financial Security is circulated and ten days from the date of this Commitment.

The undersigned agrees that if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by Financial Security in accordance with the terms of the Commitment.

ST. JOHNS COUNTY, FLORIDA



Authorized Officer

OPINION REQUIREMENTS

1. Each of the Ordinance, the Resolution, the Escrow Agreement and the other transaction documents (the "Related Documents") is a legal, valid and binding obligation of the parties thereto, has been duly authorized, executed and delivered and is enforceable in accordance with its terms.
2. There does not exist any action, suit, proceeding or investigation pending, or to the best of such counsel's knowledge, threatened which if adversely determined, could (i) materially adversely affect (a) the financial condition of the Issuer, (b) the ability of the Issuer to perform its obligations under the Related Documents, (c) the security for the Bonds, or (d) the transactions contemplated by the Related Documents or (ii) impair the ability of the Issuer to maintain and operate the System.
3. Nothing has come to the attention of disclosure counsel which would cause them to believe that the final Official Statement (excluding information provided by Financial Security), as of its date and the date of issuance of the Policy, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
4. The Bonds are payable from and secured by a valid lien on and pledge of the net revenues of the System of the Issuer.

RESOLUTION REQUIREMENTS

The Resolution shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Bond Insurance" (or the like), the provisions of which section or article shall be stated in the Resolution to govern, notwithstanding anything to the contrary set forth in the Resolution, or individually in the appropriate sections:

- (a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due". "Insurer" shall be defined as follows: "Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof".
- (b) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant the article of the Resolution pertaining to defaults and remedies and the article of the Resolution pertaining to the duties and obligations of the Paying Agent, if any. Remedies of the Bondholders to include mandamus.
- (c) If acceleration is permitted under the Resolution, the maturity of Bonds Insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued [or accreted, as applicable], on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued [or accreted, as applicable] to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.
- (d) No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
- (e) The Insurer shall be included as a third party beneficiary to the Resolution.
- (f) No modification or amendment to the Resolution or any other transaction document including any underlying security agreement (each a "Related Document") may become effective except upon obtaining the prior written consent of the Insurer. Copies of any modification or amendment to the Resolution or any other Related Document shall be sent to Standard & Poor's Credit Market Services and Moody's Investors Service, Inc. at least 10 days prior to the effective date thereof.
- (g) The rights granted to the Insurer under the Resolution or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondholders nor does such action evidence any position of the Insurer, positive or negative, as to whether Bondholder consent is required in addition to consent of the Insurer.
- (h) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasures"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively or (5) securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be authorized to be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Resolution and (iv) if there is a Paying Agent for the Bonds a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Paying Agent and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

- (i) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Resolution and shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Resolution. The Resolution shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (j) The Issuer covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of the pledge of Trust Estate under applicable law.
- (k) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Paying Agent shall authenticate and deliver to affected Bondholders who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth in the Resolution, and to the extent permitted by law, in the event amounts paid under the Insurance Policy are applied to claims for payment of principal of or interest on the Bonds, interest on such principal of and interest on such Bonds shall accrue and be payable from the date of such payment at the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank or its successor at its principal office in the City of New York, as its prime or base lending rate plus 3%, and (ii) the then applicable rate of interest on the Bonds provided that in no event shall such rate exceed the maximum rate permissible under applicable usury or similar laws limiting interest rates.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

- (l) The Insurer shall, to the extent it makes any payment of principal of (or, in the case of Capital Appreciation Bonds, accreted value) or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. The obligations to the Insurer shall survive discharge or termination of the Related Documents.
- (m) The Issuer, solely from the Pledged Funds, shall pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Resolution or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Resolution or any other Related Document whether or not executed or completed, (iv) the violation by the Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Resolution or any other Related Document or the transactions contemplated thereby, other than amounts resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution or any other Related Document.
- (n) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to payment of expenses of the Issuer or rebate only after the payment of debt service due and past due on the Bonds, together with replenishment of the Debt Service Reserve Fund.
- (o) The Insurer shall be entitled to pay principal (or, in the case of Capital Appreciation Bonds, accreted value) or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (p) The notice address of the Insurer is: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (q) The Insurer shall be provided with the following information:
 - (i) Annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Resolution), and the Issuer's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
 - (ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;
 - (iii) Notice of any default known to the Paying Agent [or the Issuer] within five Business Days after knowledge thereof;
 - (iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;
 - (v) Notice of the resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
 - (vi) Notice of the commencement of any proceeding by or against the Issuer or the Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;
 - (viii) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Related Documents; and
 - (ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.
- (r) Notwithstanding satisfaction of other conditions to the issuance of Additional Bonds contained in the Resolution, no such issuance may occur (1) should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at its requirement (including the new issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.
- (s) In determining whether any amendment, consent or other action to be taken, or any failure to act, under the Resolution would adversely affect the security for the Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, action or inaction as if there were no Insurance Policy.
- (t) No contract shall be entered into nor any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.



