

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

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 26, 2010. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Carr, Riggs & Ingram LLC

April 26, 2010
Gainesville, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009
St. Johns County, Florida**

<u>Federal Agency</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>				
Office of National Drug Control & Policy				
Direct Assistance:				
High Intensity Drug Trafficking	07.XXX	--	\$3,124,273	
<u>DEPARTMENT OF JUSTICE</u>				
Direct Assistance:				
Community Capacity Development - Weed and Seed	16.595	2007-WS-Q7-0107	58,972	
Community Capacity Development - Weed and Seed	16.595	2008-WS-QX-0008	110,532	169,504
Byrne Formula Grant Program	16.738	2008-DJ-BX-0575	16,227	
Byrne Formula Grant Program	16.738	2006-DJ-BX-0856	2,121	
Passed Through Florida Department of Law Enforcement:				
Byrne Formula Grant Program	16.738	2009-JAGC-STJO-2-T7-129	16,556	34,904
Passed Through Florida Office of the Attorney General:				
Victims of Crime Act - VOCA	16.575	V8117	71,152	
Passed Through Florida Department of Children & Families:				
STOP Violence Against Women Formula Grant	16.588	LN926	28,605	
STOP Violence Against Women Formula Grant	16.588	LN826	87,342	115,947
<u>DEPARTMENT OF TRANSPORTATION</u>				
Direct Assistance:				
Federal Transit Formula Grants	20.507	FL-03-0277-00	124,630	
Federal Transit Formula Grants	20.507	FL-90-X603-00	72,195	
Federal Transit Formula Grants	20.507	FL-04-0019-00	37,455	
Federal Transit Formula Grants	20.507	FL-90-X638-00	14,229	
Federal Transit Formula Grants	20.507	FL-90-X522-00	21,974	
Federal Transit Formula Grants	20.507	FL-90-X664-00	213,015	
ARRA - Federal Transit Formula Grants	20.507	FL-96-X009-00	12,162	495,660
Passed Through Florida Department of Transportation:				
Highway Planning and Construction	20.205	210418-2-58-01	249,735	
Highway Planning and Construction	20.205	411212-6-18-01	260,716	
Highway Planning and Construction	20.205	411215-5-18-01	14,358	524,809
Crash Investigations Project	20.600	APE 65/PT-09-12-10	15,989	
Alcohol Impaired Driving Countermeasures Incentive	20.601	K8-08-06-19/APC24	21,649	
Occupant Protection Incentive Grants	20.602	APD10	56,972	
Total Highway Safety Cluster				94,610
Passed through the City of St Augustine Beach:				
Pope Road Scenic Outlook Phase I	20.XXX	--	6,610	
<u>INSTITUTE OF MUSEUM & LIBRARY SCIENCES</u>				
Passed through the State Division of Library and Information Services:				
Grants to States	45.310	08-LSTA-E-06	60,000	
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Congressionally Mandated Projects				
West Augustine Sewer Extension	66.202	XP-95403810-0	50,370	
	66.606	XP-97471903-0	155,646	

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009
St. Johns County, Florida**

