St. Johns River Power Park System
Employees' Retirement Plan

Financial Statements, Required Supplementary Information and Reports Required by *Government Auditing Standards*

For the Year Ended September 30, 2014

KBLD, LLC
6960 Bonneval Road, Suite 302
Jacksonville, Florida 32216
(904) 208-4659 Phone
(904) 641-1171 Fax

St. Johns River Power Park System
Employees' Retirement Plan
Financial Statements, Required Supplementary Information and
Reports Required by *Government Auditing Standards*
September 30, 2014

TABLE OF CONTENTS

KBLD LLC
Certified Public Accountants
Is your business a puzzle?
Let us bring the pieces together

6960 Bonneval Road
#302
Jacksonville, FL 32216
Ph (904) 208-4659
Fax (904) 641-1171

October 19, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the St. Johns River Power Park System Employees' Retirement Plan
Jacksonville, FL

We have audited the accompanying financial statements of the St. Johns River Power Park System Employees' Retirement Plan (Plan) for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of September 30, 2014, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2F to the financial statements, in 2014 the Plan adopted new accounting guidance, *GASB Statement No. 67, Financial Reporting for Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that required supplementary information on pages 14 – 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting compliance.

KBLD LLC

KBLD, LLC

St. Johns River Power Park System
Employees' Retirement Plan
Statement of Fiduciary Net Position
September 30, 2014

ASSETS		
Cash and cash equivalents	$	3,599,830
Investments, at fair value:		
Fixed maturity schedules		58,091,138
Equity securities		84,558,316
Total investments		142,649,454
Accrued interest income		308,149
Receivable from broker		73,334
Total assets		146,630,767
LIABILITIES		
Due to brokers		594,256
Due to revenue fund		611,325
Total liabilities		1,205,581
Fiduciary net position available for benefits	$	145,425,186

The accompanying notes are an integral part of these statements.

St. Johns River Power Park System
Employees' Retirement Plan
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2014

Additions to net position:		
Employer's contributions	$	5,558,821
Employees' contributions		654,941
Total contributions		6,213,762
Investment income:		
Interest and dividends		2,377,711
Net appreciation in fair value of investments		11,698,084
Other income		89,529
Less investment expenses:		
Trustee fees		(108,006)
Investment management fees		(294,246)
Net investment income		13,763,072
Total additions to fiduciary net position		19,976,834
Deductions from net position:		
Benefits paid directly to participants		9,509,425
Administrative fees		61,356
Total deductions from fiduciary net position		9,570,781
Net increase in fiduciary net position		10,406,053
Fiduciary net position available for benefits - beginning of year		135,019,133
Fiduciary net position available for benefits - end of year	$	145,425,186

The accompanying notes are an integral part of these statements.

St. Johns River Power Park System
Employees' Retirement Plan
Notes to the Financial Statements
September 30, 2014

1. Description of Plan

The following description of the St. Johns River Power Park System Employees' Retirement Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a single employer contributory defined benefit plan covering employees of the St. Johns River Power Park System (SJRPP). The plan provides for pension, death and disability benefits. Employees who are actively working for SJRPP, except temporary and contract employees, are eligible to participate. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement. The Plan is governed by a five-member pension board (Pension Board). The Pension Board members consist of a chairperson who is a Senior Leadership Team member designated by the JEA MD/CEO and four other members consisting of the JEA Controller, the JEA Treasurer, SJRPP Plant Manager and an SJRPP Representative designated by the SJRPP Plant Manager.

As of September 30, 2014, the Plan reported net position restricted for pensions of $145,425,186. The Plan had assets of $146,630,767 offset by total liabilities of $1,205,581, which include investments of $142,649,454, cash and cash equivalents of $3,599,830, $308,149, $73,334 of accrued interest income and $73,334 receivables from broker.

Contributions

Membership in the Plan consisted of the following at October 1, 2014, the date of the last actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	258
Inactive plan members entitled to but yet receiving benefits	52
Active participants	240
Total participants	550
Number of participating employers	1

Plan members are required to contribute 4% of their annual salary in accordance with the provisions of IRC Section 414(h). The Plan requires funding of contributions from SJRPP to be made based upon an actuarial valuation. All employer contributions are irrevocable. All investment related administrative costs are paid for by the Plan and all other administrative costs are paid for by the employer and reimbursed by the Plan.

The Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. According to the Administrative Committee, the funding objective of the Plan is to establish and receive contributions, which are intended to bring the Plan's funding ratio to 100% by October 1, 2017.