**AMENDED AND RESTATED
MUNICIPAL BOND DEBT SERVICE RESERVE
INSURANCE COMMITMENT**

Issuer: St. Johns County, Florida

Date of Commitment: October 25, 2002

Bonds Insured: Water and Sewer Revenue Refunding Bonds, Series 2002 A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Series 2002 Bonds"), Parity Obligations and any Additional Bonds hereafter issued under Section 5.02(G) of the Original Instrument, as such terms are defined in the Resolution of the Issuer authorizing the Series 2002 Bonds

Premium: 3.00% of Policy Limit

Expiration Date: Friday, December 27, 2002

Policy Limit: A dollar amount equal to the Debt Service Reserve Requirement, as specified under the Resolution

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit A, relating to the above-described debt obligations (the "Series 2002 Bonds"), subject to the terms and conditions contained herein or added hereto. All terms used herein and not otherwise defined shall have the meanings ascribed to them in the document setting forth the security for and authorizing the issuance of the Series 2002 Bonds (the "Resolution").

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to Financial Security prior to such expiration date. Financial Security reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, Financial Security must receive a duplicate of this Commitment executed by an appropriate officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

1. The documents to be executed and delivered in connection with the issuance and sale of the Series 2002 Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Series 2002 Bonds, otherwise required, not to be required to purchase the Series 2002 Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Series 2002 Bonds (including, without limitation, the security for the Series 2002 Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Series 2002 Bonds from the descriptions or forms thereof approved by Financial Security.
4. Financial Security shall be provided with:
 - (a) A letter from Foley & Lardner ("Bond Counsel") addressed to Financial Security to the effect that Financial Security may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to Financial Security.
 - (b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to Financial Security, as to the (i) due authorization, validity and enforceability of the Resolution, the Insurance Agreement and the document which incorporates the requirements set forth in Paragraph 5 hereof and (ii) the Policy constituting a debt service reserve insurance policy under the applicable provisions of the Resolution.

(c) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to Financial Security have been made prior to the delivery date of the Reserve Policy.

5. The Resolution shall include the following terms and conditions and shall be in form and substance acceptable to Financial Security:

(a) The Issuer, solely from the Pledged Funds, shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by Financial Security. Interest shall accrue and be payable on such draws and expenses from the date of payment by Financial Security at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Financial Security shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to Financial Security shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to Financial Security on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the debt service reserve fund established for the Series 2002 Bonds (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on the Series 2002 Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

(b) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of Paragraph 5(a) hereof, Financial Security shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Resolution other than (i) acceleration of the maturity of the Series 2002 Bonds or (ii) remedies which would adversely affect owners of the Series 2002 Bonds.

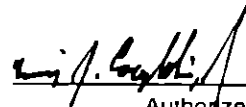
(c) The Resolution shall not be discharged until all Policy Costs owing to Financial Security shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2002 Bonds.

(e) The Resolution shall require the Paying Agent to ascertain the necessity for a claim upon the Reserve Policy and to provide notice to Financial Security in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2002 Bonds. Where deposits are required to be made by the Issuer with the Paying Agent to the debt service fund

for the Series 2002 Bonds more often than semi-annually, the Paying Agent shall be instructed to give notice to Financial Security of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

6. The Reserve Policy shall expire on the earlier of the date the Series 2002 Bonds are no longer outstanding and the final maturity date of the Series 2002 Bonds.
7. The Issuer shall deliver to Financial Security an executed Insurance Agreement in substantially the form of Exhibit B hereto.
8. Any official statement or similar disclosure document relating to the Series 2002 Bonds shall contain only such references to the Reserve Policy and Financial Security as we shall supply or approve.
9. Financial Security shall insure the Series 2002 Bonds pursuant to its Commitment Letter dated October 23, 2002.
10. Promptly after the issuance of the Reserve Policy, Financial Security shall receive a complete set of executed documents implementing the requirements of this Commitment.

FINANCIAL SECURITY ASSURANCE INC.



Authorized Officer

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Security must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

The undersigned agrees that if the debt service reserve fund requirement for the Series 2002 Bonds is met in whole or in part by credit instrument, such credit instrument shall be a Reserve Policy provided by Financial Security in accordance with the terms of this Commitment.