<u>Federal Agency</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
Passed through the Florida Department of Revenue:				
Child Support Enforcement	93.563	CD335	77,880	
Passed Through Florida Department of Children & Families:				
Promoting Safe and Stable Families	93.556	DJ993	292,421	
Promoting Safe and Stable Families	93.556	NJ204	77,632	370,053
Temporary Assistance for Needy Families	93.558	DH646	29,504	
Temporary Assistance for Needy Families	93.558	DJ993	268,195	
Temporary Assistance for Needy Families	93.558	NJ204	148,081	
Temporary Assistance for Needy Families	93.558	NH210	2,113	447,893
Chafee Educational and Training Vouchers Program	93.599	DJ993	9,726	
Chafee Educational and Training Vouchers Program	93.599	NJ204	5,341	15,067
Child Welfare Services -- State Grants	93.645	DJ993	44,435	
Child Welfare Services -- State Grants	93.645	NJ204	25,082	69,517
Foster Care -- Title IV-E	93.658	DJ993	611,825	
Foster Care -- Title IV-E	93.658	NJ204	302,792	914,617
Adoption Assistance	93.659	DJ993	263,484	
Adoption Assistance	93.659	NJ204	132,148	395,632
Social Services Block Grant	93.667	DJ993	171,858	
Social Services Block Grant	93.667	NJ204	73,285	245,143
CAPTA Grant	93.669	DJ993	4,292	
CAPTA Grant	93.669	NJ204	13	4,305
Chafee Independence Program	93.674	DJ993	27,095	
Chafee Independence Program	93.674	NJ204	15,587	42,682
Medical Assistance Program	93.778	DJ993	4,439	
Medical Assistance Program	93.778	NJ204	2,399	6,838
Block Grant for Community Mental Health Services	93.958	DH646	96,564	
Block Grant for Community Mental Health Services	93.958	NH210	18,910	115,474
Substance Abuse	93.959	DH646	376,279	
Substance Abuse	93.959	NH210	66,763	443,042
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Direct:				
Assistance to Firefighters Grant	97.044	EMW-2008-FO-10497	7,639	
Passed through the Department of Community Affairs:				
Disaster Grants - Public Assistance	97.036	08-PA-B9-04-65-13-662	290,586	
Hazard Mitigation Grant	97.039	08-EC-30-04-65-01-009	71,671	
Emergency Management Performance Grant	97.042	09-BG-03-04-65-01-104	16,044	
Emergency Management Performance Grant	97.042	09-BG-20-04-65-01-063	9,812	25,856
Homeland Security Grant Program	97.067	09-DS-51-04-65-01-395	30,250	
Passed Through the Florida Department of Law Enforcement:				
Homeland Security Grant Program	97.067	2008-SHSP-STJO-1-S4-065	40,200	
Homeland Security Grant Program	97.067	2008-SHSP-STJO-2-S4-066	30,138	
Homeland Security Grant Program	97.067	2007-LEPT-STJO-3-Q4-006	634,334	
Homeland Security Grant Program	97.067	2007-LEPT-STJO-1-Q4-008	303,859	
Homeland Security Grant Program	97.067	2007-LEPT-STJO-2-Q4-007	16,026	1,054,807
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$9,502,187</u>	

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009
St. Johns County, Florida**

<u>State Agency</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Florida Recreational Development Assistance Program	37.017	A08168	\$ 200,000	
Statewide Surface Water Restoration & Wastewater Proj	37.039	LP0526	215,060	
Innovative Waste Reduction and Recycling	37.050	IG8-14	35,302	
<u>DEPARTMENT OF STATE</u>				
State Aid to Libraries	45.030	09-ST-71	142,908	
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Emergency Management Programs	52.008	09-BG-03-04-65-01-104	98,706	
Hurricane Disaster Assistance	52.600308	08-PA-B9-04-65-13-662	48,431	
<u>FLORIDA HOUSING FINANCE CORPORATION</u>				
State Housing Initiative Partnership Program	52.901	2006-2007	216,896	
State Housing Initiative Partnership Program	52.901	2007-2008	373,875	
State Housing Initiative Partnership Program	52.901	2008-2009	1,064,854	
State Housing Initiative Partnership Program	52.901	2009-2010	39,490	1,695,115
<u>DEPARTMENT OF TRANSPORTATION</u>				
NPDES Permit	55.XXX	214256-1-74-78	64,269	
County Incentive Grant Program	55.008	424025-1-58-01	293,392	
Public Transit Block Grant Program	55.010	418441-1-84-03	19,076	
Public Transit Block Grant Program	55.010	418441-1-84-04	121,739	140,815
Public Transit Service Development Program	55.012	217141-2-84-07	27,978	
State Highway Project Reimbursement	55.023	210404-1-58-01	1,868	
Transportational Regional Incentive Program	55.026	424307-1-58-01, 424307-1-68-01	3,112,997	
<u>DEPARTMENT OF CHILDREN & FAMILIES</u>				
Substance Abuse Treatment & Aftercare Services for Children	60.030	DH646	120,905	
Substance Abuse Treatment & Aftercare Services for Children	60.030	NH210	24,181	145,086
Substance Abuse Detoxification Services for Adults	60.031	DH646	40,311	
Substance Abuse Detoxification Services for Adults	60.031	NH210	8,631	48,942
Substance Abuse Treatment & Aftercare Services for Adults	60.033	DH646	107,249	
Substance Abuse Treatment & Aftercare Services for Adults	60.033	NH210	21,450	128,699
Indigent Psychiatric Outpatient Services	60.039	DH646	4,461	
Indigent Psychiatric Outpatient Services	60.039	NH210	892	5,353
Purchase Therapeutic Services Child Community Support Services	60.047	NJ204	21,664	
Adult Community Mental Health Support Services	60.053	DH646	767,300	
Adult Community Mental Health Support Services	60.053	NJ210	147,025	914,325
Adult Community Mental Health Emergency Stabilization	60.054	DH646	36,552	
Adult Community Mental Health Emergency Stabilization	60.054	NH210	7,310	43,862
Children's Mental Health Community Support Services	60.055	DH646	14,301	
Children's Mental Health Community Support Services	60.055	NJ210	2,925	17,226
Children's Mental Health Emergency Stabilization	60.057	DH646	64,381	
Children's Mental Health Emergency Stabilization	60.057	NJ210	12,876	77,257
Out of Home Supports	60.074	NJ204	5,324	
In Home Supports	60.075	NJ204	671	
Community Based Care Supports	60.094	DJ993	1,544,421	
Community Based Care Supports	60.094	NJ204	465,538	2,009,959
Independent Living Program	60.112	NJ204	21,370	
Adoption Subsidies	60.113	NJ204	9,469	
<u>DEPARTMENT OF HEALTH</u>				
County Grant Awards	64.005	C8058	41,355	
<u>DEPARTMENT OF MANAGEMENT SERVICES</u>				
Wireless 911 Emergency Telephone System	72.001	--	415,906	
E911 State Grant Program	72.002	S-08-07-37	71,130	
E911 State Grant Program	72.002	S-08-07-35	293,820	
E911 State Grant Program	72.002	S-08-07-36	7,681	
E911 State Grant Program	72.002	S-08-10-39	164,420	
E911 State Grant Program	72.002	S-08-10-38	100,439	637,490
<u>DEPARTMENT OF JUVENILE JUSTICE</u>				
Mental Health Services	80.011	X1309	63,786	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 10,684,585</u>	

