

**ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**



**Prepared by:
CLERK OF COURTS
FINANCE DEPARTMENT**

**Hunter S. Conrad
Clerk of the Circuit Court & Comptroller**

**Lon Stafford
Finance Manager**

ST. JOHNS COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal.....	1
Principal County Officials.....	10
Certificate of Achievement.....	11
Organizational Chart.....	12

FINANCIAL SECTION

Independent Auditors' Report.....	14	
Management's Discussion and Analysis.....	18	
 Basic Financial Statements		
County-wide Financial Statements		
Statement of Net Position.....	35	
Statement of Activities.....	36	
 Fund Financial Statements		
Balance Sheet-Governmental Funds.....	37	
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....		38
 Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds.....		39
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....		40
 Statement of Net Position-Proprietary Funds.....		41
 Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Funds.....		42
 Statement of Cash Flows-Proprietary Funds.....		43
 Statement of Fiduciary Net Position-Fiduciary Funds.....		44
 Statement of Changes in Fiduciary Net Position- Other Post-Employment Benefits Trust Fund.....		45
 Notes to the Financial Statements.....		46
 Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual - General Fund and Major Special Revenue Funds.....		106

ST. JOHNS COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Notes to Budgetary Comparison Schedules.....	110
Schedules of Proportionate Share of Net Pension Liability.....	112
Schedules of Employer Contributions - Pensions.....	113
Schedule of Changes in the County's Net Other Post-Employment Benefit Plan – Liability and Related Ratios.....	114
Schedule of County Contributions to Other Post-Employment Benefit Plan.....	115
Schedule of Investment Returns - Other Post-Employment Benefits.....	116
 Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet- Board and Officer General Funds.....	118
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Board and Officer General Funds.....	121
Nonmajor Governmental Funds Descriptions.....	126
Governmental Funds	
Combining Balance Sheet-Nonmajor Governmental Funds.....	131
Combining Statement of Revenues, Expenditures and Changes In Fund Balances-Nonmajor Governmental Funds.....	147
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Nonmajor Governmental Funds.....	163
Governmental Activities-Internal Service Funds Descriptions.....	193
Internal Service Funds	
Combining Statement of Net Position-Internal Service Funds.....	194
Combining Statement of Revenues, Expenses and Changes in Fund Net Position-Internal Service Funds.....	195
Combining Statement of Cash Flows-Internal Service Funds.....	196

ST. JOHNS COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Fiduciary Funds Descriptions.....	197
Fiduciary Funds	
Combining Statement of Fiduciary Net Position – Agency Funds.....	198
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	200
Schedule of Expenditures by Department – Budget and Actual.....	202

STATISTICAL SECTION

Descriptions.....	205
SCHEDULE 1 Net Position by Component, Last Ten Fiscal Years.....	206
SCHEDULE 2 Changes in Net Position, Last Ten Fiscal Years.....	208
SCHEDULE 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	212
SCHEDULE 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	214
SCHEDULE 5 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years.....	216
SCHEDULE 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years.....	217
SCHEDULE 7 Principal Property Taxpayers, Current Year and Nine Years Ago.....	218
SCHEDULE 8 Property Tax Levies and Collections, Last Ten Fiscal Years	219
SCHEDULE 9 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years.....	220
SCHEDULE 10 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years.....	221
SCHEDULE 11 Pledged-Revenue Coverage, Last Ten Fiscal Years.....	224
SCHEDULE 12 Legal Debt Margin Information, Last Ten Fiscal Years.....	227
SCHEDULE 13 Demographic and Economic Statistics, Last Ten Fiscal Years.....	228
SCHEDULE 14 Principal Employers, Current Year and Nine Years Ago.....	229
SCHEDULE 15 Actual Full-Time Equivalent County Government Employees by Function, Last Ten Fiscal Years.....	230
SCHEDULE 16 Operating Indicators by Function, Last Ten Fiscal Years.....	232
SCHEDULE 17 Capital Asset Statistics by Function, Last Ten Fiscal Years.....	234

ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

SINGLE AUDIT

	<u>Page</u>
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	236
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	239
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; and Report on the Schedule of Federal Awards and State Financial Assistance.....	241
Schedule of Findings and Questioned Cost.....	244
Summary Schedule of Prior Audit Findings.....	246
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 <i>Government Auditing Standards</i>	247
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	249
Independent Accountant's Report on Compliance with Section 365.172(10), and 365.173(2)(d), Florida Statutes.....	250

MANAGEMENT LETTER

Management Letter	251
Response to Findings.....	253



Hunter S. Conrad, Esq.
St. Johns County Clerk of the Circuit Court and Comptroller
Dedicated to Excellence-Committed to Improvement-Serving with Kindness
4010 Lewis Speedway, Saint Augustine, Florida 32084
Office: (904) 819-3600 Fax: (904) 819-3661

June 28, 2019

The Honorable Paul M. Waldron, Chair
Board of County Commissioners
500 San Sebastian View
St. Augustine, FL 32084

Dear Chairman Waldron:

In accordance with Section 218.39 of the Florida Statutes, we are pleased to submit to you, the Board of County Commissioners and the citizens of St. Johns County, the Comprehensive Annual Financial Report of St. Johns County, Florida, for the fiscal year ended September 30, 2018.

This report has been prepared by the Comptroller's Office which is a department of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rests with the Clerk of the Circuit Court as Chief Financial Officer of St. Johns County. It is our belief that the data contained in this report is accurate in all material respects and is shown in a manner that fairly presents the financial position of the County at September 30, 2018 and the results of its operations and its cash flows.

The County is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits. The evaluation of this relationship is a responsibility of County management. We believe these controls adequately safeguard County assets, as well as provide reasonable assurance of properly recording transactions.

The independent accounting firm of Carr, Riggs & Ingram, LLC, whose report is included herein, has audited the County's Financial Statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by County management and evaluating the overall financial statement presentation. Based upon the audit, Carr, Riggs & Ingram, LLC concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2018.

Additionally, in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards (Uniform Guidance), as well as Section 215.97 of the Florida Statutes, the independent audit of the County financial statements was part of mandated “Single Audits” designed to meet the special needs of federal and state grantor agencies. The standards governing these engagements require the auditor to report on the County’s internal controls over compliance, and legal compliance requirements as they specifically relate to federal and state awards. These reports are presented in the section entitled Single Audit.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A for St. Johns County can be found in the financial section immediately following the report of independent auditors.

GOVERNMENT PROFILE

St. Johns County was established in 1821. St. Augustine, which was the County seat, was founded over 400 years ago by Spanish explorers and is the nation’s oldest city. The County encompasses approximately 608 square miles and is located in the northeast region of the State of Florida directly south of the City of Jacksonville, 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.

The Board of County Commissioners of St. Johns County (“Board”) is organized under Article III 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 non-chartered 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 the Circuit Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board, and they maintain separate accounting records and budgets. 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 composed of five members, one from each district within the County. However, each commissioner is elected Countywide. The Board serves as the taxing authority for those 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. Dependent County taxing districts also come under the purview of the Board’s taxing limitation.

The County is financially accountable for an organization when the County appoints a voting majority of 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.

The Housing Finance Authority of St. Johns County, Florida, St. Johns County Industrial Development Authority and the St. Johns County Educational Facilities Authority are included as component units 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.

Furthermore, the County has determined that the St. Johns County School District, Anastasia Mosquito Control District, the St. Augustine Airport Authority, and the St. Johns Water Management District do not meet the criteria for inclusion in this reporting entity.

The County budget process begins in January with the Capital Improvement Plan. This Plan not only identifies important capital project funding needs, but may also impact the County debt management plan. The results of this process determine which capital programs appear to be under-funded over the five-year period of the plan. While additional debt financing may be evaluated to resolve the funding requirements, available resources through additional taxes, inter-governmental revenues in the form of additional gas taxes and grants, and possible increases in charges for services are also reviewed and evaluated for consideration.

Next, the Office of Management and Budget conducts an operating budget review. The process takes place from March through August and includes public meetings with citizen participation. All County department and agency expenditures, accomplishments and objectives are reviewed. In particular, additional personnel, vehicles, computer equipment and software, and capital outlay appropriation requests are scrutinized. The final adoption of the County budget occurs in September after two advertised public hearings.

There are also legal and policy controls over the County's budget. One of the major legal controls establishes the fund as the budget level that actual spending cannot exceed the appropriated (budgeted) amount. This is the legal level of control for the offices of Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections. The County, however, has adopted, by local ordinance, a more restrictive budget policy requiring County Commission action to change the total of a department's budget. This establishes the department as the legal level of control. As a matter of policy, the County includes in its accounting records a detailed version of each fund's budget. This policy is referred to as formal budgetary integration. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, and all budgeted amounts lapse at year-end. This means authorization for the use of funds must be restated in the subsequent year's budget and funds are not "rolled over" if not spent. Please refer to Note 2 for further information regarding the dates associated with the property tax calendar, which is an integral part of the budget process, as well as information pertaining to the legal level of control for budget amendments.

Finally, the Board enacted Ordinance 96-70. This ordinance established the office of the County Administrator, who serves as an appointed official for the Board and provides for the day-to-day administration of County government as specifically authorized by the Board.

2018 ECONOMIC CONDITION AND OUTLOOK

St. Johns County continues to be one of the fastest growing counties in Florida, and in the nation. As of July 2017, the county population has grown to 238,742, and is ranked as the 14th fastest-growing county in the U.S. by percentage of population growth. Looking forward, economic growth projections show anticipated continued momentum for the next several years. As a result, the local economic outlook continues to remain positive.

Contributing to St. Johns County's popularity are noteworthy attributes such as the county's low tax structure, top-ranked public school system, low overall cost of living, and unique natural amenities – all that make the county a highly desirable location in Northeast Florida to live, work and play.

Business locations within the county are connected to multi-modal transportation networks through Interstate 95 and U.S. 1 corridors, which provide convenient access to regional assets such as Jacksonville International Airport and JAXPORT, as well as local assets like the Northeast Florida Regional Airport in St. Augustine.

For the seventh year in a row, a University of Wisconsin study ranked St. Johns County Florida's Healthiest County. Over the past few years, other noteworthy accolades include St. Johns County and St. Augustine being selected by:

- *Money Magazine* – as Best City to Live in Florida
- *Coastal Living* – as one of the 20 Best Places to Live on the Coast in 2018
- *Business Insider* – as Best School District in Florida
- *Architectural Digest* – as 25 Best Small Towns in America
- *SmartAsset* – as No. 1 in the State for Purchasing Power

St. Johns County Commission's philosophy is to be a pro-business community encouraging a balance in economic growth, environmental stewardship and quality of life. Historically, the county's primary economic sectors have been agriculture, tourism and retail, which correlate to the state's economic drivers. As growth continues, the county has made a concerted effort to diversify its economic base and promote high-wage job creation for local residents through the growth of existing businesses and attraction of new businesses to the county. Leading industry sectors for employment provided within the county include education and health services (22%), followed by hospitality and leisure (20%), and trade, transportation and utilities (20%).

In 2011, County Commissioners approved the creation of a County Economic Development Department to implement a proactive, sustained effort to attract and retain businesses. The county also maintains a competitive business incentive program to attract new business development and enhance existing business expansion within the county.

The County Commission designated the Economic Development Department as the primary economic development office for St. Johns County with Enterprise Florida, the state's economic development agency. The county also maintains membership in JAXUSA Partnership to leverage resources promoting Northeast Florida on a national scale to enhance economic development.

Additionally, the county contracts with the St. Johns County Chamber of Commerce to provide support for businesses interested in locating and expanding into the county, and the University of North Florida Small Business Development Center (SBDC), to provide technical assistance to entrepreneurs and small businesses. Business prospect activity continues to increase and expects to remain strong into 2019/2020.

Job growth increased in 2018, resulting in a continuing decline in the local unemployment rate. St. Johns County has consistently ranked among the state's lowest unemployment rates in recent years. For 2018, the annual county unemployment rate was 2.9%, and this trend is expected to continue into 2019. The county's labor force has grown more than 28,400 people since 2010 to 127,595 in 2018.

St. Johns County continued to have a high rate of single-family residential permits being issued, as well as increasing commercial activity. In Northeast Florida, homebuilders secured more permits in St. Johns County than any other regional county again in FY 2018, marking the eighth year in a row that this milestone has been achieved.

In FY 2018, the County issued 4,517 residential permits, which represents a 20% increase over FY 2017. In one month alone (April), St. Johns County issued 522 single-family building permits. It is anticipated that this trend will continue into 2019.

Additionally, 1,080 commercial permits were issued, which is about the same number as FY 2017. Commercial valuation for permitted projects increased 16%, to \$312,350,112, which is a positive indicator for future commercial tax base growth. Total building market valuation for permits issued in FY 2018 reflected a more than 29% increase in total valuation at \$1,742,892,437.

In January 2018, PGA TOUR, the leading global platform in professional golf, officially announced plans to construct its expansive new global home within St. Johns County. PGA TOUR is investing \$86 million to consolidate its corporate headquarters into a single location in Ponte Vedra Beach. The project is scheduled to be complete in 2020 and will create 300 new jobs throughout a 10-year period. Once complete, the new location will become the largest corporate headquarters in St. Johns County.

In April 2018, Rulon International, a manufacturer of acoustic ceiling and wall wood panels, announced plans to expand its corporate headquarters in St. Johns County. The expansion includes the construction of a 27,000-square-foot warehouse addition to its existing 85,000-square-foot office and manufacturing building in World Commerce Center. The company's business has been successful and grown significantly since relocating to St. Johns County in 2006. With this expansion, 20 new jobs will be created.

MAS HVAC relocated to St. Johns County in 2018 and moved into their new 32,400 square-foot corporate headquarters/manufacturing operations along Deer Park Boulevard. MAS HVAC provides custom, energy efficient solutions for large commercial air conditioning applications such as universities, hospitals and airports. They also have a sister company, Q-PAC, housed in the same building that manufactures motor fan array systems for HVAC systems.

Office construction is continuing to develop in the county. Developers at the Veranda project in Ponte Vedra Beach completed construction of a 45,000-square-foot building in 2018. This building represents the final phase of the Veranda Partners project, encompassing more than 300,000 square feet in six buildings. Notable tenants include Merrill Lynch, Raymond James and Southern Oaks Insurance.