Effective February 25, 2013 the Plan was amended to close the Plan to all new employees hired on or after February 25, 2013.The Plan provisions are continued only for employees who as of February 24, 2013 have reached age 60 with 5 years of service or who have completed 20 years of service regardless of age (Tier 1). All participants who had not met the criteria listed in the prior sentence had their benefit accruals frozen and had established an individual Cash Balance Accounts as of February 25, 2013 (Tier 2). Distribution of frozen Tier 1 Benefits was governed by the provisions applicable to Tier 1.

Employee Group	Eligibility Requirement for Participation in Tier (as of February 24, 2013)	Benefit Changes Made
Tier 1a	Active employees Age 65 with 5 Years of Service (YOS), or Age 55 with 20 YOS, or 30 YOS regardless of age	None, Future Benefits Accrue as Stated under Current Defined Benefit (DB) Plan.
Tier 1b	20 YOS but less than 30 YOS and have not yet attained Age 55	Removal of the BACK DROP benefit; All other DB Plan Provisions the same as Tier 1a.
Tier 2	All other members (including members who enter the Plan after February 24, 2013)	Benefits accrued through February 24, 2013 are frozen and are payable under the Provisions of the current DB Plan. These members accrue future benefits in a Cash Balance Plan.

All participants who have completed the (1) five or more years of vesting service (a year in which an employee has completed 1,000 hours of employment) and have attained age 65, (2) 20 years of vesting service and have attained age 55 or (3) 30 years of vesting service are entitled to a monthly plan benefit beginning on the first day of the month following the participant's normal retirement date equal to the accrued monthly benefit date. The Plan permits early retirement for participants who have attained the age of 55 and completed ten years, but less than 20 years of vesting service. Early retirement benefits are paid commencing the month after the early retirement date. A participant may elect, in writing, to defer the commencement of their benefits until a later date after the early retirement date up to the normal retirement date.

BACKDROP benefits are calculated as if the retiree elected to retire up to 5 years earlier. Benefit is based upon the final average earnings (FAE) and Benefit Service as of the beginning of the BACKDROP period and is equal to the accumulation of the retirement benefits that the participant would have received over the BACKDROP period plus interest. Each year interest is credited or debited to the BACKDROP based upon the Plan's Actuarial rate of return for that year. The rate is guaranteed to be no less than -4% and no more than 4% per annum.

Termination benefits are available to any participant who terminated employment other than by retirement or death, after completion of five years of vesting service. The termination benefit is the accrued benefit determined as of the date of termination and payment of that benefit commences monthly on the first month after the participant has attained age 65.

Active participants who become totally and permanently disabled and attain the age of 55 and complete ten years of vesting service will be eligible for retirement.

If a participant should die while in active service, but after early retirement their surviving spouse is entitled to a benefit based on the participant's years of service to the date of death. This benefit is payable on the first day of the month on which the participant could have retired and is based on the 75% joint and survivor's form of payment as of the date of commencement of the benefit.

Benefit terms provide for annual cost-of-living adjustments for participants retired on or after October 1, 2003 a 1.0% annual increase beginning each October 1 following the fifth anniversary of payment commencement.

2. Summary of Significant Accounting Policies

A. Basis of presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

B. Cash and cash equivalents

The Plan's cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

C. Investment valuation and income recognition

Investments in U.S. Treasury, federal agency, corporate bonds, mortgage/asset–backed securities, other fixed income securities and common stock are recorded at fair value as determined by quoted market prices. Investments in money market mutual funds are recorded at cost, which approximates fair value. Realized gains and losses on sales of investments are calculated using the average cost for the fund.

D. Payment of benefits

The Plan's benefit payments to participants are recorded upon distribution.

E. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. Recently issued standards

In June 2012, GASB issued Statement No. 67 Financial Reporting for Pension Plans. The new pension accounting and financial reporting standards represent the most significant fundamental changes in reporting requirements for pension plans and plan sponsors in over a decade. The standard requires plan sponsors to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The standard also enhances accountability and transparency through revised and new note disclosures and required supplementary information. For plans, the standards build upon the existing framework for financial reports, enhance the note disclosures and required supplementary information, and require the presentation of new information about annual money-weighted rates of return in the notes to the financial statements. GASB Statement No. 67 provisions were implemented in this fiscal 2014 financial statements.

In April 2013, GASB issued Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment related to the nonexchange financial guarantee. The provisions of Statement No. 70 are effective for reporting periods beginning after June 15, 2013, which is our FY2014.