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009
St. Johns County, Florida**

NOTE 1 – BASIS OF PRESENTATION

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

Use of Estimates

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

NOTE 2 – SUBRECIPIENTS

The County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Federal Transit Formula Grants	20.507	\$ 472,794

The County provided state awards to subrecipients as follows:

<u>Project Title</u>	<u>CSDA Number</u>	<u>Amount</u>
State Housing Initiative Partnership	52.901	\$ 515,289
Public Transit Block Grant Program	55.010	121,739
Public Transit Service Development Program	55.012	28,476

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

The Honorable County Commissioners
St. Johns County, Florida

Compliance

We have audited the compliance of St. Johns County, Florida (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009.

Internal Control Over Compliance

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

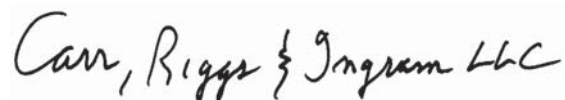
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as described below. However, as discussed below,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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 09-3 to be a material weakness.

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

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



April 26, 2010
Gainesville, Florida

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009
St. Johns County, Florida**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

- (i) The independent auditors’ report on the financial statements expressed an unqualified opinion.
- (ii) The audit disclosed deficiencies in internal control over financial reporting. The deficiencies were not considered to be material weaknesses.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit disclosed a significant deficiency in internal control over major federal programs and state projects. The deficiency was considered to be a material weakness.
- (v) The auditors’ report on compliance for the major federal award programs and state projects expressed an unqualified opinion.
- (vi) The audit disclosed a finding relative to the major federal programs and state projects, as described in (iv) above.
- (vii) The County’s major federal programs and state projects were:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
High Intensity Drug Trafficking	07.XXX
Highway Planning and Construction	20.205
Homeland Security Grant Program	97.067
<u>State Projects</u>	<u>State CSFA Number</u>
State Housing Initiative Partnership Program	52.901
Transportation Regional Incentive Program	55.026
E911 State Grant Program	72.002

- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B programs for federal programs, and \$320,538 was used for state projects.
- (ix) The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009
St. Johns County, Florida**

SECTION II – FINANCIAL STATEMENT FINDINGS

09-1 **Condition** – As reported in the prior year, the system of internal controls over the Ponte Vedra utility system does not always provide for a complete segregation of duties and responsibilities. The same individual has access to the billing system, cash receipts, and the reports submitted to be posted to the general ledger, without formal review by another person. Consequently, it is possible that misstatements could occur and not be detected in a timely manner.

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

09-2 **Condition** – The County’s purchasing policies require written quotes for purchases over certain thresholds or other written documentation if a sole source provider is used. We noted two instances in which there was no evidence that the County complied with these policies.

Recommendation – The County should implement procedures to ensure and document compliance with all applicable procurement requirements.

SECTION III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

CFDA Nos. 07.XXX, 20.205, and 97.067

**Questioned
Costs**

09-3 **Condition** – Procedures were not adequate to ensure the proper identification of programs and an accurate Schedule of Expenditures of Federal Awards and State Financial Assistance as required by OMB Circular A-133 and the Florida Single Audit Act.