Retail growth has remained strong, especially in the northern part of the county, bringing hundreds of retail jobs to the area. One such example is at Durbin Park, where construction began on a Walmart Supercenter and The Home Depot. The opening of Walmart in November 2018 will create more than 350 new jobs within St. Johns County. Other stores anticipated to open in 2019 in Durbin Park's Phase I include Burlington, Ross Dress for Less and Five Below, along with a 12-screen Cinemark movie theatre and a number of restaurants.

New commercial activity blossomed in other areas of the county, including the opening of several restaurants in Nocatee and Murabella within World Golf Village. County Road 210 is also seeing strong activity as two new shopping centers broke ground on the thoroughfare near St. Johns Parkway that will add nearly 200,000 square feet of retail space in the market.

Hotel interest, along with the county's tourism, continues to exceed expectations. Plans were announced for the construction of a Renaissance Marriott in downtown St. Augustine, as well as a Hyatt Place Hotel and Hilton Garden Inn in Vilano Beach. Additional hotels to be built in the downtown St. Augustine area include a Hilton Garden Inn and SpringHill Suites by Marriott. The new oceanfront Embassy Suites in St. Augustine Beach is also nearing completion.

Medical development is also flourishing right now in the county. Flagler Hospital broke ground on their 45,000-square-foot Health Village in Murabella, scheduled to open in 2019. Partnering with them in this venture is the YMCA. There is also significant interest in additional medical development projects in northern St. Johns and Nocatee expected to be announced in 2019 by major health providers in the region.

FINANCIAL PLAN

Goals and Objectives

Prudent budgeting, cash management and funding additional resources through debt structuring has allowed the County to meet emerging infrastructure needs while still improving and providing the resources necessary to meet operational and program goals established by the various departments of the Board of County Commissioners. The Board identified and updated their goals and objectives in 2013 and they continued during 2018. They are:

Promote Economic Development. The Board has made this goal its top priority. The goal continues to be twofold: attract new business and industry to the County and help existing businesses and industries prosper. An Economic Development Director was hired in 2012 to help foster a more aggressive and coordinated effort. In 2018, St. Johns County's unemployment rate was 2.9% as compared to the State of Florida rate of 3.6% and the National rate of 3.9%. St. Johns County was ranked as the number one Florida County (and #9 nationally) for Business Growth and Most Incoming Investment by SmartAsset.com. The Community of Nocatee within St. Johns County has been ranked as the nation's third best-selling master-planned community.

In 2018, the PGA Tour selected St. Johns County as the location for its new global headquarters including the construction of an 187,000 square foot facility and the creation of 300 new jobs. In addition, the initial 700,000 square feet opened within the new Durbin Park retail development, including a Home Depot: this initial phase is part of a larger development including 2.4 million square foot retail, 2.8 million square foot office, and hotel/multi-family amenities within the northwest sector of St. Johns County.

Promote the County's Health, Safety, and Welfare. The transition to a professional firefighter force began in 1997 with over 229 positions added since that time. The County Sheriff's budget requests have also been consistently addressed by the Board. A new 800-Megahertz emergency radio communications system was completed. A new fire station was opened during 2015 in Nocatee. Nocatee has been ranked as the nation's third best-selling master-planned community. Ongoing construction of a joint fire station and Sheriff south sector station continues in 2018, anticipated to be open within the second quarter of 2019.

On November 7, 2017, the Town of Hastings voters cast a ballot to dissolve the Town of Hastings and revoke its charter which became effective March 1, 2018. St. Johns County, in recognition of the Town of Hastings' rich history and tradition, has partnered with the community to preserve that unique heritage and culture before and after the transition. In addition, residents benefit from lower ad valorem taxes, decreased water and wastewater utility rates, and increased service levels as a result of the dissolution.

Address the County's Long-term Financial Stability. The Board continues to prioritize the following objectives: County debt restructuring, consideration of new revenue sources, maintaining equitable employee compensation, continued effective and efficient delivery of County services, and contracting for lower cost. The Commission hosted numerous cost-recovery workshops throughout 2018 to address diversification of fund mechanism, identifying over \$1 million in recurring revenue opportunities moving forward. In the last quarter of 2018, the Commission directed staff to pursue a refinancing opportunity (on the Series 2009 Sales Tax Bond) to achieve debt service savings.

Address the County's Deferred and Emerging Infrastructure Needs. Several years of budget reductions has resulted in deferred infrastructure needs particularly for

transportation infrastructure and pavement management. In addition, emerging federal and state water quality legislation may require significant capital outlays for improvement. 2018 reflects the 5th consecutive year the Commission has prioritized resources to address deferred maintenance on County assets.

Participate in Regional Initiatives. Partnering with other northeast Florida counties or other governmental entities helps coordinate regional efforts and can result in better efficiencies.

Maintain and Enhance the County's Quality of Life. The Board continues to prioritize the County's quality of life, including but not limited to: County beaches, parks, libraries and bicycle/hiking trails. The annual accolades, for St. Johns County and its communities within continued in 2018:

- A New York Times national study ranked the County first in Florida and in the top 4% nationally for its quality of living.
- The University of Wisconsin and Robert Wood Foundation ranked St. Johns as the healthiest county in Florida for the seventh year in a row.
- St. Johns County School District named the best school district in Florida in the "Best School Districts in every U.S. State" annual list by Business Insider.
- Ponte Vedra listed as one of the 20 Best Places to Live on the Coast in 2018 by Coastal Living.
- St. Johns County listed as **#1 Florida County (and #9 nationally) for Business Growth and Most Incoming Investment** by SmartAsset.com.

Protect and Promote the County's Environment. The County's Environmental Services division was created in 2009 within Growth Management. Water quality remains a continued focus as well as ongoing the conversion of the County vehicle fleet to compressed natural gas (CNG) as an environmental improvement initiative that also will generate significant fuel cost savings. Hurricanes Matthew (2016) and Irma (2017) evoked the ongoing legislative, financial, political, and environmental challenges of a coastal community (41.2 miles along the Atlantic Ocean), including dune restoration and beach renourishment initiatives.

Enhance County Beautification and Appearance. The Board's emphasis is the enhancement of County entryways, signage, and scenic corridors. The County has pursued funding opportunities for rails-to-trails that will connect communities within St. Johns County.

Emphasize Community Redevelopment. The Board has emphasized other communities in the County in need of redevelopment or economic revitalization, such as Hastings and Armstrong, in addition to the Community Redevelopment Agency of St. Johns County (the CRA), as formed in 2002 and 2003, which constitutes West Augustine, Vilano Beach, and Flagler Estates.

Enhance Communication with Community. Improving communications and citizen services continues as a top objective. Every County department has the objective of improving service and operating more efficiently. County Administration in particular is focusing on enhancing communications.

The Plan

The Plan is a set of guidelines for the management of funds or financial resources. It provides for the effective planning of government expenditures and services, revenues and the long term financing of capital improvements and infrastructure. It helps ensure that the County is able to meet

its short-term and long-term objectives and helps prevent financial problems or emergencies from unnecessarily changing previous policy decisions.

Another primary purpose is to provide guidelines for the issuance and management of debt. Proper debt management promotes the accomplishment of service objectives, contributes to financial health and stability, and assures access to debt markets to meet both scheduled and unscheduled financing needs.

The decision to issue debt is made on a case-by-case basis and only after careful and timely evaluation of all relevant factors. Factors, which are considered, are:

- Legal constraints on debt capacity and various financing alternatives
- Constraints contained in currently issued debt offerings
- The urgency of the capital requirements related to the economic cost of delays
- The willingness and financial ability of taxpayers to pay the capital improvements
- Evaluating the balance between internal and external funding mechanisms
- Current interest rate climate and other market considerations
- The County's financial condition
- The type, availability and stability of revenues pledged for debt repayment
- The type of debt anticipated to be issued
- Whether or not the project to be financed creates ongoing operating expenditures that will be supported by available revenue resources

Additionally, it provides for the services of an outside financial advisor to periodically evaluate the County's debt management strategies, as well as the County's debt capacity regarding various intergovernmental and local revenue resources.

Another Plan purpose is to provide policies and guidelines for the investment of the County's limited financial resources.

In accordance with Section 218.415, Florida Statutes, the County adopted Ordinance No. 2008-1, which describes the various investment products allowed under the ordinance for County's surplus assets ("Surplus Fund") and the Post-Employment Welfare Benefits Program Trust ("Trust Fund") for assets held on behalf of county retirees for other post-employment benefits than pensions. Additionally, Resolution No. 08-151 was adopted to apply rules pertaining to the Trust Fund. Finally, Resolution No. 2001-58 pertains to the rules that apply to all financial assets of the Board and funds related to the issuance of debt. Funds held by state agencies (e.g., Department of Revenue) are not subject to the provisions of this policy. Additionally, neither policy includes any financial assets under the direct control of any of the Constitutional Officers of St. Johns County. The policies become applicable at such time as direct control of the funds passes to the Board.

Relevant Financial Policies

Continued tight County budget guidelines for FY 2018 kept total budgeted operating expense increases generally at 2.0% except for expected increases in insurance and maintenance that largely had been deferred. Employee retirement rates as set by the State Legislature increased for FY 2018. General pay increases of 3.1% were budgeted for the new County pay plan. Fund balance for the General Fund was again utilized to fund deferred maintenance.

The total budget for the County's Capital Improvement funds continues to be diminished. Once the new Public Works facility and combined Fire Station 5 and 11 are completed (the "15 Sales Tax Construction Projects Fund"), these Capital Improvement funds may be negligible by FY 2019.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Johns County for its Comprehensive Annual Financial Report for the year ended September 30, 2017. This was the twenty sixth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

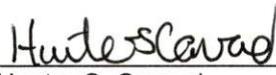
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

Additionally, for the last twenty six years, the County Office of Management and Budget has also received the Distinguished Budget Presentation Award from GFOA for publishing a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

Acknowledgments. A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts from the staff of the Board of County Commissioners and each of the Elected Officials. Special thanks goes to the staff of the Comptroller's Office, the Office of Management and Budget and the Department of Economic Development. Each member of these departments has our sincere appreciation for their contributions made in the presentation of this report.

Additionally, we would also like to thank the members of the County Commission for their leadership and support in planning the financial operations of the County in a responsible and progressive manner.

Sincerely yours,



Hunter S. Conrad
Clerk of Circuit Court and Comptroller



Lon Stafford
Finance Manager

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Paul M. Waldron, Chair
Jeb E. Smith, Vice-Chair
Henry Dean
James K. Johns
Jeremiah Ray Blocker

CONSTITUTIONAL OFFICERS

David B. Shoar, Sheriff
Hunter S. Conrad, Clerk of Court
Dennis Hollingsworth, Tax Collector
Eddie Creamer, Property Appraiser
Vicky Oakes, Supervisor of Elections

COUNTY ADMINISTRATION

Michael D. Wanchick, County Administrator
Joy Andrews, Assistant County Administrator for Community Services
Darrell M. Locklear, Assistant County Administrator for Operations

COMPTROLLER'S OFFICE

Richard A. MacDonald, Jr., Chief Financial Officer
Lon Stafford, Finance Manager
Michael Branson, Assistant Director

OFFICE OF MANAGEMENT AND BUDGET

Jesse Dunn, Director
Wade Schroeder, Assistant Director

OFFICE OF ECONOMIC DEVELOPMENT

Melissa S. Glasgow, Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

St. Johns County
Florida

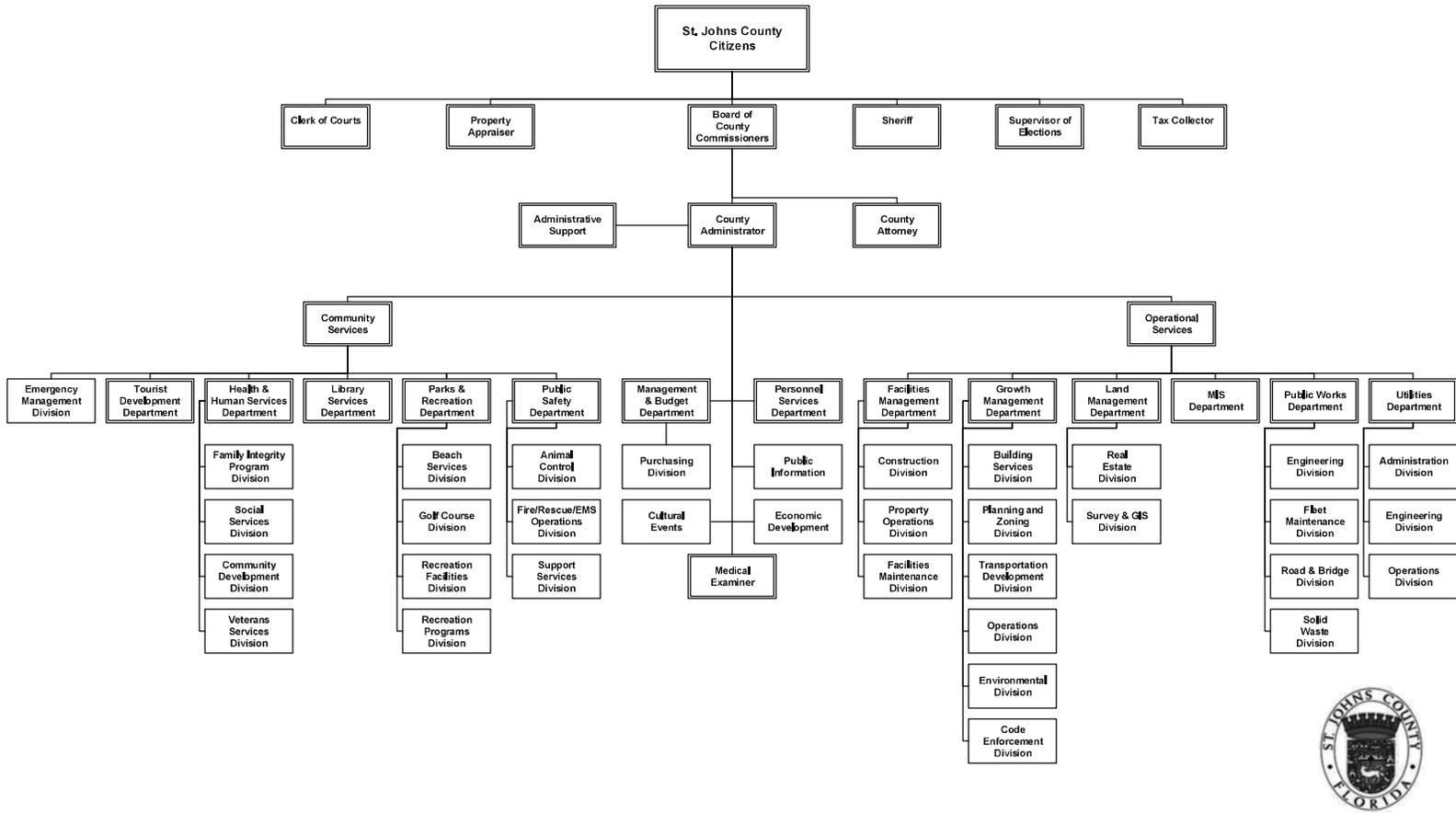
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

St. Johns County Board of County Commissioners Organization Chart





This page intentionally left blank

INDEPENDENT AUDITORS' REPORT

The Honorable County Commissioners
St. Johns County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County'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.