In February 2015, GASB issued Statement No. 72 Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to the fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 is effective for financial statement periods beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The statement establishes requirements for defined benefit pensions that are not within the scope of Statement 68, Accounting and Financial Reporting for Pensions and establishes requirements for defined contribution pensions that are not within the scope of Statement 68. This Statement is effective for fiscal years beginning after June 15, 2015.

3. Cash and Investments

Cash balances are amounts on deposit with the Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement. The trust bank balances are collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, *Florida Statutes*. Amounts subject to Chapter 280, *Florida Statutes* are collateralized by securities deposited by the Plan's trust bank qualified custodians.

The Plan follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

At September 30, 2014, the Plan's cash and cash equivalents consist of the following:

Cash on hand	$ 5,792
Cash equivalents:	
Wells Fargo Treasury Plus Money Market Account	3,594,038
Total cash equivalents	3,594,038
Total cash and cash equivalents	$ 3,599,830

The Policy specifies investment objectives and guidelines for the Plan's investment portfolio and provides asset allocation targets for various asset classes.

At September 30, 2014, investments controlled by the Plan, which represent 5% or more of the Plan's net position, included the following:

	Basis	Fair Market Value
Investments in fixed maturity securities:		
U.S. Government securities and agencies	$ 27,585,775	$ 27,701,569
Corporate bonds - non-convertible	30,620,958	30,389,569
Total investments in fixed maturity securities	58,206,733	58,091,138
Investments in equity securities:		
S&P 500 Index Fund	23,433,359	41,908,922
S&P 400 Mid-Cap Index Fund	13,125,073	18,410,798
Small and Mid-Cap Value Fund	10,512,294	12,186,689
Delaware International Fund/Renaissance International Fund	10,264,294	12,051,907
Total investments in equity securities	57,335,020	84,558,316
Total Investments	$ 115,541,753	$ 142,649,454

The Plan's $142,649,454 of investments represents the largest component of the Plan's statement of fiduciary net position at September 30, 2014. Investments represent 98% of fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. Interest rate risk, credit risk, concentration of credit risk, custodial risk and foreign currency risk are discussed in the following paragraphs.

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. As of September 30, 2014, the average modified duration of the managed fixed securities portfolio was 4 years.

The following table shows the Plan's investments by maturity for those that have scheduled maturity dates.

	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5	6 - 10	More Than 10
Investments in Fixed maturity securities:					
U.S. Government securities and agencies	$ 27,701,569	$ 7,233,786	$ 9,418,938	$ 2,058,691	$ 8,990,154
Corporate Bonds - non-convertible	30,389,569	13,955,803	6,728,675	6,379,162	3,325,929
Total investments in fixed maturity securities	58,091,138	21,189,589	16,147,613	8,437,853	12,316,083
Investments in equity securities:					
S&P Index Fund	41,908,922	41,908,922	-	-	-
S&P 400 Mid-Cap Index Fund	18,410,798	18,410,798	-	-	-
Small and Mid-Cap Value Fund	12,186,689	12,186,689	-	-	-
Delaware International Fund/Renaissance International Fund	12,051,907	12,051,907	-	-	-
Total investments in equity securities	84,558,316	84,558,316	-	-	-
Total investments	$ 142,649,454	$ 105,747,905	$ 16,147,613	$ 8,437,853	$ 12,316,083

Credit risk

A credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The Plan's rated debt instruments as of September 30, 2014, were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to U.S. dollar-denominated fixed maturity securities rated investment grade (BBB-/Baa3 or higher by S&P or Moody's), and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

Custodial credit risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the Plan's investments are held by the Plan's directed trustee and custodian in the Plan's name, or by an agent in the Plan's name.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio as of September 30, 2014, and specific target allocations are as follows:

	Fair Value	Actual Percent	Target Percent
U.S. Government Securities and Agencies	$ 27,701,569	19%	N/A
Corporate bonds - non-convertible	30,389,569	21%	N/A
Wells Fargo Advantage Treasury Plus Money Market/Cash/Accrued income	3,387,057	2%	N/A
Total fixed income	$ 61,478,195	42%	45%
S&P 500 Index Fund	41,908,922	29%	28%
S&P 400 Mid-Cap Index Fund	18,410,798	13%	15%
Small and Mid-Cap Value Fund	12,186,689	8%	4%
Delaware International Fund/Renaissance International Fund	12,051,907	8%	8%
Total equities	$ 84,558,316	58%	55%
Total	$ 146,036,511		

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments was 10.32%. This reflects the changing amounts actually invested.