ST. JOHNS COUNTY, FLORIDA

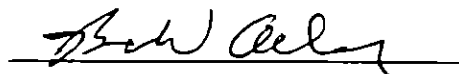
BY: 
Title: County Administrator
Date: 10/29/02

EXHIBIT A

INSURANCE AGREEMENT

INSURANCE AGREEMENT, dated as of _____, 2002, by and between St. Johns County, Florida (the "Issuer") and Financial Security Assurance Inc. (the "Insurer") (the "Agreement").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy") with respect to the Issuer's Water and Sewer Revenue Refunding Bonds, Series 2002 A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Series 2002 Bonds"), Parity Obligations and any Additional Bonds hereafter issued under Section 5.02(G) of the Original Instrument, as such terms are defined in the Resolution of the Issuer authorizing the Series 2002 Bonds (the "Bonds") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made.
2. The Issuer, solely from the Pledged Funds, shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by Financial Security at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate.
3. Repayment of draws and payment of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw.
4. Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.
5. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.
6. All cash and investments in the Reserve Fund shall be transferred to the debt service fund for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

7. If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of the Resolution and this Agreement, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Resolution, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.
8. The Resolution shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.
9. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subordinate only to that of the owners of the Bonds) in all revenues and collateral pledged as security for the Bonds.
10. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Resolution.
11. The Paying Agent shall ascertain the necessity for a claim upon the Reserve Policy and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Issuer with the Paying Agent to the debt service fund for the Bonds more often than semi-annually, the Paying Agent shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.
12. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022 Attention: Managing Director - Surveillance.
13. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
14. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.
15. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolution.
16. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date written above.

ST. JOHNS COUNTY, FLORIDA

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Title:

By: _____
Title: Managing Director

EXHIBIT D

CONSENTS OF FGIC AND MBIA RELATING TO
FSA RESERVE ACCOUNT INSURANCE POLICY

FINANCIAL GUARANTY INSURANCE COMPANY CONSENT

Pursuant to Section 4.06(2)(D) of Resolution No. 89-84, duly adopted by the Board of County Commissioners ("the Board") of St. Johns County, Florida, on April 25, 1989, as amended and supplemented, particularly as amended and supplemented by Resolution No. 89-189 duly adopted by the Board on August 9, 1989, the undersigned authorized representative of Financial Guaranty Insurance Company ("FGIC") hereby consents, as the bond insurer for the St. Johns County, Florida Water and Sewer Revenue Bonds, Series 1989, Water and Sewer Revenue Refunding Bonds, Series 1998, Water and Sewer Revenue Refunding Bonds, Series 1999A and Taxable Water and Sewer Revenue Refunding Bonds, Series 1999B, to the deposit of debt service reserve account insurance policy issued by Financial Security Assurance Inc. into the reserve account in connection with the issuance of the St. Johns County, Florida Water and Sewer Revenue Refunding Bonds, Series 2002A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B.

Dated: October 30, 2002

FINANCIAL GUARANTY INSURANCE
COMPANY

By  _____

Name: Tim Tattam

Title: Authorized Representative



Capital Strength. Triple-A Performance.

MBIA Insurance Corporation
118 King Street, Armonk, NY 10604
Tel 914-273-6648
www.mbia.com

MBIA INSURANCE CORPORATION CONSENT

Pursuant to Section 4.06(2)(D) of Resolution No. 89-84, duly adopted by the Board of County Commissioners ("the Board") of St. Johns County, Florida, on April 25, 1989, as amended and supplemented, particularly as amended and supplemented by Resolution No. 89-189 duly adopted by the Board on August 9, 1989, the undersigned authorized representative of MBIA Insurance Corporation hereby consents, as the bond insurer for the St. Johns County, Florida Water and Sewer Revenue Bonds, Series 1991A, and Water and Sewer Revenue and Refunding Bonds, Series 1996, to the deposit of a debt service reserve account insurance policy issued by Financial Security Assurance Inc. into the reserve account in connection with the issuance of the St. Johns County, Florida Water and Sewer Revenue Refunding Bonds, Series 2002A and Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B.