Auditors' 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 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 involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 principles 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Notes 10 and 11 to the financial statements, the Town of Hastings was dissolved and merged with the County, in accordance with Government Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*; and the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of both events, there have been restatements of beginning fund balance/net position. Our opinions are not modified with respect to these matters.

As described in Note 19 to the financial statements, management of the Sheriff's Office identified certain transactions that appear to be unaccounted for activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 the 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 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 solely 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 effectiveness of the County's 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 County's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
June 28, 2019



This page intentionally left blank

MANAGEMENT’S DISCUSSION and ANALYSIS

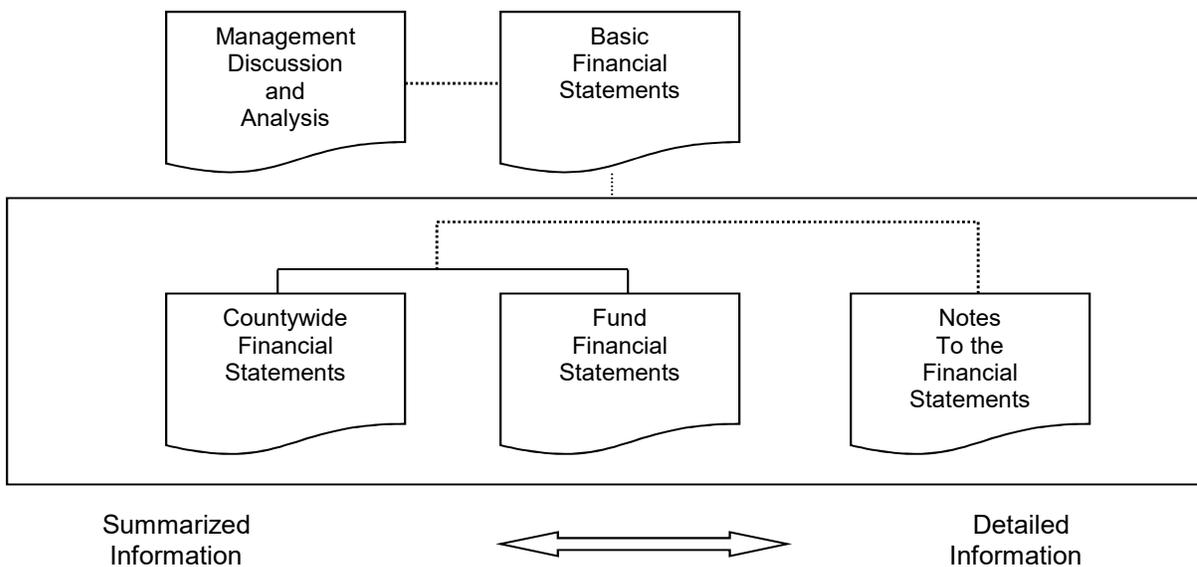
This section of St. Johns County, Florida’s Comprehensive Annual Financial Report presents a narrative overview and analysis of the County’s financial performance during our most recent fiscal year, which ended September 30, 2018. It is designed to provide an objective and easy to read overview analysis of the County’s financial activities; significant financial issues; material deviations from the Financial Plan (budget); changes in the County’s financial position and individual fund concerns. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter in the front of this report and the County’s financial statements.

1. Financial Highlights.

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, which are reported as net position, by \$1,617,539,523 as of September 30, 2018.
- Unrestricted net position of \$48,785,105 represents the amount that may be used to meet the County’s ongoing obligations to citizens and creditors.
- Total net position of the County increased by \$102,112,196.
- The net change in total governmental fund balance increased by \$38,584,927. This is primarily attributed to total revenues exceeding total expenditures by \$31.9 million. Additionally, other financing sources added \$6.7 million primarily due to additional debt and capital lease issuance and the sale of surplus capital assets.

2. Overview of the Financial Statements.

This discussion is intended to introduce St. Johns County, Florida’s basic financial statements. The basic financial statements are comprised of two kinds of statements that present different views of the County: (1) countywide statements, and (2) fund statements. The basic financial statements also include notes essential to a full understanding of both kinds of statements. This report also has a separate section for supplementary and statistical information in addition to the basic financial statements themselves as indicated below.



The first two statements are countywide financial statements that focus on the County as a whole and provide both long-term and short-term information about the County's overall financial condition. These statements provide readers with a broad view of the County's finances, similar to a private sector business.

The remaining statements are fund financial statements that are similar to traditional governmental financial statements. These statements report on individual parts of the County's operations and include more detail than the countywide statements.

- A. Countywide financial statements. The countywide statements report on St. Johns County as a whole using accounting rules very similar to those used by private companies. There are two countywide statements. The statement of net position combines and reports all of the County's assets, deferred outflows, liabilities and deferred inflows. The statement of activities combines and reports all of the County's revenues and expenses regardless of when cash is paid or received. These two financial statements demonstrate how the County's net position has changed. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows. It is one way of assessing the County's current financial condition. Increases or decreases in net position are good indicators of whether the County's financial health is improving or deteriorating over time. Other non-financial factors, such as diversity in the local economy, are important in evaluating the County's overall financial condition.

The countywide financial statements are grouped into three categories:

- *Governmental Activities.* Most of the County's basic services are included here, such as police, fire, public works, recreation, and general administration. Property taxes, sales and gas taxes, and federal and state funding finance most of the cost of these activities.
- *Business-type Activities.* The County's water and sewer utilities, solid waste, and convention center are classified here. In these activities, the County charges customer fees to cover all or a portion of the cost of providing these goods and services.
- *Component Units.* These are other governmental units over which the County exercises influence, and are presented as separate columns in the countywide statements. The Component Units are as follows; the Housing Finance Authority of St. Johns County, Florida, the St. Johns County Industrial Development Authority, and the St. Johns County Educational Facilities Authority.

B. Fund financial statements. The County's fund statements report in greater detail than the countywide statements the County's most significant funds. A fund is a group of related accounts used to exercise control over specific resources set apart for specific activities. The County, like other state and local governments, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions.

The County maintains 64 individual governmental funds. The General Fund, Transportation Trust, Fire District and the St. Johns County Community Redevelopment Agency are presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. All other governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements in a separate section of this report.

All of the County's funds are classified in one of the following categories:

- Governmental funds tell how basic governmental services were paid for in the short-term as well as what remains for near future spending. These funds account for essentially the same services as those reported as governmental activities in the countywide statements. Because the fund view does not include the additional long-term focus of the countywide statements, we provide additional information following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances that explains the differences between the two views.
 - Enterprise funds report on business-type operations of the utility funds, solid waste fund, and convention center where the fees for services typically cover all or most of the costs of operations. These statements offer both long and short-term financial information and offer more detailed reporting of the amounts classified as business-type activities in the countywide statements.
 - Internal service funds are used to account for the financing of activities provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.
 - Fiduciary funds report information about financial arrangements in which the County acts solely as an agent or trustee for others. The County is responsible for ensuring these resources are used for their intended purposes. Since these funds are not resources of the County, but are held for the benefit of others, we exclude these activities from the countywide statements.
- C. Notes to the financial statements. The notes provide additional information and explanation that is necessary for a full understanding of both the countywide and fund statements.
- D. Required supplementary information. Budgetary comparisons between beginning, ending, and actual results for the general fund and each individual major special revenue fund are located in the Supplementary Information section of the report. Additionally, the Schedules providing information on the pension plan and other post-employment benefits are located here.
- E. Other supplementary information. The combining statements for the non-major governmental funds, internal service and agency funds, as well as individual fund budget and actual comparison schedules are found in the Supplementary Information section of this report; after the required supplementary information section.

Additional statistical information is presented to give users of the report a historical perspective and to assist in determining current financial trends of the County.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT DISCUSSION and ANALYSIS
For the year ended September 30, 2018

3. Financial Analysis of the County as a Whole.

At the end of fiscal year 2018, the financial position of the County is showing continued improvement. An improving economy has provided higher taxes and fees for the County in 2018. Additionally, the County was able to recoup significant cost reimbursements through grants for expenditures incurred in prior years for hurricanes.

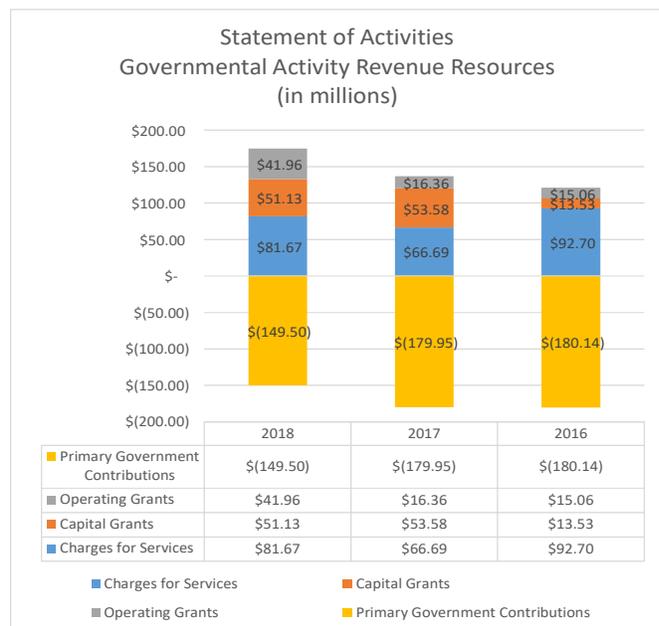
Summary Statement of Net Position
September 30, 2018 and 2017
(In Thousands)

	Governmental		Business-Type		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash and investments	\$ 200,204	\$ 179,037	\$ 108,621	\$ 114,550	\$ 308,825	\$ 293,587
Other current assets	22,847	10,099	11,728	5,807	34,575	15,906
Other noncurrent assets	1,722	5,020	128	102	1,850	5,122
Capital assets	1,327,105	1,285,360	511,718	478,107	1,838,823	1,763,467
TOTAL ASSETS	1,551,878	1,479,516	632,195	598,566	2,184,073	2,078,082
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	8,511	9,055	4,129	4,635	12,640	13,690
Pension related	78,097	82,827	3,653	3,654	81,750	86,481
TOTAL DEFERRED OUTFLOWS OF RESOURCES	86,608	91,882	7,782	8,289	94,390	100,171
LIABILITIES						
Current liabilities	44,628	47,889	19,448	15,590	64,076	63,479
Non-current liabilities	378,652	388,021	198,307	195,490	576,959	583,511
TOTAL LIABILITIES	423,280	435,910	217,755	211,080	641,035	646,990
DEFERRED INFLOWS OF RESOURCES						
Bond refunding gains	-	-	136	154	136	154
Pension related	18,642	9,733	915	523	19,557	10,256
OPEB related	178	-	18	-	196	-
TOTAL DEFERRED INFLOWS OF RESOURCES	18,820	9,733	1,069	677	19,889	10,410
NET POSITION						
Net investment of capital assets	1,146,809	1,098,607	325,567	298,003	1,472,376	1,396,610
Restricted	81,492	72,849	14,886	18,440	96,378	91,289
Unrestricted	(31,915)	(45,701)	80,700	78,655	48,785	32,954
TOTAL NET POSITION	\$ 1,196,386	\$ 1,125,755	\$ 421,153	\$ 395,098	\$ 1,617,539	\$ 1,520,853

ST. JOHNS COUNTY, FLORIDA
 MANAGEMENT DISCUSSION and ANALYSIS
 For the year ended September 30, 2018

- This year, total net position for Governmental activities increased by almost 7 percent or \$77.6 million dollars after a restatement to beginning balance in 2018 for adoption of GASB 75. Total assets and deferred outflows increased by \$67.1 million during the year. Total liabilities and deferred inflows decreased by \$3.6 million. The increase in Net Investment in Capital Assets continues to be driven primarily from the amount of donated infrastructure from completed roads within approved subdivisions and projects throughout the County, as well as the continued acquisition of new equipment and vehicles. A \$13.7 million improvement in the deficit reported for unrestricted net position from the previous year's balance to a negative \$31.9 million for the current year indicates that the negative effects of the financial crisis and costs of prior year hurricanes continue to be eliminated.
- Ending net position for Business-type activities improved by \$24.5 million. This increase indicates continued strength provided by the County's enterprise funds which allowed a larger transfer of funds from the enterprise funds in the current year to support other County operations.
- Governmental activities unrestricted net position increased by \$13.7 million, as previously mentioned, while Business-type activities unrestricted net position increased by \$2 million.
- Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$1.2 billion. The greatest portion of net position reflects the County's investment in capital assets net of the related debt used to acquire them less bond balances remaining within the capital improvement funds. Additionally, \$81.4 million of net position is subject to restrictions regarding how it may be used to meet these ongoing obligations; leaving \$(31.9) million as unrestricted. Unrestricted net position, when not a deficit, can be used to meet the County's ongoing obligations to citizens and creditors. Since 2014 unrestricted net position has significantly declined. The most significant reason was the adoption of GASB 68 which created significant pension liabilities for the County. As mentioned above, the financial crisis and the effects of several hurricanes have impacted the balance as well. The County has reversed this trend over the past couple of years however. The unrestricted net position deficit has been reduced significantly as the County works through these issues. At the end of fiscal year 2016, the deficit was \$52.7 million. For 2018, the deficit is \$31.9 million, an improvement of over \$20 million in two years.