Foreign currency risk

Foreign currency risk is the risk that changes in which the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 8% of total investments as of September 30, 2014.

4. Federal Income Taxes

The Plan obtained a determination letter on the plan documents as of March 4, 1986 and an updated determination letter as of August 21, 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan administrator believes the Plan has operated in accordance with the Plan documents and the IRC as a governmental pension plan. The Plan is not subject to the requirements of the Employee Retirement Income Security Act.

5. Net Pension Liability

Total pension liability	$ 148,507,629
Plan fiduciary net position	145,425,186
Plan net pension liability	3,082,443
Plan fiduciary net position as a percentage of the total pension liability	97.92%

6. Actuarial method and assumptions

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees' who have died and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation during their last five years of credited service. The accumulated plan benefits for active employees are based on their average compensation during the five years ending on the date as of which the benefit information is presented (the valuation date).

Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The annual required contribution was determined by actuarial valuation using the Entry-Age Actuarial Cost Method. Under this method, the cost of each participant's projected retirement benefit is funded through a series of annual payments, determined as a level of percentage of each year's earnings, from age at hire to assumed exit age. The actuarial accrued liability (AAL) less the fair value of plan net position available for benefits is the unfunded actuarial accrued liability (UAAL). The actuarial assumptions include: a life expectancy calculation using the RP-2000 Mortality Table; a 7.00% investment rate of return (net of administrative expenses); and projected salary increases, depending on years of service per year, including an inflation component. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Refer to supplemental schedules to review the actuarial assumptions in more detail.
The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the years 2004 – 2012.

7. Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
$ 145,425,000	$ 150,629,000 *	$ 5,204,000	96.5%	$ 21,304,432	24.4%

*Reflects a change in plan provisions and assumptions.

The schedules of funding progress, presented as required supplemental information (RSI) following the Notes to the Financial Statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	10/1/2014
Actuarial cost method	Individual Entry Age
Amortization method	Level dollar closed
Remaining amortization period	2
Asset valuation method	Fair Value of Assets
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	2.5% - 12.5%
Includes price inflation	2.50%
COLAs	1.00%

8. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount (7%)	1% Increase (8%)
Net pension liability	$ 18,950,715	$ 3,082,443	$ (10,466,977)

9. Plan Termination

If the Plan terminates, the net position of the Plan will be allocated among participants and their beneficiaries in the following order:

Priority Class A: The portion of the participants' accrued benefits that are derived from participant contributions

Priority Class B: In the case of benefits payable as an annuity, equally among participants and beneficiaries whose benefits were in pay status.

Priority Class C: Equally among active participants who are eligible for normal retirement but have not yet retired.

Priority Class D: Equally among all other vested accrued benefits of both active and terminated participants.

Priority Class E: All other non-vested accrued benefits under the Plan.

10. Subsequent events

Subsequent events were evaluated through October 19, 2015, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

St. Johns River Power Park System
Employees' Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years and
For the Year Ended September 30, 2014
(Dollar amounts in the thousands)

	2014	2013
Total pension liability-beginning	$ 146,521	PRIOR
Total pension liability		INFORMATION
Service cost	1,470	NOT AVAILABLE
Interest	10,026	
Benefit payments, including refunds of member contributions	(9,509)	
Net change in total pension liability	1,987	
Total pension liability-ending	$ 148,508	
Plan fiduciary net position-beginning	$ 135,019	
Plan fiduciary net position		
Contributions-employer	5,559	
Contributions-employee	655	
Net investment income	13,762	
Benefit payments, including refunds of member contributions	(9,509)	
Administrative expense	(61)	
Net change in plan fiduciary net position	10,406	
Plan fiduciary net position-ending	$ 145,425	
Net pension liability-ending	$ 3,083	
Plan fiduciary net position as a percentage of the total pension liability	97.92%	
Covered-employee payroll	$ 21,304	
Net pension liability as a percentage of covered-employee payroll	14.47%	

See accompanying notes to Required Supplementary Information.

St. Johns River Power Park System
Employees' Retirement Plan
Schedule of Contributions
Last 10 Fiscal Years and
For the Year Ended September 30, 2014
(Dollar amounts in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 5,397	$ 11,844	$ 7,995	$ 8,919	$ 13,453	$ 10,239	$ 10,045	$ 4,181	PRIOR INFORMATION NOT AVAILABLE
Contributions in relation to the actuarially determined contribution	5,559	11,885	8,005	9,028	13,565	10,398	10,081	4,305	
Contribution deficiency (excess)	$ (162)	$ (41)	$ (10)	$ (109)	$ (112)	$ (159)	$ (36)	$ (124)	
Covered-employee payroll	$ 21,304	$ 17,761	$ 19,318	$ 19,895	$ 19,431	$ 21,327	$ 21,609	$ 24,027	
Contributions as a percentage of covered-employee payroll	26.09%	66.91%	41.44%	45.38%	69.81%	48.76%	46.65%	17.92%	

See accompanying notes to Required Supplementary Information.