Dated: November 1, 2002

MBIA INSURANCE CORPORATION

By: Thomas O. Scherer
Name: Thomas O. Scherer
Title: Managing Director

EXHIBIT E

CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Issuer"), in connection with the issuance of \$_____ in aggregate principal amount of its Water and Sewer Revenue Refunding Bonds, Series 2002A (the "Series 2002A Bonds"), and \$_____ in aggregate principal amount of its Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Series 2002B Bonds," and, together with the Series 2002A Bonds, the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Issuer on April 25, 1989, as amended and supplemented, particularly as supplemented by a resolution adopted by the Issuer on November 5, 2002 (collectively, the "Resolution"). The Issuer agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer in order to assist the Participating Underwriter (as hereinafter defined) in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Certificate. Each Annual Report shall be accompanied by a Cover Sheet completed by the Issuer.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Cover Sheet" means the Municipal Secondary Market Disclosure Information Cover Sheet in the form attached hereto as Exhibit C.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission, and a method of obtaining hereafter the most current listing of approved National Repositories, are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Florida.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the date which shall be 180 days after the end of the Issuer’s Fiscal Year (presently September 30), commencing with the report for the Fiscal Year ending September 30, 2002, provide to each Repository an Annual Report with a Cover Sheet, that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report with a Cover Sheet to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report (other than the audited financial statements described in Section 3(a) by the date required in Section 3(a), the Issuer shall send a notice to (i) each National Repository or the Municipal Securities Rule Making Board and (ii) the State Repository, in substantially the form attached as Exhibit A, accompanied by a Cover Sheet.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) An update of the following portions of the Official Statement relating to the Bonds: (i) the tables under the heading "HISTORICAL REVENUES, EXPENSES AND DEBT SERVICE COVERAGE," (ii) the table under the heading "THE SYSTEM – Rates" and (iii) the table entitled "St. Johns County Net Debt Statement as of September 30, 2001" under "Appendix B – General Information Concerning the County." Such update shall include only financial information for the prior Fiscal Year and shall not include any projections for future Fiscal Years.

The information provided under Section 4(b) may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Modifications to rights of Bondholders.
- (iv) Bond calls.
- (v) Defeasances.
- (vi) Rating changes.
- (vii) Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
- (viii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(ix) Unscheduled draws on credit enhancements reflecting financial difficulties.

(x) Substitution of credit or liquidity providers or their failure to perform.

(xi) Release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence by completing a Cover Sheet and delivering it to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the State Repository. Notwithstanding the foregoing, notice of Listed Events described in Section 5(a)(iv) and Section 5(a)(v) need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), Section 4 or Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of

Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of November 1, 2002.

BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: St. Johns County, Florida

Name of Bond Issue: St. Johns County, Florida Water and Sewer Revenue
Refunding Bonds, Series 2002A and Taxable Water and
Sewer Revenue Refunding Bonds, Series 2002B

Date of Issuance: November 1, 2002

NOTICE IS HEREBY GIVEN that the Issuer has not provided an annual report with respect to the above-referenced Bonds as required by Section 3 and Section 4 of the Continuing Disclosure Certificate dated as of November 1, 2002, executed and delivered by the Issuer. [The Issuer anticipates that the annual report will be filed by _____.]

Dated:

[ISSUER/DISSEMINATION AGENT]

By: _____
Name:
Title:

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of November 1, 2002:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6899
Fax: (212) 771-7390
E-mail: nrmsir@ftid.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Telephone: (212) 438-4595
Facsimile: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

The current list of NRMSIRs and State Repositories can be found at any time at the SEC's Web site at <http://www.sec.gov/info/municipal/nrmsir.htm>.

EXHIBIT C

COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository pursuant to Securities and Exchange Commission Rule 15c2-12 or any analogous state statute.

Issuer's and/or Other Obligated Person's

Name: _____

CUSIP Numbers (attach additional sheet if necessary)

[] Nine-Digit numbers to which the information relates: _____

[] Information relates to **all securities** issued by the issuer having the following six-digit numbers: _____

Number of pages of attached information: _____

Description of Material Event Notice/Financial Information (Check One):

1. ____ Principal and interest payment delinquencies
2. ____ Non-Payment related defaults
3. ____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ____ Substitution of credit or liquidity providers, or their failure to perform
6. ____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ____ Modifications to rights of securities holders
8. ____ Bond calls
9. ____ Defeasances
10. ____ Release, substitution, or sale of property securing repayment of the securities
11. ____ Rating changes
12. ____ Failure to provide annual financial information as required

13. ____ Other material event notice (specify) _____

*14. ____ Financial Information: Please check all appropriate boxes:

☐ CAFR: (a) ☐ includes ☐ does not include Annual Financial Information
(b) Audited? Yes ☐ No ☐

☐ Annual Financial Information: Audited? Yes ☐ No ☐

☐ Operating Data

Fiscal Period Covered: _____

*Financial information **should not** be filed with the MSRB.