The Statement of Activities, which is graphically portrayed in the chart shown here, illustrates where the program resources come from to cover the expenses associated with the various governmental activities of the County. Program revenues do not include general revenues such as taxes, intergovernmental revenue streams, transfers or investment earnings.



ST. JOHNS COUNTY, FLORIDA
MANAGEMENT DISCUSSION and ANALYSIS
For the year ended September 30, 2018

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 81,673	\$ 66,688	\$ 75,860	\$ 73,714	\$ 157,533	\$ 140,402
Operating grants and contributions	41,963	16,363	-	-	41,963	16,363
Capital grants and contributions	51,134	53,582	23,831	23,690	74,965	77,272
General Revenues:						
Taxes	213,157	197,619	-	-	213,157	197,619
Intergovernmental	6,591	6,570	-	-	6,591	6,570
Unrestricted earnings on investments	2,750	1,580	259	601	3,009	2,181
Miscellaneous	3,582	1,824	163	(103)	3,745	1,721
Total Revenues	400,850	344,226	100,113	97,902	500,963	442,128
Expenses:						
General government	44,223	46,444	-	-	44,223	46,444
Public safety	156,729	160,865	-	-	156,729	160,865
Physical environment	5,600	967	-	-	5,600	967
Transportation	45,015	36,485	-	-	45,015	36,485
Economic environment	4,206	3,229	-	-	4,206	3,229
Human services	14,506	13,539	-	-	14,506	13,539
Culture and recreation	37,620	38,009	-	-	37,620	38,009
Court related	8,296	10,152	-	-	8,296	10,152
Interest on long term debt	8,077	6,889	-	-	8,077	6,889
Utilities	-	-	51,618	48,154	51,618	48,154
Solid waste	-	-	22,374	20,766	22,374	20,766
Convention center	-	-	588	586	588	586
Total Expenses	324,272	316,579	74,580	69,506	398,852	386,085
Increase in net position before transfers	76,578	27,647	25,533	28,396	102,111	56,043
Transfers	1,028	4,010	(1,028)	(4,010)	-	-
Change in net position	77,606	31,657	24,505	24,386	102,111	56,043
Net position, beginning of year, as restated	1,118,780	1,094,098	396,648	370,712	1,515,428	1,464,810
Net position, end of year	\$ 1,196,386	\$ 1,125,755	\$ 421,153	\$ 395,098	\$ 1,617,539	\$ 1,520,853

The County increasingly relies upon increased charges for services, capital grants, and taxes to meet governmental expenses. With a stronger economy and the strong growth in population size, these categories have increased significantly over the past several years. Operating grants and contributions reported a significant increase in 2018 over 2017. This increase is temporary and is the result of grants received to cover expenditures incurred during prior year hurricanes.

Pension liability continues to have a significant impact on the annual change in net position for both governmental and business-type activities. Nonetheless, total net position increased in both categories during the current year.

As stated above, growth within the County has a positive impact on County revenues, but it also creates additional operational considerations regarding maintenance and replacement of infrastructure in the future.

Finally, program revenues were the main resources in meeting business-type expenditures. There were slight increases between fiscal years in expenses for the County utilities and solid waste programs. The programs' fee structures are adequate to cover the expenses of providing these services to County citizens and to allow for future infrastructure needs.



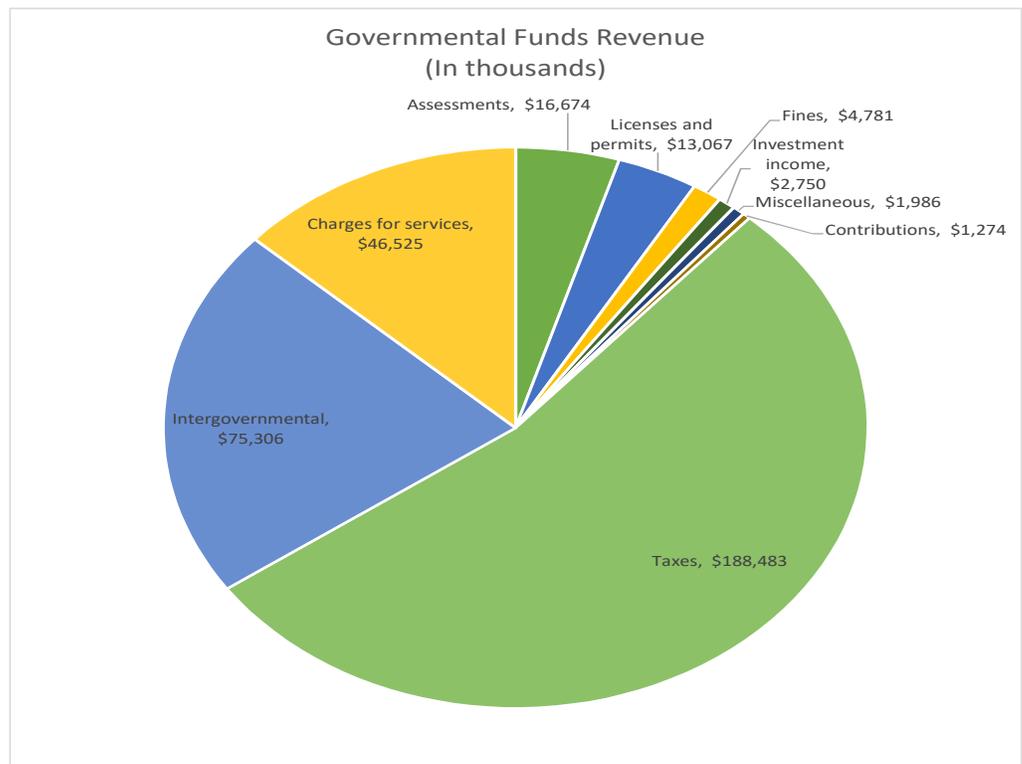
The rest of this page left blank.

4. Financial Analysis of the County's Funds.

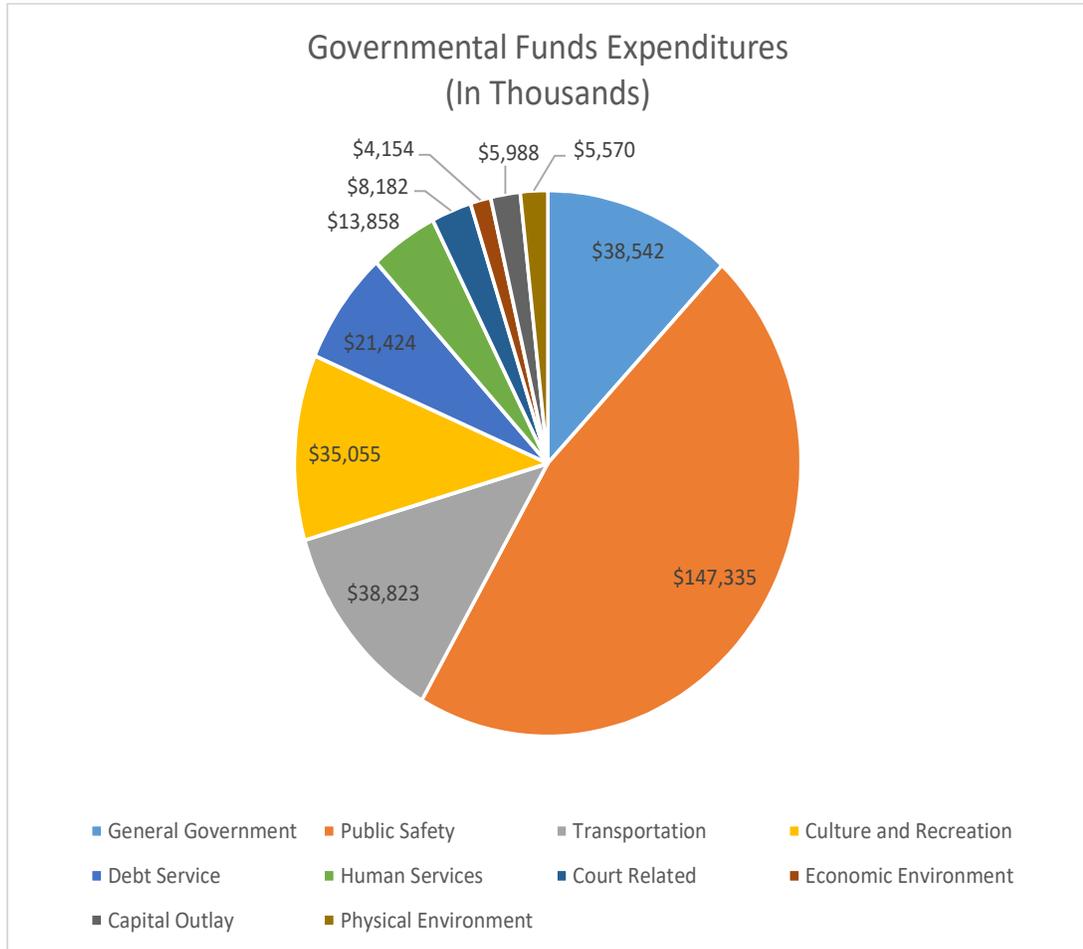
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At September 30, 2018, the County's governmental funds reported combined ending fund balances of \$188.8 million, which is an increase of \$38.6 million. Fiscal year 2018 has reported stronger results when compared with the prior fiscal year balance and can be attributed primarily because the County reported expenditures related to hurricanes in 2017. Most of the expenditures incurred were reimbursed from federal and state grants which were reported in 2018. The County was able to replenish its reserves through these grants.

The County expects to see increases in expenditures over the next couple of years as a result of planned beach renourishment projects. As with the hurricanes, much of this cost will be reimbursed in the future from federal and state grants. The County continues to monitor expenditures and expects future increases due to infrastructure needs and the increasing effects of employee benefit costs.



The County's expenditures cover a range of services; over half are related to public safety, general government, and transportation.

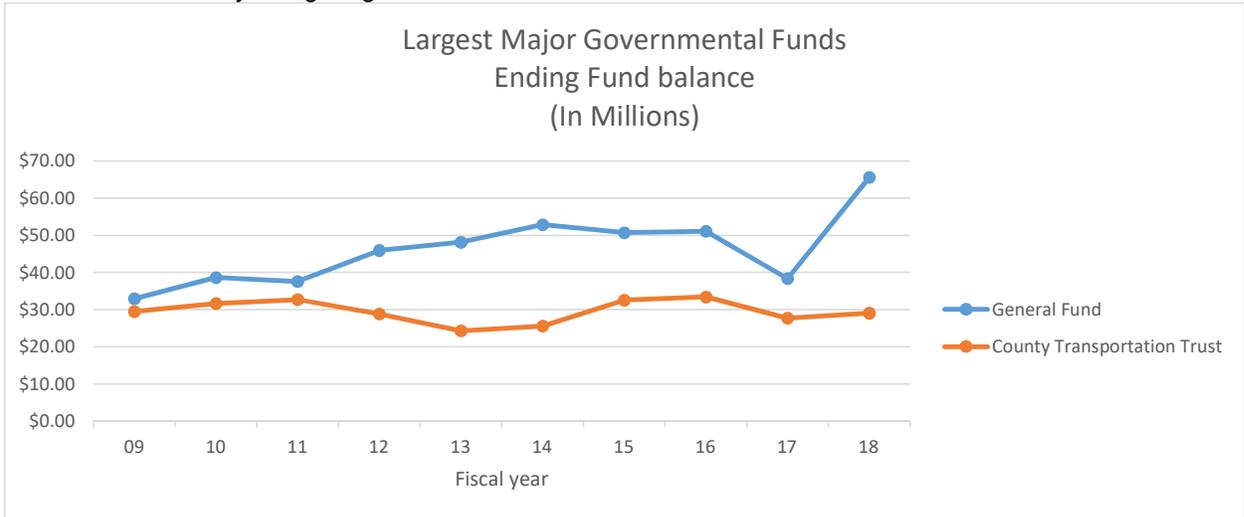


Excluding capital outlays and the County debt service requirements, the County's governmental fund expenditures decreased by \$2.8 million from prior year expenditures. This was primarily attributed to the expenditures required for the hurricanes. While there were some expenditures in fiscal year 2018 that were still paid for the effects of the prior year hurricanes, there were significantly more in 2017. This offset the effect of County wage increases and the continuing transportation maintenance projects.

The net change in fund balances for the General Fund, Transportation Trust, and the Fire District reported a total increase of approximately \$30 million. This significant increase was primarily caused by the reimbursement by federal and state governments for the prior year hurricanes. The County received approximately \$27 million of hurricane reimbursement in 2018 for expenditures made in prior years.

The St. Johns County Community Redevelopment Agency reported a slight net increase in fund balance of \$596 which indicates that the fund is able to provide services to these communities with the revenue provided in the fund.

The following graph provides the reader with information to assess the changes over time in fund balance for two of the County's largest governmental funds:



As seen in the above table, the General Fund's ending fund balance decreased significantly during the fiscal year 2017 and recovered in 2018. This reflects the effects of the hurricanes where the County had significant expenditures in 2017 to recover from the storms and these costs were reimbursed by federal and state grants in 2018. Also, an improving economy and strong development growth in the County have provided additional taxes and fees in recent years.

The Transportation Trust ending fund balance increased slightly in 2018. Restricted revenues have been sufficient to cover the current year's transportation infrastructure needs. The County continues to monitor project future transportation needs in light of the expected growth of the County and the expected increased requirement of transportation funds to meet these needs.