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Recommendation – The County should develop policies and procedures to gather all relevant data necessary for a complete and accurate presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance.

SECTION IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

CSFA Nos. 52.901, 55.026, and 72.002

See condition 09-3 above.

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

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 09-1 and 09-2 that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

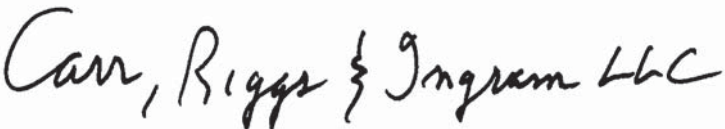
Compliance and Other Matters

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

We noted certain matters, which we have reported in separately-issued reports for the County's constitutional officers.

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

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 26, 2010
Gainesville, Florida

St. Johns County, Florida
Summary Schedule of Prior Audit Findings
(Relative to Federal Programs and State Projects)
For the Year Ended September 30, 2009

The following is an update of the prior audit finding:

Summary of prior audit finding 08-2 – CSFA No. 52.901 Two out of twenty-five program disbursements that we tested exceeded the maximum award for the applicable strategy listed in the state-approved Local Housing Assistance Plan. These disbursements were in compliance with the County’s resolutions which amended the LHAP; however, those Resolutions had not been filed with the Florida Housing Finance Corporation.

Current Status – Resolved.



St. Johns County Board of County Commissioners

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

March 25, 2010

Mr. Alan G. Nast, C.P.A.P.A., Partner
Carr, Riggs & Ingram
P.O. Box 13494
4010 N.W. 25 Place
Gainesville, Florida 32606

Dear Alan:

The following represents St. Johns County management's response to the "Section II - Financial Statement Findings", "Section III - Findings and Questioned Costs - Federal Programs", "Section IV - Findings and Questioned Costs - State Projects", and "Current Status" of the "Summary of prior audit finding 08-02" for the "Year Ended September 30, 2009":

Section II - Financial Statement Findings

"09-1 **Condition**" Response - St. John's County management agrees that steps should be taken to separate duties so that no one individual has access to both physical assets and the related accounting duties for the County's Ponte Vedra utility system. Subsequently, the County has added additional office staff for the Ponte Vedra utility system that will allow for a more complete segregation of duties and responsibilities.

"09-2 **Condition**" Response - St. John's County management agrees that the County should implement procedures to ensure and document compliance with all applicable County procurement requirements. The two instances cited related to the County Cultural Center for which subsequent County staffing changes have occurred that should address this finding.

Section III - Findings and Questioned Costs - Federal Programs

"09-3 **Condition**" Response - St. John's County management agrees that the County should develop policies and procedures to gather all relevant data necessary for a complete and accurate presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance. Due to County staff turnover, necessary County staff review was missed that otherwise would ensure a more complete and accurate presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance and subsequent County staffing changes have occurred that should address this finding.

Section IV – Findings and Questioned Costs – State Projects

See “09-03 Condition” Response above.

“Current Status” of “Summary of prior audit finding 08-2” -

County resolutions amending the state-approved Local Housing Assistance Plan (LHAP) were subsequently filed with the Florida Housing Finance Corporation on December 15, 2008. On December 29, 2008, the Florida Housing Finance Corporation indicated their approval to the County of the amendments to the LHAP.

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

Sincerely,



Michael D. Wanchick
County Administrator

Management Letter

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of St. Johns County, Florida (the "County"), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated April 26, 2010. We have also issued reports on internal control and on compliance and other matters. Those reports should be considered in conjunction with this management letter.

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

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, prior audit finding 08-1 is again addressed in the accompanying Schedule of Findings and Questioned Costs as item 09-1. Finding 08-2 was resolved.

Financial Condition

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

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

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the fiscal year ended September 30, 2009, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2009.

Investment of Public Funds

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

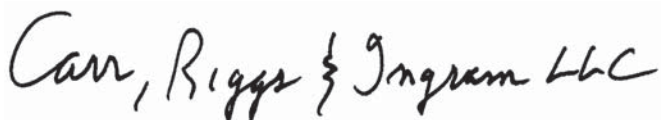
Other Matters

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

As required by the Rules of the Auditor General, we performed separate audits of each of the County's constitutional officers. The comments included in those separately-issued reports should be considered in conjunction with this management letter.

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

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 26, 2010
Gainesville, Florida