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT F

REGISTRAR AND PAYING AGENCY AGREEMENTS

REGISTRAR AND PAYING AGENCY AGREEMENT

Between

ST. JOHNS COUNTY, FLORIDA

And

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N. A.

Pertaining to

**\$ _____
St. Johns County, Florida
Water and Sewer Revenue Refunding Bonds,
Series 2002A**

Dated as of November 1, 2002

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ADDENDA

Annex A

REGISTRAR AND PAYING AGENCY AGREEMENT

THIS REGISTRAR AND PAYING AGENCY AGREEMENT (the or this "Agreement") is by and between ST. JOHNS COUNTY, FLORIDA (the "Issuer"), and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association organized and existing under the laws of the United States of America, having its designated corporate trust office in Jacksonville, Florida (the "Bank").

WHEREAS, the Issuer has duly authorized and provided for the issuance of \$_____ in aggregate principal amount of its Water and Sewer Revenue Refunding Bonds, Series 2002A (the "Bonds"), to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Issuer and the Bank have duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Issuer and the Bank, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed to the following terms:

ARTICLE ONE

APPOINTMENT OF BANK AS REGISTRAR AND PAYING AGENT

Section 1.01. Appointment.

- (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.
- (b) The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.
- (c) The Bank hereby accepts its appointment and agrees to act as the Paying Agent and Registrar.

Section 1.02. Compensation.

As compensation for Bank's services as Registrar and Paying Agent, the Issuer agrees to pay the Bank from lawfully available non ad valorem revenues the fees and amounts set forth in Annex A hereto annually in advance while this Agreement is in effect. The Issuer agrees to reimburse the Bank for any reasonable expenses disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agent and counsel). Such fees and expenses shall be paid to the Bank as billed.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

"Bank" means The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida.

"Bank Office" means the principal corporate trust office of the Bank located at New York, New York. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond" or "Bonds" mean any or all of the Issuer's Water and Sewer Revenue Refunding Bonds, Series 2002A.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated _____, 2002, between the Issuer and William R. Hough & Co., as underwriter of the Bonds.

"Bond Resolution" means the resolution, order or ordinance of the governing body of the Issuer pursuant to which the Bonds are issued, certified by any officer of the Issuer and delivered to the Bank.

"County Administrator" means the County Administrator of the Issuer.

"Fiscal Year" means the 12 month period ending September 30th of each year.

"Issuer" means St. Johns County, Florida.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the County Administrator or any other authorized representative of the Issuer and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

“Owner” means the Person in whose name a Bond is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

“Register” means a register in which the Issuer shall provide for the registration and transfer of Bonds.

“Responsible Officer” when used with respect to the Bank means the President or Vice President of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“State” means the State of Florida.

“Stated Maturity” means the date specified in the Bond Purchase Agreement as the fixed date on which the principal of the Bond is due and payable.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

(a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Bond or Bonds so maturing at the Bank Office, the principal amount of the Bond or Bonds then maturing, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the record date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payments; such payments shall be

made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner's address as it appears on the Register.

(c) In the case of registered Owner of \$1,000,000 or more of Bonds, the payments to be made to such Owner may be by wire transfer to a domestic bank account specified in writing by such registered Owner.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of, premium, if any, and interest on the Bonds at the dates specified in the Bond Purchase Agreement.

ARTICLE FOUR

REGISTRAR

Section 4.01. Authentication of Bonds.

The Issuer may deliver executed Bonds to the Bank for authentication and the Bank shall manually authenticate and deliver such Bonds in accordance with written instructions of the Issuer and not otherwise. No Bond shall be entitled to any benefit under the Bond Resolution or be valid for any purpose unless such Bond shall bear thereon a certificate of authentication substantially in the form set forth in the form of Bond set out in the Bond Resolution executed on behalf of the Bank with the manual signature of an authorized signatory of the Bank. Such certificate of authentication executed as aforesaid on a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under the Resolution.

Section 4.02. Transfer and Exchange.

(a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Bonds as herein provided. The Bank agrees to accept the appointment as Registrar for the Bonds and maintain the Register while it is Registrar.

(b) The Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Bond or Bonds as provided in such instructions. The provisions of the Bond Resolution shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions set forth herein.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfers, in form satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing. The Bank shall manually authenticate every Bond surrendered for transfer or exchange in accordance with Section 4.01 hereof.

(d) The Registrar may request any supporting documentation necessary to effect a re-registration.

(e) No service charge shall be made to the Owner for any registration, transfer, or exchange of Bond, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 4.03. The Bonds.

The Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.04. Form of Register.

The Bank as registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

Section 4.05. List of Owners.

(a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order and as permitted by law, the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.06. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all

Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of by the Bank as directed by the Issuer. The Bank will surrender to the Issuer, at such reasonable intervals as it determines, certificates of destruction, in lieu of which or in exchange for which other bonds have been issued or which have been paid.

Section 4.07. Mutilated, Destroyed, Lost, or Stolen Bonds.

(a) Subject to the provisions of this Section 4.07, the Issuer hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an overissuance, all in conformance with the requirements of the Bond Resolution.

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Bank shall register, manually authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Bond Resolution equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost or stolen, and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen or destroyed Bonds by the Bank is available for inspection by the Issuer on request.

Section 4.08. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.02, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 4.07.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in accordance with the Bond Resolution and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

Section 5.02. Reliance on Documents, etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable for any error of judgment or any act or steps taken or permitted to be taken in good faith, or for any mistake in law or fact, or for anything it may do or refrain from doing in connection herewith, except for its own willful misconduct or gross negligence.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer in the manner required by the Bond Resolution and which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate,

statement, instrument, opinion, report, notice, direction, consent, order, certificate, note, security paper or document supplied by Issuer.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(f) The Bank may consult with counsel, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

Section 5.03. Recitals of Issuer.

(a) The recitals contained herein, in the Bond Resolution and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners or any other Person for any amount due on any Bond.

Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Money Held by Bank.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Any money deposited with the Bank for the payment of the principal of, redemption premium, if any, or interest on any Bond and remaining unclaimed for three years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to applicable provisions of State law and the Bank shall report and remit this property to the State escheat fund, and thereafter the Owner shall look only to the State escheat fund for payment and then only to the extent of the amounts so received, without any interest thereon and the Bank and Issuer shall have no responsibility with respect to such money.

Section 5.06. Mergers of Consolidations.

Any corporation into which the Bank, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Bank or any successor to it shall be a party shall be the successor Bank under this Agreement without the execution or filing of any paper or

any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 5.07. Indemnification.

The Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by State law and to the extent that non ad valorem revenues of the Issuer are lawfully available for such purpose, to indemnify, protect, save and keep harmless the Bank and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Bank by Persons other than the Issuer and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance of the funds and securities deposited hereunder, and any payment, transfer or other application of funds and securities by the Bank in accordance with the provisions of this Agreement; or any other duties of the Bank hereunder; provided, however, that the Issuer shall not be required to indemnify the Bank against its own negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Bank as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

Section 5.08. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 hereof shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person other than the Issuer claiming any interest herein. Any court action in which the Issuer may have an interest shall be filed in a court of competent jurisdiction located in Duval County, Florida or in St. Johns County, Florida.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed first class postage prepaid or hand delivered to the Issuer or the Bank, or sent by facsimile transmission if confirmed in writing and sent as specified above, respectively, at the addresses shown below:

- (a) if to the Issuer: St. Johns County, Florida
County Courthouse
4010 Lewis Speedway
St. Augustine, FL 32084

Attention: Finance Director

- (b) if to the Bank: The Bank of New York Trust Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their respective successors and assigns whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal and interest of the Bonds.

(b) This Agreement may be earlier terminated with or without cause upon 60 days written notice by either party. Upon such termination, the Issuer reserves the right to appoint a successor Paying Agent and Registrar. If such appointment is not made within sixty (60) days from the date of written notice, the Bank shall deliver all records and any unclaimed funds to the Issuer. However, the Bank is entitled to payment of all outstanding fees and expenses before delivering records to the Issuer. In the event this Agreement is terminated by giving written notice, then the Bank agrees, upon request by the Issuer, to give notice by first-class mail to all registered holders of the name and address of the successor Paying Agent and Registrar. Expenses for such notice shall be paid by the Issuer.

Any successor Registrar and Paying Agent appointed by the Issuer shall be either a national or a state banking institution, and shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and registered with the Securities and Exchange Commission.

(c) The provisions of Section 1.02 shall survive, and remain in full force and effect following the termination of this Agreement.

[The remainder of this page intentionally left blank.]

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 1st day of November, 2002.

[SEAL]

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

Chairman

Attest:

Clerk

THE BANK OF NEW YORK TRUST
COMPANY OF FLORIDA, N.A., as
Registrar and Paying Agent

Attest:

Title:

Title:

ANNEX A

Fee for services as Registrar and Paying Agent will be \$400 per year payable annually in advance .