The Fire District's fund balance increased during the year. Revenues restricted to this fund continue to fund the cost of the operations of Fire and Rescue. The County monitors the cost of these services with this fund and transfers a portion of the fund balance to the General Fund each year to cover indirect costs of the operations.

Although the County anticipated utilizing all the St. Johns County Community Redevelopment Agency fund balances during this fiscal year, there was a negligible balance remaining at the close of the fiscal year. This fund is using all revenues received that are restricted for these purposes each year.

5. General Fund budgetary highlights.

An analysis of the revisions that were made to the General Fund's original budget during the current year and the variances between budgeted amounts and actual final revenues and expenditures for the year were primarily driven by the nature of the uncertainty associated with dealing with the aftermath of the hurricanes. This affected not only the estimates of grants revenues that ultimately would be received, but also the amount of expenditures outlay associated with this situation. Specifically:

- \$24.4 million was added to the General Fund's original budgeted receipts. These increases were primarily for additional expected receipts from FEMA and the State of Florida for the damages caused by the hurricanes, although the amounts ultimately received were less than budgeted.
- Expenditures related to the hurricanes continued to be charged to the Public Safety expenditures category in 2018. The original budget for Public Safety was increased during the year. Most of this increase resulted from revised expectations relating to the Hurricane Irma recovery effort. However, while additional expenditures for 2108 for hurricane recovery were incurred, the actual amount fell far short of the amounts expected and budgeted for the year.
- In addition to the storm activity, the County received more revenue from charges for services than budgeted. Much of the difference is associated with strong growth and development in the County which translates into fee revenues being much higher than expected.
- The County anticipated that a program related to economic environment, which would have involved additional grant revenue and the associated expenditures for the grant, would start in 2018. Consequently, the final budgeted amounts for economic environment expenditures were amended to account for this program during the year. The timeline for the most significant part of this program was revised. No significant activity on this program occurred in 2018. It is anticipated to start in 2019.
- During this year, the difference between the County's final adopted budget and total General Fund expenditures was \$26.2 million. The following table highlights the savings by function/programs:

Function	Appropriation Balance in Thousands	Percent
General Government	\$ 3,700	35.5%
Public Safety	2,900	27.8%
Economic Environment	1,900	18.2%
Court Related	918	8.8%
All other functions	1,008	9.7%
	\$ 10,426	100%

6. Capital Asset and Debt Administration.

- **Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of September 30, 2018 was \$1.838 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure, and construction in progress as presented in the following table:

Capital Assets			
Net of Depreciation			
as of September 30, 2018			
(in Thousands)			
	Governmental	Business-	
	Activities	Type	Total
	Activities	Activities	Total
Land	\$ 507,848	\$ 115,846	\$ 623,694
Intangible Assets	-	81	81
Building and Improvements	319,115	34,919	354,034
Equipment	99,965	11,251	111,216
Infrastructure	694,501	499,704	1,194,205
Construction in Progress	74,563	35,261	109,824
Less: Accumulated Depreciation	(368,887)	(185,344)	(554,231)
Total	\$ 1,327,105	\$ 511,718	\$ 1,838,823

Additional information on the County's capital assets can be found in the Notes to the Financial Statements; Note 5, Capital Asset Activity.

- **Long-term Debt.** At the end of fiscal year 2018, the County had total long-term obligations outstanding of approximately \$601 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt
(in Thousands)
as of September 30, 2018

	Governmental Activities	Business- Type Activities	Total
Revenue Bonds and Notes	\$ 184,426	\$ 167,844	\$ 352,270
Loans, Commercial Paper, and obligations under capital leases	14,454	23,074	37,528
Landfill Closure/Postclosure care	-	4,377	4,377
Compensated absences	12,683	1,028	13,711
Net Pension liability	181,886	8,434	190,320
Net OPEB liability	2,822	287	3,109
Total	\$ 396,271	\$ 205,044	\$ 601,315

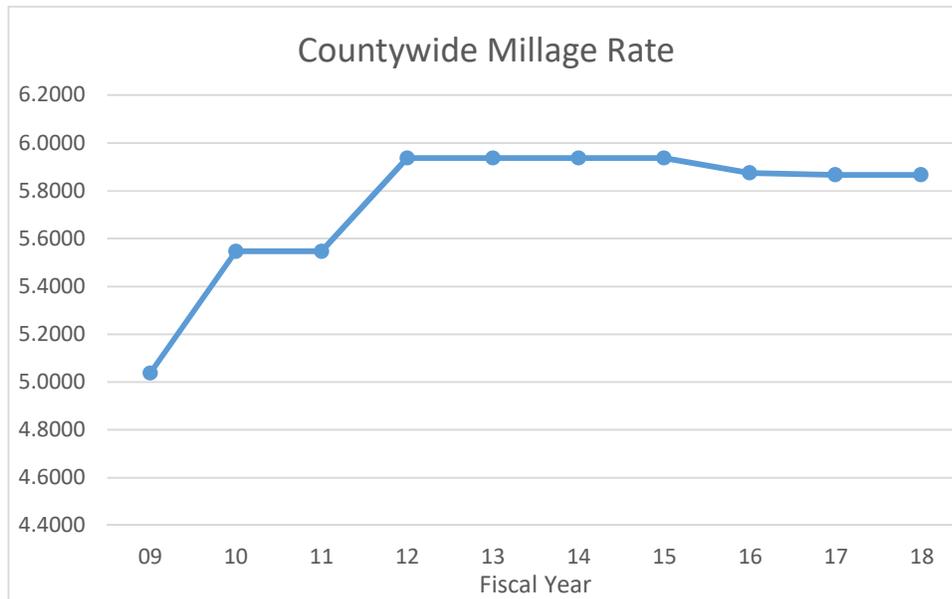
- The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. The effect is that, for 2018 and future years, net OPEB liability will be recognized in the financial statements. The adoption of this Statement increased beginning of year balances of long-term obligations by \$4.7 million.
- Excluding the County's net state pension and County OPEB liabilities from total outstanding governmental and proprietary long-term obligations, the balance decreased by \$7.6 million from the prior fiscal year.
- Overall, however, with the inclusion of the County's state pension and OPEB obligations, the County's outstanding debt declined \$9.4 million or 1.5% from the prior year.
- \$23.5 million was disbursed to retire principal that was due during the fiscal year on County bonds, notes and capital leases.
- \$14.2 million in notes and capital leases was issued during the fiscal year.

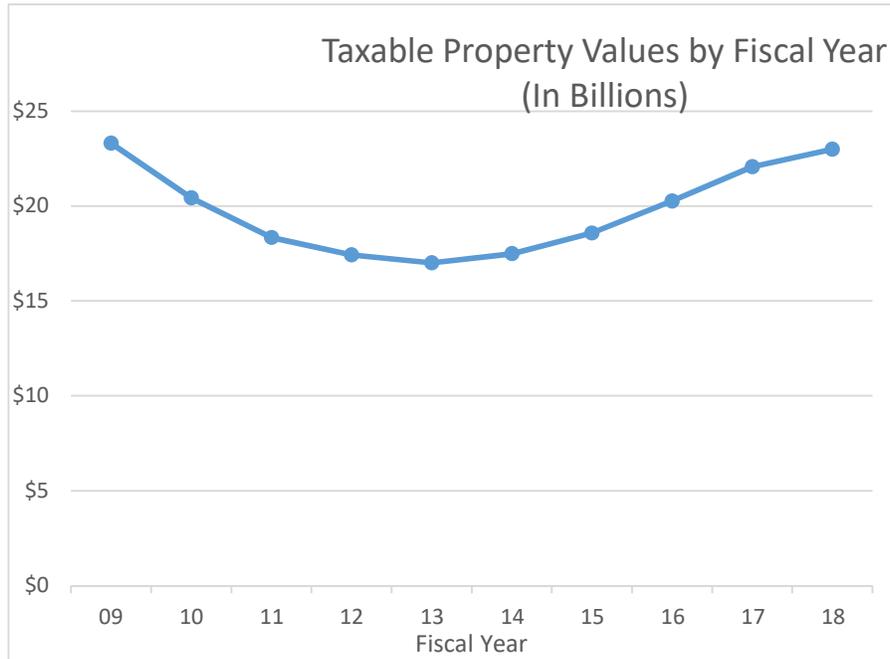
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements; Note 6, Long-Term Obligations.

7. Economic Factors and Next Year's Budgets and Rates.

St. Johns County primarily relies on property taxes, inter-governmental resources, impact fees, and service charges for governmental activities. The County maintained the overall aggregate county millage rate of 5.8671 mills from the prior fiscal year for the current year. The County will adjust future appropriations in accordance with budgetary direction provided by the Board of County Commissioners and adjust the property tax requirements so that there will possibly not be the need for future ad-valorem tax increases.

Additionally, the County has been able to hold millage rates steady while meeting new customer demands for public safety and provide additional culture and recreation facilities/programs during this fiscal year. County staff's ability to provide necessary funding levels for County functions and programs will certainly need to be constantly addressed in future budgets.





Next, as expressed in the County's budget documents for fiscal year 2018, there were a number of critical accomplishments that were achieved.

- The County Commission was able to maintain the millage rate for 2018 at the same level as 2017.
- The continued implementation of a professional firefighter force; rather than a volunteer force. However, this transition has added increased ad valorem rate pressure due to the increase in personnel, operating and capital expenditures over the last ten years. A total of 283 professional staff positions and 14 volunteer positions are in this department
- The County was able to obtain federal and state grants funding of over \$26 million to help reimburse the costs to the County incurred with hurricanes Matthew and Irma.
- The continued negative balance reported in unrestricted balances to cover governmental activities was attributable largely to long term liabilities, primarily pension and OPEB liabilities. Even though the balance remains negative, there has been significant improvement for both 2017 and 2018 even though pension liability amounts have increased significantly since GASB 68 was implemented in 2015. It is expected that the continued recovery of the economy will allow the County to transition to better economic conditions over the next few years. In addition, the Board of County Commissioners is committed to increase economic development within the County. It is their number one concern and additional resources have been appropriated for that function.
- And finally, growth management issues continue to be a critical concern of county residents. Growth management through revisions of the County's Comprehensive Plan and stricter land development regulations will provide the necessary tools to help direct county staff in managing future development within the County.

8. Requests for Information.

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of St. Johns County's finances and to demonstrate the County's accountability to each of those groups. If you have questions about this report or need additional financial information, please contact the St. Johns County Clerk of the Circuit Court and Comptroller's Office, Attn: Lon Stafford, 4010 Lewis Speedway, St. Augustine, FL, 32084.



The rest of this page left blank.

BASIC FINANCIAL STATEMENTS



ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority	St Johns County Educational Facility Authority
ASSETS						
Cash and cash equivalents	\$ 117,892,845	\$ 21,679,784	\$ 139,572,629	\$ 2,105	\$ 296,050	\$ 1,138
Investments	82,311,482	70,222,394	152,533,876	2,140	-	-
Accounts receivable, net	2,713,602	3,618,406	6,332,008	-	147	-
Notes receivable, less than 1-year	300,000	34,591	334,591	29,433	-	-
Interest receivable	666,226	450,438	1,116,664	-	-	-
Internal balances	68,545	(68,545)	-	-	-	-
Due from other governments	18,695,074	6,169,071	24,864,145	6,229	-	-
Inventories	403,194	1,524,547	1,927,741	48,000	-	-
Restricted assets:						
Cash and cash equivalents	-	1,200,387	1,200,387	-	-	-
Investments	-	15,518,526	15,518,526	-	-	-
Other assets	1,721,966	127,134	1,849,100	-	-	-
Notes receivable	-	-	-	190,097	-	-
Capital Assets:						
Land and construction in progress	582,411,520	151,107,124	733,518,644	-	-	-
Other capital assets, net	744,693,438	360,611,291	1,105,304,729	-	-	-
TOTAL ASSETS	1,551,877,892	632,195,148	2,184,073,040	278,004	296,197	1,138
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	8,511,472	4,129,267	12,640,739	-	-	-
Pension related	78,096,577	3,652,556	81,749,133	-	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	86,608,049	7,781,823	94,389,872	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,638,485,941	639,976,971	2,278,462,912	278,004	296,197	1,138
LIABILITIES						
Accounts payable and accrued expenses	17,052,761	9,133,732	26,186,493	22,355	783	375
Due to other governments	3,305,195	-	3,305,195	-	-	-
Estimated liability for self insured losses	2,577,792	-	2,577,792	-	-	-
Interest payable	167,715	1,710,279	1,877,994	-	-	-
Customer deposits	1,186,686	1,833,022	3,019,708	-	-	-
Unearned revenues	2,718,987	34,530	2,753,517	-	-	-
Due within one year:						
Bonds, capital leases, and contracts	12,633,615	6,108,322	18,741,937	-	-	-
Landfill closure and post-closure costs	-	336,662	336,662	-	-	-
Compensated absences	4,095,727	250,825	4,346,552	-	-	-
Pension liability	889,755	41,245	931,000	-	-	-
Due in more than one year:						
Bonds, capital leases, and contracts	186,246,581	184,809,927	371,056,508	-	-	-
Accrued landfill closure and post-closure costs	-	4,039,947	4,039,947	-	-	-
Compensated absences	8,587,255	777,322	9,364,577	-	-	-
Pension liability	180,996,231	8,392,917	189,389,148	-	-	-
OPEB liability	2,821,531	286,566	3,108,097	-	-	-
TOTAL LIABILITIES	423,279,831	217,755,296	641,035,127	22,355	783	375
DEFERRED INFLOWS OF RESOURCES						
Bond refunding gain	-	136,326	136,326	-	-	-
Pension related	18,642,113	914,169	19,556,282	-	-	-
OPEB related	177,615	18,039	195,654	-	-	-
TOTAL DEFERRED INFLOW OF RESOURCES	18,819,728	1,068,534	19,888,262	-	-	-
NET POSITION						
Net investment in capital assets	1,146,808,683	325,566,792	1,472,375,475	-	-	-
Restricted for:						
Property held for sale	-	-	-	48,000	-	-
Bond construction	8,588,449	2,483,964	11,072,413	-	-	-
Future Development Impacts	27,118,792	-	27,118,792	-	-	-
Transportation	335,437	-	335,437	-	-	-
Fire District	8,455,757	-	8,455,757	-	-	-
Community Redevelopment	14,757	-	14,757	-	-	-
Court operations and improvements	7,364,397	-	7,364,397	-	-	-
Building Services	17,230,856	-	17,230,856	-	-	-
Debt service	3,144,423	9,918,532	13,062,955	-	-	-
Renewal and replacement	-	2,483,396	2,483,396	-	-	-
State Housing Initiatives Program	2,334,670	-	2,334,670	-	-	-
Tourist Development and Recreation	4,942,332	-	4,942,332	-	-	-
Law enforcement	1,135,531	-	1,135,531	-	-	-
Other purposes	827,650	-	827,650	-	-	-
Unrestricted	(31,915,352)	80,700,457	48,785,105	207,649	295,414	763
TOTAL NET POSITION	\$ 1,196,386,382	\$ 421,153,141	\$ 1,617,539,523	\$ 255,649	\$ 295,414	\$ 763