St. Johns River Power Park System
Employees' Retirement Plan
Schedule of Investment Returns
For the Year Ended September 30, 2014

Year Ended	Investment Rate of Return Market Value Basis
2014	10.32%
2013	12.64%
2012	17.17%
2011	0.41%
2010	10.14%
2009	7.60%
2008	-12.67%
2007	11.89%
2006	7.77%
2005	8.59%

See accompanying notes to Required Supplementary Information.

1. Plan Description and Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date of October 1, 2014. Significant actuarial assumptions used are as follows:

- **A.** Investment rate of return per annum including inflation is assumed to be 7.00%
- **B.** Wage inflation rate per annum is assumed to be 3.0%. Price inflation rate is assumed to be 2.5% per year.
- **C.** The mortality rates used were based on the RP-2000 Mortality Table for males and females, with generational projections.
- **D.** The rates of salary increases (including price of inflation) are as follows:

Years of Service	Rate
0 - 1	12.50%
2	7.50%
3	5.50%
4	4.50%
5 - 6	3.50%
7 - 9	3.00%
10 - 14	2.75%
15 and over	2.50%

- **E.** The rates of retirement used to measure the probability of eligible members retiring under normal retirement eligibility during the next year were as follows:

Year of Eligibility	Retirement Rates
0-0.999	20.00%
1-1.999	17.50%
2-2.999	15.00%
3-3.999	13.00%
4-4.999	11.00%
5 and over	10.00%

- **F.** Employees are assumed to retire no later than upon attaining age 70. In addition 75% of employees eligible to elect BACKDROP at retirement are assumed to do so. BACKDROP assumed elections are as follows:

Years Since First Eligibility	BACKDROP Period (Years)
0	0.0
1	0.5
2	1.0
3	1.5
4	2.0
5 and over	2.5

G. Rates of separation which measures the probabilities of members remaining in employment are as follows:

Service	Regardless of Age	Sample Ages	5 and Over Years of
0-0.999	13.00%	25	5.60%
1-1.999	11.00%	30	4.30%
2-2.999	9.00%	35	3.00%
3-3.999	7.00%	40	2.20%
4-4.999	5.00%	45	1.40%
		50	0.95%
		55	0.50%

H. Rates of disability among active members are as follows:

Age	Males	Females
25	0.022%	0.013%
30	0.031%	0.026%
35	0.040%	0.039%
40	0.066%	0.063%
45	0.092%	0.087%
50	0.168%	0.151%
55	0.243%	0.215%

I. Actuarial value of assets is assumed to be Market Value of Plan assets.

KBLD LLC
Certified Public Accountants

Is your business a puzzle?
Let us bring the pieces together

6960 Bonneval Road
#302
Jacksonville, FL 32216

Ph (904) 208-4659
Fax (904) 641-1171

October 19, 2015

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of the St. Johns River Power Park System Employees' Retirement Plan
Jacksonville, FL

We have audited, in accordance with the 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, the financial statements of the St. Johns River Power Park System Employees' Retirement Plan (Plan) for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated October 19, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, which we consider to be a significant deficiency as Finding 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from 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*.

Response to Findings

The Plan's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Plan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KBLD LLC

KBLD, LLC

St. Johns River Power Park System
Employees' Retirement Plan
Schedule of Findings and Responses
For the Year September 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the St. Johns River Power Park System Employees' Retirement Plan (Plan) were prepared in accordance with GAAP.

2. One significant deficiency disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of the Plan, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies

Finding 2014-001

Condition**:** Lack of procedures in place to insure benefits are paid to the correct person and that the payee has not deceased.

Criteria**:** Internal controls should be in place that provided reasonable assurance that benefits are being paid to the correct person.

Cause**:** There are no procedures in place to insure benefits are reaching the correct person.

Effect**:** Fraudulent payments could occur

Recommendation**:** Procedures should be implemented requiring recipients to notarize a verification of their existence on an annual basis. If such notarization is not returned, payments should be cut off until the reason for it not being returned is determined.

Views of Responsible Officials and Planned Corrective Actions**:** Management agrees and will implement procedures as needed.