Out-of-pocket expenses will be reimbursed but shall not exceed reasonable amounts.

REGISTRAR AND PAYING AGENCY AGREEMENT

Between

ST. JOHNS COUNTY, FLORIDA

And

THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N. A.

Pertaining to

\$ _____
St. Johns County, Florida
Taxable Water and Sewer Revenue Refunding Bonds,
Series 2002B

Dated as of November 1, 2002

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ADDENDA

Annex A

REGISTRAR AND PAYING AGENCY AGREEMENT

THIS REGISTRAR AND PAYING AGENCY AGREEMENT (the or this "Agreement") is by and between ST. JOHNS COUNTY, FLORIDA (the "Issuer"), and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association organized and existing under the laws of the United States of America, having its designated corporate trust office in Jacksonville, Florida (the "Bank").

WHEREAS, the Issuer has duly authorized and provided for the issuance of \$_____ in aggregate principal amount of its Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B (the "Bonds"), to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Issuer and the Bank have duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Issuer and the Bank, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed to the following terms:

ARTICLE ONE

APPOINTMENT OF BANK AS REGISTRAR AND PAYING AGENT

Section 1.01. Appointment.

(a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

(c) The Bank hereby accepts its appointment and agrees to act as the Paying Agent and Registrar.

Section 1.02. Compensation.

As compensation for Bank's services as Registrar and Paying Agent, the Issuer agrees to pay the Bank from lawfully available non ad valorem revenues the fees and amounts set forth in Annex A hereto annually in advance while this Agreement is in effect. The Issuer agrees to reimburse the Bank for any reasonable expenses disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agent and counsel). Such fees and expenses shall be paid to the Bank as billed.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

"Bank" means The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida.

"Bank Office" means the principal corporate trust office of the Bank located at New York, New York. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond" or "Bonds" mean any or all of the Issuer's Taxable Water and Sewer Revenue Refunding Bonds, Series 2002B.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated _____, 2002, between the Issuer and William R. Hough & Co., as underwriter of the Bonds.

"Bond Resolution" means the resolution, order or ordinance of the governing body of the Issuer pursuant to which the Bonds are issued, certified by any officer of the Issuer and delivered to the Bank.

"County Administrator" means the County Administrator of the Issuer.

"Fiscal Year" means the 12 month period ending September 30th of each year.

"Issuer" means St. Johns County, Florida.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the County Administrator or any other authorized representative of the Issuer and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

“Owner” means the Person in whose name a Bond is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

“Register” means a register in which the Issuer shall provide for the registration and transfer of Bonds.

“Responsible Officer” when used with respect to the Bank means the President or Vice President of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“State” means the State of Florida.

“Stated Maturity” means the date specified in the Bond Purchase Agreement as the fixed date on which the principal of the Bond is due and payable.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

(a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Bond or Bonds so maturing at the Bank Office, the principal amount of the Bond or Bonds then maturing, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the record date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payments; such payments shall be

made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner's address as it appears on the Register.

(c) In the case of registered Owner of \$1,000,000 or more of Bonds, the payments to be made to such Owner may be by wire transfer to a domestic bank account specified in writing by such registered Owner.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of, premium, if any, and interest on the Bonds at the dates specified in the Bond Purchase Agreement.

ARTICLE FOUR

REGISTRAR

Section 4.01. Authentication of Bonds.

The Issuer may deliver executed Bonds to the Bank for authentication and the Bank shall manually authenticate and deliver such Bonds in accordance with written instructions of the Issuer and not otherwise. No Bond shall be entitled to any benefit under the Bond Resolution or be valid for any purpose unless such Bond shall bear thereon a certificate of authentication substantially in the form set forth in the form of Bond set out in the Bond Resolution executed on behalf of the Bank with the manual signature of an authorized signatory of the Bank. Such certificate of authentication executed as aforesaid on a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under the Resolution.

Section 4.02. Transfer and Exchange.

(a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Bonds as herein provided. The Bank agrees to accept the appointment as Registrar for the Bonds and maintain the Register while it is Registrar.

(b) The Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Bond or Bonds as provided in such instructions. The provisions of the Bond Resolution shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions set forth herein.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfers, in form satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing. The Bank shall manually authenticate every Bond surrendered for transfer or exchange in accordance with Section 4.01 hereof.

(d) The Registrar may request any supporting documentation necessary to effect a re-registration.

(e) No service charge shall be made to the Owner for any registration, transfer, or exchange of Bond, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 4.03. The Bonds.

The Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.04. Form of Register.