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position									
	Expenses	Program Revenues			Primary Government			Component Units		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority	St Johns County Educational Facilities Authority
Primary Government:										
Governmental activities:										
General government	\$ 44,222,512	\$ 15,229,595	\$ 177,273	\$ 286,095	\$ (28,529,549)	\$ -	\$ (28,529,549)	\$ -	\$ -	\$ -
Public Safety	156,729,345	23,356,850	30,595,937	314,320	(102,462,238)	-	(102,462,238)	-	-	-
Physical environment	5,600,318	2,058,395	122,769	308,581	(3,110,573)	-	(3,110,573)	-	-	-
Transportation	45,014,978	13,371,749	1,747,303	50,090,433	20,194,507	-	20,194,507	-	-	-
Economic environment	4,205,807	160,888	968,424	-	(3,076,495)	-	(3,076,495)	-	-	-
Human Services	14,506,084	77,080	6,518,601	-	(7,910,403)	-	(7,910,403)	-	-	-
Culture and recreation	37,619,826	20,052,323	1,657,741	134,542	(15,775,220)	-	(15,775,220)	-	-	-
Court related	8,295,550	7,365,929	175,387	-	(754,234)	-	(754,234)	-	-	-
Interest on long term debt	8,077,106	-	-	-	(8,077,106)	-	(8,077,106)	-	-	-
Total governmental activities	324,271,526	81,672,809	41,963,435	51,133,971	(149,501,311)	-	(149,501,311)	-	-	-
Business-type activities:										
Utilities	51,617,865	50,283,993	-	23,831,361	-	22,497,489	22,497,489	-	-	-
Solid waste	22,374,166	24,371,377	-	-	-	1,997,211	1,997,211	-	-	-
Convention center	588,345	1,204,895	-	-	-	616,550	616,550	-	-	-
Total business-type activities	74,580,376	75,860,265	-	23,831,361	-	25,111,250	25,111,250	-	-	-
Total primary government	\$ 398,851,902	\$ 157,533,074	\$ 41,963,435	\$ 74,965,332	\$ (149,501,311)	\$ 25,111,250	\$ (124,390,061)	-	-	-
Component units:										
Housing programs	1,466,147	22,558	1,330,800	-	-	-	-	(112,789)	-	-
Economic development programs	16,046	43,805	-	-	-	-	-	-	27,759	-
Economic development - education	450	-	-	-	-	-	-	-	-	(450)
Total component units	\$ 1,482,643	\$ 66,363	\$ 1,330,800	\$ -	-	-	-	(112,789)	27,759	(450)
General revenues:										
Taxes:										
Property taxes					167,407,180	-	167,407,180	-	-	-
Communication services tax					2,250,357	-	2,250,357	-	-	-
Tourist development tax					11,162,486	-	11,162,486	-	-	-
Fuel taxes					11,627,881	-	11,627,881	-	-	-
Local government half-cent sales tax					19,103,852	-	19,103,852	-	-	-
Shared revenues - intergovernmental unrestricted					6,590,820	-	6,590,820	-	-	-
Unrestricted earnings on investments					2,750,132	258,669	3,008,801	38,199	270	-
Franchise Taxes					1,605,549	-	1,605,549	-	-	-
Miscellaneous					3,581,976	163,355	3,745,331	-	-	-
Transfers					1,028,008	(1,028,008)	-	-	-	-
Total general revenues and transfers					227,108,241	(605,984)	226,502,257	38,199	270	-
Change in net position					77,606,930	24,505,266	102,112,196	(74,590)	28,029	(450)
Net position, beginning of the year, as restated					1,118,779,452	396,647,875	1,515,427,327	330,239	267,385	1,213
Net position, end of the year					\$ 1,196,386,382	\$ 421,153,141	\$ 1,617,539,523	\$ 255,649	\$ 295,414	\$ 763

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

St. Johns County, Florida
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Transportation Trust	Fire District	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 35,843,338	\$ 6,163,731	\$ 9,222,035	\$ 27,255	\$ 53,497,190	\$ 104,753,549
Investments	21,733,659	23,889,050	4,668,331	-	32,020,442	82,311,482
Accounts receivable (net of allowance for uncollectibles)	1,148,769	272,937	22,032	-	1,162,052	2,605,790
Notes receivable	-	-	-	-	300,000	300,000
Interest receivable	183,513	132,718	23,414	-	260,251	599,896
Advances to other funds	1,876,725	27,396	-	-	-	1,904,121
Due from other funds	244,971	62,969	-	-	848	308,788
Due from other governments	15,063,052	1,124,831	27,504	-	2,479,687	18,695,074
Inventory	-	367,494	-	-	35,700	403,194
Other assets	1,455,559	12,230	28,886	-	225,291	1,721,966
TOTAL ASSETS	\$ 77,549,586	\$ 32,053,356	\$ 13,992,202	\$ 27,255	\$ 89,981,461	\$ 213,603,860
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 7,373,790	\$ 2,860,226	\$ 834,573	\$ 1,375	\$ 3,984,038	\$ 15,054,002
Customer deposits	1,175,586	-	-	-	11,100	1,186,686
Advances from other funds	-	-	-	-	1,904,121	1,904,121
Due to other funds	231,937	51,206	68,886	-	239,810	591,839
Due to other governments	3,126,893	46	-	-	178,256	3,305,195
Unearned revenue	74,880	-	-	-	2,644,107	2,718,987
TOTAL LIABILITIES	11,983,086	2,911,478	903,459	1,375	8,961,432	24,760,830
FUND BALANCES						
Nonspendable	1,876,725	-	-	-	-	1,876,725
Restricted	307,347	-	8,455,757	14,757	72,715,190	81,493,051
Committed	-	-	-	-	270,643	270,643
Assigned	8,459	29,141,878	4,632,986	11,123	9,951,292	43,745,738
Unassigned	63,373,969	-	-	-	(1,917,096)	61,456,873
TOTAL FUND BALANCES	65,566,500	29,141,878	13,088,743	25,880	81,020,029	188,843,030
TOTAL LIABILITIES AND FUND BALANCES	\$ 77,549,586	\$ 32,053,356	\$ 13,992,202	\$ 27,255	\$ 89,981,461	\$ 213,603,860

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

St Johns County, Florida
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2018

Total fund balances- governmental funds	\$ 188,843,030
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	1,327,104,958
Deferred outflows for bond refunding losses are not reported in the governmental funds.	8,511,472
Deferred pension outflows are not reported in the governmental funds.	78,096,577
Bonds and notes payable (\$182,187,162); unamortized bond premiums and discounts discounts (\$12,324,216); lease obligations (\$4,368,818); compensated absences for governmental funds (\$12,682,982); net OPEB liabilities (\$2,821,531) and net pension liabilities (\$181,885,986) are not due and payable in the current period and, therefore, are not reported in the funds.	(396,270,695)
Accrued interest payable is not reported in the governmental funds.	(167,715)
Deferred inflows related to pensions (\$18,642,113) and those related to OPEB (\$177,615) are not reported in the governmental funds.	(18,819,728)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	<u>9,088,483</u>
Net position of governmental activities	<u>\$ 1,196,386,382</u>

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Transportation Trust	Fire District	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 119,000,850	\$ 23,345,661	\$ 31,787,922	\$ 812,149	\$ 13,535,969	\$ 188,482,551
Special assessments	-	-	-	-	16,673,486	16,673,486
Licenses and permits	665,593	1,220,986	528,668	-	10,652,001	13,067,248
Intergovernmental	47,676,958	4,131,009	801,588	-	22,696,095	75,305,650
Charges for services	21,170,008	5,130,559	125,746	-	20,098,409	46,524,722
Fines and forfeitures	3,360,326	-	-	-	1,421,170	4,781,496
Contributions	55,176	1,168,360	-	-	50,838	1,274,374
Investment income	1,328,345	173,231	267,593	3,555	977,407	2,750,131
Miscellaneous revenue	1,373,381	134,590	76,123	-	402,468	1,986,562
TOTAL REVENUES	194,630,637	35,304,396	33,587,640	815,704	86,507,843	350,846,220
EXPENDITURES:						
Current:						
General government	32,313,104	-	-	-	6,228,408	38,541,512
Public safety	104,511,730	-	31,333,415	-	11,489,812	147,334,957
Physical environment	865,073	-	-	-	4,705,044	5,570,117
Transportation	57,984	33,981,017	-	-	4,783,904	38,822,905
Economic environment	2,530,815	-	-	44,352	1,579,463	4,154,630
Human services	7,000,214	-	-	-	6,858,174	13,858,388
Culture and recreation	14,293,443	-	-	-	20,762,097	35,055,540
Court Related	7,040,051	-	-	-	1,141,642	8,181,693
Capital Outlay	-	-	-	-	5,987,873	5,987,873
Debt service:						
Principal retirement	2,082,614	-	-	-	11,077,598	13,160,212
Interest and fiscal charges	68,170	-	-	-	8,195,817	8,263,987
TOTAL EXPENDITURES	170,763,198	33,981,017	31,333,415	44,352	82,809,832	318,931,814
EXCESS OF REVENUES OVER EXPENDITURES	23,867,439	1,323,379	2,254,225	771,352	3,698,011	31,914,406
OTHER FINANCING SOURCES (USES):						
Transfers in	5,503,959	180,000	-	-	11,622,856	17,306,815
Transfers out	(5,944,810)	(96,471)	(692,538)	(770,756)	(8,774,232)	(16,278,807)
Long-term debt issued	-	-	-	-	2,009,000	2,009,000
Capital lease	1,768,594	-	-	-	-	1,768,594
Sale of capital assets	1,859,429	-	-	-	5,490	1,864,919
TOTAL OTHER FINANCING SOURCES (USES)	3,187,172	83,529	(692,538)	(770,756)	4,863,114	6,670,521
NET CHANGE IN FUND BALANCES	27,054,611	1,406,908	1,561,687	596	8,561,125	38,584,927
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	38,511,889	27,734,970	11,527,056	25,284	72,458,904	150,258,103
FUND BALANCES, END OF YEAR	\$ 65,566,500	\$ 29,141,878	\$ 13,088,743	\$ 25,880	\$ 81,020,029	\$ 188,843,030

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

St Johns County, Florida

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds \$ 38,584,927

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of activities the cost of those assets is allocated over their estimated useful lives
and reported as depreciation expense. Also, certain capital assets are contributed
to the County by developers upon completion, requiring recognition of income not
reported in the funds:

Capital assets acquired by use of financial resources	\$ 36,831,101	
Capital assets contributed by developers	48,408,814	
Reclassification of capital items in construction in progress	(9,957,522)	
Current year depreciation	<u>(34,367,527)</u>	
		40,914,866

Repayment of bond principal is an expenditure in governmental funds, but the repayment
results in a reduction of long-term liabilities in the statement of net position. Issuing debt
provides current financial resources to governmental funds, but issuing debt increases
long-term liabilities in the statement of net position:

Debt issued	(3,777,594)	
Principal payments	13,160,212	
Amortization of bond premiums and discounts	<u>721,129</u>	
		10,103,747

Some expenses reported in the statement of activities did not require the use of
current financial resources and therefore are not reported as an expenditure in
governmental funds:

Book value of assets disposed	(269,506)	
Decrease of bond refunding losses	(544,018)	
Increase in compensated absences	(1,268,871)	
Decrease in interest payable	<u>9,833</u>	
		(2,072,562)

The net change in net pension liability and deferred outflows and inflows are reported in
the statement of activities, but not in the governmental funds.

Change in net pension liability	367,322	
Change in deferred outflows related to pensions	(4,820,271)	
Change in deferred inflows related to pensions	<u>(8,891,116)</u>	
		(13,344,065)

The net change in net OPEB liability and deferred inflows are reported in the statement
of activities, but not in the governmental funds.

Change in net OPEB liability	1,445,901	
Change in deferred inflows related to OPEB	<u>44,404</u>	
		1,490,305

Internal service funds are used to charge the cost of certain activities to individual
funds. The net revenue (expense) is reported in the county-wide statements with
governmental activities.

1,929,712

Change in net position of governmental activities \$ 77,606,930

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND		
	St. Johns County Utilities	Solid Waste	Convention Center	Total	
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 16,267,333	\$ 4,796,645	\$ 615,806	\$ 21,679,784	\$ 13,139,296
Investments	55,212,033	15,010,361	-	70,222,394	-
Accounts receivable, net	2,441,083	909,464	267,859	3,618,406	107,812
Unit connection fee notes receivable	34,591	-	-	34,591	-
Interest receivable	358,139	92,299	-	450,438	66,330
Other assets	125,166	1,968	-	127,134	-
Due from other funds	-	-	-	-	352,374
Due from other governments	6,142,006	27,065	-	6,169,071	-
Inventory	1,524,547	-	-	1,524,547	-
Total current assets	82,104,898	20,837,802	883,665	103,826,365	13,665,812
Non-current assets:					
Restricted assets:					
Cash and cash equivalents	-	34,332	1,166,055	1,200,387	-
Investments	15,518,526	-	-	15,518,526	-
Capital assets:					
Land	114,118,952	1,727,127	-	115,846,079	-
Intangible assets	80,776	-	-	80,776	-
Buildings and improvements	15,375,856	8,517,638	11,025,952	34,919,446	-
Water and sewer systems	499,914,244	-	-	499,914,244	-
Furniture and equipment	9,531,078	1,510,272	-	11,041,350	-
Accumulated intangible asset amortization	(16,155)	-	-	(16,155)	-
Accumulated depreciation	(176,575,580)	(4,348,898)	(4,403,892)	(185,328,370)	-
Construction in progress	35,261,045	-	-	35,261,045	-
Total non-current assets	513,208,742	7,440,471	7,788,115	528,437,328	-
TOTAL ASSETS	595,313,640	28,278,273	8,671,780	632,263,693	13,665,812
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	3,843,677	-	285,590	4,129,267	-
Pension related	3,320,082	332,474	-	3,652,556	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,163,759	332,474	285,590	7,781,823	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	5,906,077	2,735,116	40,216	8,681,409	1,998,759
Unit connection fee contract payables	452,323	-	-	452,323	-
Estimated liability for self insured losses	-	-	-	-	2,577,792
Customer deposits	1,798,690	34,332	-	1,833,022	-
Due to other funds	51,426	17,119	-	68,545	778
Landfill closure and post-closure costs	-	336,662	-	336,662	-
Unearned revenue	3,105	-	31,425	34,530	-
Revenue bonds and notes payable	4,174,105	-	1,364,000	5,538,105	-
Interest payable	1,680,891	-	29,388	1,710,279	-
State loan payable	522,028	-	-	522,028	-
Capital lease payable	48,189	-	-	48,189	-
Compensated absences	231,525	19,300	-	250,825	-
Pension liabilities	37,520	3,725	-	41,245	-
Total current liabilities	14,905,879	3,146,254	1,465,029	19,517,162	4,577,329
Long-term liabilities:					
Accrued landfill closure and post-closure costs	-	4,039,947	-	4,039,947	-
Revenue bonds and notes payable	159,471,825	-	2,834,000	162,305,825	-
State loan payable	22,197,357	-	-	22,197,357	-
Capital lease payable	306,745	-	-	306,745	-
Compensated absences	717,146	60,176	-	777,322	-
Pension liability	7,627,507	765,410	-	8,392,917	-
OPEB liability	263,878	22,688	-	286,566	-
Total long-term liabilities	190,584,458	4,888,221	2,834,000	198,306,679	-
TOTAL LIABILITIES	205,490,337	8,034,475	4,299,029	217,823,841	4,577,329
DEFERRED INFLOWS OF RESOURCES					
Pension related	833,615	80,554	-	914,169	-
Bond refunding gain	136,326	-	-	136,326	-
OPEB related	16,611	1,428	-	18,039	-
TOTAL DEFERRED INFLOWS OF RESOURCES	986,552	81,982	-	1,068,534	-
NET POSITION					
Net investment in capital assets	315,480,391	7,406,139	2,680,262	325,566,792	-
Restricted for:					
Bond construction	2,483,964	-	-	2,483,964	-
Debt service	8,752,477	-	1,166,055	9,918,532	-
Renewal and replacement reserve	2,483,396	-	-	2,483,396	-
Unrestricted	66,800,282	13,088,151	812,024	80,700,457	9,088,483
TOTAL NET POSITION	\$ 396,000,510	\$ 20,494,290	\$ 4,658,341	\$ 421,153,141	\$ 9,088,483

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION- PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND		
	St. Johns County Utilities	Solid Waste	Convention Center	Totals	
OPERATING REVENUES:					
Charges for services	\$ 46,903,729	\$ 24,335,590	\$ 572,175	\$ 71,811,494	\$ 30,733,701
Special assessment revenue	31,279	-	632,720	663,999	-
Other operating revenue	3,348,985	35,787	-	3,384,772	196,887
Total operating revenues	50,283,993	24,371,377	1,204,895	75,860,265	30,930,588
OPERATING EXPENSES:					
Contractual services	8,029,905	20,493,278	-	28,523,183	28,198,207
Salaries and benefits	12,812,986	1,240,731	-	14,053,717	928,793
Operating and maintenance expenses	8,258,046	264,935	30,000	8,552,981	170,531
Amortization of intangible assets	4,039	-	-	4,039	-
Depreciation	15,889,334	375,222	220,741	16,485,297	-
Total operating expenses	44,994,310	22,374,166	250,741	67,619,217	29,297,531
OPERATING INCOME	5,289,683	1,997,211	954,154	8,241,048	1,633,057
NON-OPERATING REVENUES (EXPENSES):					
Investment income	80,299	152,497	25,873	258,669	196,655
Interest expense	(6,623,555)	-	(337,604)	(6,961,159)	-
Donations	-	-	-	-	100,000
Hastings note forgiveness	237,000	-	-	237,000	-
(Loss) gain from asset disposition	(93,794)	20,149	-	(73,645)	-
Total non-operating revenues (expenses)	(6,400,050)	172,646	(311,731)	(6,539,135)	296,655
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,110,367)	2,169,857	642,423	1,701,913	1,929,712
Capital contributions - other	15,780,471	-	-	15,780,471	-
Capital contributions - unit connection fees	8,050,890	-	-	8,050,890	-
Transfer in	26,254,086	-	287,640	26,541,726	-
Transfer out	(25,588,088)	(1,981,646)	-	(27,569,734)	-
INCREASE IN NET POSITION	23,386,992	188,211	930,063	24,505,266	1,929,712
NET POSITION, BEGINNING OF YEAR, AS RESTATED	372,613,518	20,306,079	3,728,278	396,647,875	7,158,771
NET POSITION, END OF YEAR	\$ 396,000,510	\$ 20,494,290	\$ 4,658,341	\$ 421,153,141	\$ 9,088,483

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND		
	St. Johns County Utilities	Solid Waste	Convention Center	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 50,271,248	\$ 24,478,489	\$ 1,214,738	\$ 75,964,475	\$ 32,465,993
Payments to suppliers	(12,876,579)	(20,579,577)	(30,143)	(33,486,299)	(26,910,592)
Payments to employees	(12,315,231)	(1,186,198)	-	(13,501,429)	(928,793)
Net cash provided by operating activities	25,079,438	2,712,714	1,184,595	28,976,747	4,626,608
NONCAPITAL FINANCING ACTIVITIES:					
Receipts from Town of Hastings dissolution	146,685	-	-	146,685	-
Donations	-	-	-	-	100,000
Transfer in	26,266,031	-	287,640	26,553,671	-
Transfer out	(25,583,151)	(2,014,060)	-	(27,597,211)	-
Net cash provided by (used in) noncapital financing activities	829,565	(2,014,060)	287,640	(896,855)	100,000
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(28,325,826)	(97,888)	-	(28,423,714)	-
Sale of capital assets	16,666	20,149	-	36,815	-
Proceeds from capital contributions	1,531,901	-	-	1,531,901	-
Principal payments on revenue bonds	(7,796,873)	-	(1,330,000)	(9,126,873)	-
Principal payments on State Revolving Loan	(856,113)	-	-	(856,113)	-
Principal payments on long-term lease	(72,296)	-	-	(72,296)	-
Interest paid on revenue bonds, loans and lease obligations	(5,202,472)	-	(102,122)	(5,304,594)	-
Impact and developer fees	8,070,191	-	-	8,070,191	-
Net cash used in capital and related financing activities	(32,634,822)	(77,739)	(1,432,122)	(34,144,683)	-
INVESTING ACTIVITIES:					
Investment purchases	(29,812,137)	(2,076,948)	(623)	(31,889,708)	(2,624)
Proceeds from sale of investments	36,564,265	3,360,255	699,859	40,624,379	2,947,298
Investment income received	1,286,601	334,423	25,873	1,646,897	141,131
Net cash provided by (used in) investing activities	8,038,729	1,617,730	725,109	10,381,568	3,085,805
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,312,910	2,238,645	765,222	4,316,777	7,812,413
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,954,423	2,592,332	1,016,639	18,563,394	5,326,883
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 16,267,333	\$ 4,830,977	\$ 1,781,861	\$ 22,880,171	\$ 13,139,296
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Accretion of interest on capital appreciation bonds	\$ 2,161,061	\$ -	\$ -	\$ 2,161,061	\$ -
Principal on State Revolving Loan is due to County	5,707,372	-	-	5,707,372	-
Unrealized loss on Investments	(1,298,774)	(224,993)	-	(1,523,767)	-
Capital assets contributed by developers	14,133,267	-	-	14,133,267	-
Capital assets purchased with debt	4,734,808	-	-	4,734,808	-
Accounts receivables written off	265,282	-	-	265,282	-
Debt forgiven by lender	237,000	-	-	237,000	-
Restatement of Beginning Net Position - GASB 75 Adoption					
OPEB Liability	(399,102)	(34,316)	-	(433,418)	-
Deferred Inflows - OPEB related	(20,764)	(1,785)	-	(22,549)	-
Assets and liabilities acquired with dissolution of the Town of Hastings:					
Investments	12,500	-	-	12,500	-
Accounts receivable, net of allowance	72,311	-	-	72,311	-
Due from other funds	4,937	-	-	4,937	-
Other assets	5,865	-	-	5,865	-
Capital assets	5,887,095	-	-	5,887,095	-
Accumulated depreciation on fixed assets	(2,910,020)	-	-	(2,910,020)	-
Deferred outflows-pensions	101,318	-	-	101,318	-
Accounts payable	(22,006)	-	-	(22,006)	-
Interest payable	(23,439)	-	-	(23,439)	-
Customer deposits	(86,976)	-	-	(86,976)	-
Long term obligations, including compensated absences	(908,560)	-	-	(908,560)	-
Pension liability	(254,054)	-	-	(254,054)	-
Deferred inflows - pensions	(19,775)	-	-	(19,775)	-
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	\$ 5,289,683	\$ 1,997,211	\$ 954,154	\$ 8,241,048	\$ 1,633,057
Adjustments to reconcile operating income to cash provided by operating activities:					
Depreciation	15,889,334	375,222	220,741	16,485,297	-
Amortization of intangible assets	4,039	-	-	4,039	-
Prior year construction in progress written off	57,351	-	-	57,351	-
Bad debt expense	314,264	-	-	314,264	-
Change in accounts receivable	(305,925)	104,811	(30,373)	(231,487)	1,523,039
Change in due from other governments	183,145	-	-	183,145	-
Change in due from other funds	-	-	-	-	12,366
Change in inventory	(155,303)	-	-	(155,303)	-
Change in deferred outflows	93,671	9,343	-	103,014	-
Change in other assets	(19,146)	(11)	-	(19,157)	-
Change in accounts payable and accrued liabilities	3,214,206	431,970	40,073	3,686,249	1,341,004
Change in customer deposits	110,035	2,301	-	112,336	-
Change in estimated liability for self insured losses	-	-	-	-	117,504
Change in due to other funds	-	-	-	-	(362)
Change in deferred inflows	333,639	33,336	-	366,975	-
Change in accrued landfill closure and post-closure costs	-	(253,323)	-	(253,323)	-
Change in pension liability	157,366	15,697	-	173,063	-
Change in OPEB liability	(135,224)	(11,628)	-	(146,852)	-
Change in accrued compensated absences	48,303	7,785	-	56,088	-
Net cash provided by operating activities	\$ 25,079,438	\$ 2,712,714	\$ 1,184,595	\$ 28,976,747	\$ 4,626,608

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POSTEMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

ADDITIONS

Contributions:

Employer	\$ 2,514,634
----------	--------------

Investment income:

Interest	16,602
----------	--------

Dividends	512,663
-----------	---------

Net increase in fair value of investments	2,036,592
---	-----------

Total investment earnings	2,565,857
---------------------------	-----------

Less investment expense	(130,093)
-------------------------	-----------

Net investment income	2,435,764
-----------------------	-----------

TOTAL ADDITIONS	4,950,398
-----------------	-----------

DEDUCTIONS

Benefits	1,973,588
----------	-----------

Administrative services	6,000
-------------------------	-------

TOTAL DEDUCTIONS	1,979,588
------------------	-----------

NET INCREASE IN NET POSITION	2,970,810
------------------------------	-----------

NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS, BEGINNING	31,035,284
--	------------

NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS, ENDING	\$ 34,006,094
---	---------------

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

1. REPORTING ENTITY

St. Johns County ("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 State of America ("Generally Accepted Accounting Principles").

The component units discussed below are included in the County's reporting entity either because the County is considered to be financially accountable for the entity, or it would be misleading to exclude the entity.

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.

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

Blended Component Units

The Anastasia Sanitary District, St. Johns County Community Redevelopment Agency, Elkton Drainage District, Ponte Vedra Zoning & Adjustment Board, and the Vilano Street Lighting District are blended component units of the County. These units are included in the County's reporting entity because they have the same governing board as the primary government, and county management has operational responsibility.

The Anastasia Sanitary District maintains its legal existence; however, there has been no accounting activity for the Anastasia Sanitary District since 1992.

Discretely Presented Component Units

Discretely Presented Component Units are reported in separate columns on the government-wide financial statements to emphasize they are legally separate from the County. The following agencies' Board of Directors are appointed by the County, and the County has the ability to impose its will and has final approval authority for the corporate purposes they were chartered under Florida Statutes.

- The Housing Finance Authority of St. Johns County, Florida ("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. 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

1. REPORTING ENTITY – (continued)

issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

- The St. Johns County Industrial Development Authority (“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. The purpose of the IDA is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.
- The St. Johns County Educational Facilities Authority (“Authority”) was activated as a Florida public corporation in accordance with the Florida Authority Law, Part II of Chapter 243, Florida Statutes, following the adoption of an approving resolution (No. 2011-94, dated April 19, 2011) by the Board. The purpose of the Authority was to assist institutions for higher education in the construction, financing, and refinancing of projects. The Authority was authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County. The Authority was dissolved on March 19, 2019 and no longer exists.

Separately issued financial statements are available as follows:

Housing Finance Authority of St. Johns County, Florida
P.O. Box 1533
St. Augustine, Florida 32085-1533

St. Johns County Industrial Development Authority
2825 Lewis Speedway, Suite 104
St. Augustine, Florida 32084

St. Johns County Educational Facilities Authority
No statements are available. The Authority has been dissolved.