The Bank as registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

Section 4.05. List of Owners.

(a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order and as permitted by law, the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.06. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all

Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of by the Bank as directed by the Issuer. The Bank will surrender to the Issuer, at such reasonable intervals as it determines, certificates of destruction, in lieu of which or in exchange for which other bonds have been issued or which have been paid.

Section 4.07. Mutilated, Destroyed, Lost, or Stolen Bonds.

(a) Subject to the provisions of this Section 4.07, the Issuer hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an overissuance, all in conformance with the requirements of the Bond Resolution.

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Bank shall register, manually authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Bond Resolution equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost or stolen, and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen or destroyed Bonds by the Bank is available for inspection by the Issuer on request.

Section 4.08. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.02, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 4.07.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in accordance with the Bond Resolution and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

Section 5.02. Reliance on Documents, etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable for any error of judgment or any act or steps taken or permitted to be taken in good faith, or for any mistake in law or fact, or for anything it may do or refrain from doing in connection herewith, except for its own willful misconduct or gross negligence.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer in the manner required by the Bond Resolution and which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate,

statement, instrument, opinion, report, notice, direction, consent, order, certificate, note, security paper or document supplied by Issuer.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(f) The Bank may consult with counsel, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

Section 5.03. Recitals of Issuer.

(a) The recitals contained herein, in the Bond Resolution and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners or any other Person for any amount due on any Bond.

Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Money Held by Bank.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Any money deposited with the Bank for the payment of the principal of, redemption premium, if any, or interest on any Bond and remaining unclaimed for three years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to applicable provisions of State law and the Bank shall report and remit this property to the State escheat fund, and thereafter the Owner shall look only to the State escheat fund for payment and then only to the extent of the amounts so received, without any interest thereon and the Bank and Issuer shall have no responsibility with respect to such money.

Section 5.06. Mergers of Consolidations.

Any corporation into which the Bank, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Bank or any successor to it shall be a party shall be the successor Bank under this Agreement without the execution or filing of any paper or

any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 5.07. Indemnification.

The Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by State law and to the extent that non ad valorem revenues of the Issuer are lawfully available for such purpose, to indemnify, protect, save and keep harmless the Bank and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Bank by Persons other than the Issuer and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance of the funds and securities deposited hereunder, and any payment, transfer or other application of funds and securities by the Bank in accordance with the provisions of this Agreement; or any other duties of the Bank hereunder; provided, however, that the Issuer shall not be required to indemnify the Bank against its own negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Bank as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

Section 5.08. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 hereof shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person other than the Issuer claiming any interest herein. Any court action in which the Issuer may have an interest shall be filed in a court of competent jurisdiction located in Duval County, Florida or in St. Johns County, Florida.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed first class postage prepaid or hand delivered to the Issuer or the Bank, or sent by facsimile transmission if confirmed in writing and sent as specified above, respectively, at the addresses shown below:

- (a) if to the Issuer: St. Johns County, Florida
County Courthouse
4010 Lewis Speedway
St. Augustine, FL 32084

Attention: Finance Director
- (b) if to the Bank: The Bank of New York Trust Company of Florida, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their respective successors and assigns whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal and interest of the Bonds.

(b) This Agreement may be earlier terminated with or without cause upon 60 days written notice by either party. Upon such termination, the Issuer reserves the right to appoint a successor Paying Agent and Registrar. If such appointment is not made within sixty (60) days from the date of written notice, the Bank shall deliver all records and any unclaimed funds to the Issuer. However, the Bank is entitled to payment of all outstanding fees and expenses before delivering records to the Issuer. In the event this Agreement is terminated by giving written notice, then the Bank agrees, upon request by the Issuer, to give notice by first-class mail to all registered holders of the name and address of the successor Paying Agent and Registrar. Expenses for such notice shall be paid by the Issuer.

Any successor Registrar and Paying Agent appointed by the Issuer shall be either a national or a state banking institution, and shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and registered with the Securities and Exchange Commission.

(c) The provisions of Section 1.02 shall survive, and remain in full force and effect following the termination of this Agreement.

[The remainder of this page intentionally left blank.]

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 1st day of November, 2002.

[SEAL]

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

Chairman

Attest:

Clerk

THE BANK OF NEW YORK TRUST
COMPANY OF FLORIDA, N.A., as
Registrar and Paying Agent

Attest:

Title:

Title:

ANNEX A

Fee for services as Registrar and Paying Agent will be \$400 per year payable annually in advance .

Out-of-pocket expenses will be reimbursed but shall not exceed reasonable amounts.