At September 30, 2018, St. Johns County had not entered into any joint ventures with any other governmental agencies.



The rest of this page left blank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to Generally Accepted Accounting Principles (“GAAP”) as applicable to governments. The following is a summary of the more significant policies.

A. Basis of Presentation

The accompanying financial statements of the County have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (“GASB”), GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for units of local government.

B. Basic Financial Statements

General

The basic financial statements include both government-wide and fund level statements. The government-wide statements report on all of the non-fiduciary activities of the County and its component units. Both the government-wide and fund level statements classify primary activities of the County as either governmental activities, which are primarily supported by taxes and intergovernmental revenues, or business-type activities, which are primarily supported by user fees and charges.

The government-wide statement of net position reports all assets, deferred outflows, liabilities, and deferred inflows of the County, including both long-term assets and long-term debt and other obligations. The statement of activities reports the degree to which direct expenses of county functions are offset by program revenues, which include program specific grants and charges for services provided by a specific function. Direct expenses are those that are clearly identifiable with a specific function or program. The net cost of these programs is funded from general revenues such as taxes, intergovernmental revenue, and interest earnings.

The fund level statements report on governmental, proprietary, and fiduciary fund activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund level financial statements.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements’ governmental activities column (as discussed under Basis of Accounting in this summary of significant accounting principles), a reconciliation is presented on the page following governmental fund level statements that briefly explains the adjustments necessary to convert the fund level statements into the government-wide column presentations.

Finally, the effect of interfund activity has been eliminated from the government-wide statements unless elimination of the payments, such as the indirect general fund administration charges for services between the several special revenue funds and the proprietary funds, distorts the direct cost reported for these functions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Structure

The County's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording assets and other financing resources, together with deferred outflows/inflows, liabilities and residual equities or balances, and changes therein. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into generic classifications as required by GAAP. A brief description of these classifications follows:

Governmental Funds

These funds report transactions related to resources received and used for those services traditionally provided by governmental agencies. The following are major governmental funds used by the County.

General Fund - The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund.

Transportation Trust Fund – This fund is used to account for all revenues, including ad-valorem taxes, federal and state grants, state shared and local fuel taxes, local charges for services, interest earnings, and expenditures for the County's transportation system.

Fire District – This fund accounts for revenues and expenditures for the operation of the County's fire stations which include ad-valorem taxes, charges for services, and grants which are to be used for fire protection services..

St. Johns County Community Redevelopment Agency – This fund accounts for additional tax increment revenue spending within several County redevelopment areas. The purpose is to increase the economic activity, opportunities and overall development within the areas.

Enterprise Funds

These funds report transactions related to activities similar to those found in the private sector. Major enterprise funds include:

St. Johns County Utilities – This fund accounts for the operations of the County's water and wastewater treatment services in certain areas of St. Johns County, including Ponte Vedra.

St. Johns County Solid Waste – This fund accounts for the operations of the County's landfill and transfer stations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operation. The principal operating revenues for the County's enterprise funds are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

Other Funds

Internal Service Funds – Internal service funds account for services provided primarily to other departments and elected officials of the County on a cost-reimbursement basis. The County has two internal service funds for collecting premiums and handling the payment of claims. They are the County's Workers Compensation and Health Insurance Funds.

Trust and Agency Funds – Trust and agency funds are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. The County reports these funds for the Board of County Commissioners, Clerk of Courts, Sheriff and Tax Collector. These funds account for the receipt and disbursement of funds that are custodial in nature, such as ad valorem taxes, cash bonds, traffic fines, support payments and other post-employment benefits for employees.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

Agency fund statements report assets and liabilities on the accrual basis of accounting only and, since there is no change in County equity from the receipt and disbursement of funds, it is not necessary to prepare operating statements and therefore agency funds do not have measurement focus of accounting.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include state shared revenue, intergovernmental revenue, charges for services and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenue, to which the County does not yet have legal entitlement, are not recognized as revenue until the related commitment arises. Generally, the County considers a 60-day availability period of revenue recognition.

Expenditures are recorded when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Pooled Cash and Cash Equivalents

The County maintains a cash and equivalents pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Cash Equivalents". If a fund overdraws its account in the pool, a liability and corresponding receivable (i.e., due to/from other funds) are reported on the balance sheet. This includes cash in banks, petty cash, investments held by US Bank in the First American Funds Money Market Fund, balances in the Local Government Surplus Funds Trust Fund (the "State Pool") administered by the State Board of Administration; the Florida Local Government Investment Trust ("FLGIT") administered by the Florida Court of Clerks and Comptrollers and the Florida Association of Counties, the Florida Education Investment Trust fund ("FEIT"), and investments in the Fidelity Institutional Money Market Prime Money Market Portfolios. These accounts also make up the category of "Cash and Cash Equivalents" for purposes of the Statement of Cash Flows –Proprietary Funds.

E. Investments

The County has adopted an investment policy pursuant to Section 218.415, Florida Statutes, which allows surplus and other post-employment benefit funds to be invested in registered investment companies organized under the Investment Company Act of 1940 with holdings of domestic and/or international equities, domestic fixed income investments, real estate; money market mutual funds; comingled trusts organized by banks under the Office of the Controller of Currency; supranational agencies; United States government securities; United States government agencies; Federal instrumentalities; certificates of deposit or savings accounts; repurchase agreements; commercial paper; corporate paper or notes; state and/or local government taxable and/or tax-exempt debt and inter-governmental investment pools.

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, 2018, there were no property tax receivables.

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

Lien date	January 1st
Levy date	October 1st
Delinquent date	April 1 st

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Governmental Fund and Proprietary Fund inventories are recorded as an expenditure when consumed rather than when purchased (consumption method) for financial statement purposes.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Deferred Outflows and Inflows

Deferred outflows represent the consumption of resources that is applicable to future reporting periods. Deferred inflows represent the acquisition of resources that is applicable to future reporting periods.

J. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because a restriction is either imposed by law through constitutional provisions or enabling legislation, or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use. It is the practice of the County to utilize restricted net position before unrestricted net position.

K. Capital Assets

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. Generally, capital assets costing more than \$1,000 and having a useful life of more than one year are capitalized. However, varying asset capitalization thresholds are established for the various types of infrastructure assets and, normally, the County does not capitalize interest.

Intangible assets, including easements and internally generated computer software, are capitalized at cost or at the estimated acquisition value when received from the developer. Easements, which are attached to land, have indefinite useful lives and are not amortized. Internally generated computer software is amortized over the useful life of the software and values as determined by the County's Information Technology Department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are reported in the applicable governmental or business-type column in the government-wide financial statements, and in the proprietary fund level statements.

The County began prospective reporting of general infrastructure assets as of the effective date of GASB Statement No. 34. Effective October 1, 2005, the County began retroactive reporting of all major general governmental infrastructure assets.

Depreciation on all capital assets is calculated using the straight-line method over the following useful lives:

Infrastructure	25-75 years
Bridges	35-75 years
Buildings and improvements	10-60 years
Furniture and equipment	4-10 years
Water and Sewer Systems	10-50 years

L. 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, 2018 is based on the current estimate to perform long-term care annually over the next 13 years.

M. Unearned Revenue

Unearned revenue reported in the Governmental Funds represents revenues that are received, but not earned until a future period. The revenue will be recognized in the fiscal year it is earned. Unearned revenue is recorded in liabilities.

N. Long-Term Obligations

In the government-wide financial statements, governmental long-term debt and other governmental long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position. Long-term debt and other long-term obligations of the proprietary funds are reported as liabilities in the business-type activities column of the Statement of Net Position and the appropriate proprietary fund in the fund level statements.

O. Accrued Compensated Absences

County employees may accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in the County's Administrative Code. This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB Statement No. 16, *Accounting for Compensated Absences*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated absences liabilities are accrued when incurred in the government-wide financial statements and the proprietary fund level statements. No expenditure is reported in the governmental fund level statements for these amounts until payment is due. No liability is recorded for non-vesting accumulated sick pay benefits. Compensated absences liability is based on current rates of pay.

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB plan, and for additions to /deductions from fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the County recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market funds that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows reported for the governmental activities, business-type activities, proprietary funds and fiduciary funds. Net position is reported as *restricted* when there are externally imposed restrictions. *Unrestricted* net position is net position that does not meet the definition of the classification previously described. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted sources as they are needed.

R. Fund Balances

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest level of decision-making authority, which is by Ordinance approved by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Only the Board has the authority to assign amounts used for specific purposes through the St. Johns County Administrative Code adopted by Resolution 2006-128.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The County’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

S. Use of Estimates

The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

A. Pooled Cash and Cash Equivalents

Pooled 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, cash in bank deposit accounts for construction projects and debt service reserve obligations, petty cash, repurchase agreements, balances in the State Pool administered by the SBA (“PRIME”), the Florida Local Government Trust’s Day-to-Day Fund (“FLGIT”), administered by the Florida Clerk of Courts and Comptrollers Association and the Florida Association of Counties, the Florida Education Investment Trust (“FEIT”) sponsored and regulated by the Florida School Boards Association and the Florida Association of District School Superintendents, and the First American Government Obligation Money Market Fund (“First American”).

The State Pool is an investment pool authorized by Section 218.405, Florida Statutes and operates under investment guideline established by Section 215.47, Florida Statutes. The State Pool Florida Prime has characteristics consistent with GASB’s requirements to measure its investments at amortized cost. Therefore, the Florida Prime balance of \$33,161,429 is reported at amortized cost. There were no redemption fees or maximum transaction amounts. Florida statutes do provide for situations in which a participant’s access to 100% of the account value is limited. The maximum amount of time provided to limit access is 17 days. The fair value of the position in the pool is substantially the same as the value of the pooled shares held at September 30, 2018.

FLGIT is an external investment pool that has characteristics consistent with GASB’s requirements to measure its investments at amortized cost. Therefore, FLGIT is reported at amortized cost. There are no redemption fees, maximum transaction amounts or restrictions on withdrawals. The fair value of the position in the pool is substantially equal to the value of the pool shares of \$3,278,159.

FEIT Portfolio is an external investment pool that has characteristics consistent with GASB’s requirements to measure its investments at amortized cost. Therefore, FEIT Portfolio is reported at amortized cost. The fair value of the County’s position in this pool of \$39,962,018 and is substantially

3. CASH AND INVESTMENTS (continued)

equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions.

FEIT Term Portfolio is measured at Net Asset Value (NAV) and the position in this pool of \$25,000,000 reflects fair value. The objectives of this pool are to generate investment income while maintaining safety and liquidity. There are no restrictions or terms and conditions on redeeming this investment and the County has no unfunded commitments related to this investment.

The County invests in an institutional money market fund. The County's position in this account at September 30, 2018 was \$500,000.

The County's investments in PRIME, FLGIT, FEIT, and the institutional money market expose it to credit and interest rate risks.

- Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
 - PRIME, FEIT Portfolio, and the institutional money market fund are rated by Standard and Poor's and have a rating at September 30, 2018 of AAAM. FLGIT is rated by Fitch and has a rating of AAAM.
 - The FEIT Term Portfolio is rated by Fitch Ratings and has a rating at September 30, 2018 of AAAf.
- Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment.
 - The weighted average maturity (WAM) of the Florida PRIME at September 30, 2018 was 33 days.
 - The weighted average maturity (WAM) of FLGIT's Day-to-Day Fund at September 30, 2018 was 34 days.
 - The weighted average maturity (WAM) of FEIT's Portfolio Funds at September 30, 2018 was 38 days.
 - The weighted average maturity (WAM) of the institutional money market fund at September 30, 2018 was 35 days.

Regarding the hierarchy disclosure requirements of GASB No. 72, *Fair Value Measurement and Application*, it was determined that the investments in Florida PRIME, FLGIT, FEIT Portfolio, and the bank money market funds are exempt from those requirements.

At September 30, 2018, all of the County's bank deposits were held in qualified public depositories, pursuant to Chapter 280, Florida Statutes and are fully insured or collateralized.

Component Units – At September 30, 2018, the Housing Finance Authority, Industrial Development Authority, and Educational Facilities Authority's cash on deposit was entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

3. CASH AND INVESTMENTS (continued)

B. Investments

On January 8, 2008 and subsequently amended on June 23, 2014, the County formally adopted a comprehensive change to the investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the County's investment assets. The County maintains common investment pool portfolios for the use of all available surplus funds ("Surplus Funds") and a separate portfolio which is held in an irrevocable trust for the St. Johns County OPEB Employee Trust Fund ("OPEB Trust Fund").

In addition, investments are separately held by the County's special revenue, debt service, capital projects and enterprise funds.

Finally, Section 218.415, Florida Statutes, limits the types of investments that the County can invest in unless specifically authorized in the County's investment policy. The County has a formal investment policy that allows for the following investments: the State Pool, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Supranational Agencies, Non-negotiable Interest Bearing Certificates of Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper Bankers' Acceptances, Corporate Paper and Notes, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Mutual Funds) and Inter-governmental Investment Pools.

The allowable investments of the OPEB Trust Fund include Registered Investment Companies (Equity, Real Estate and Fixed Income Mutual Funds) organized under the Investment Company Act of 1940 with holdings of domestic and/or international equities, high quality domestic fixed income investments, real estate and/or cash equivalents; Registered Investment Companies (Money Market Mutual Funds) that are rated AAm or AAm-G or better by Standard & Poor's, or the equivalent by another rating agency; and Commingled Trusts (Equity, Real Estate and Fixed Income Trusts) organized by a bank under the Office of the Controller of the Currency guidelines with holding of domestic and/or international equities, high quality domestic fixed income investments, real estate and/or cash equivalents. Additionally, the OPEB Trust Fund may include Supranational Agencies; Banker's Acceptances; Corporate Paper and Notes; Certificates of Deposits; Savings Accounts; Short-Term Corporate Obligations; Fixed Income Securities; U.S. Treasury, Federal Agencies and U.S. Government Guaranteed Obligation; Investment Grade Municipal Issues; Investment Grade Corporate Issues Including Convertibles; Common and Preferred Stocks; Real Estate Trusts and Private Real Estate in pooled vehicles.

3. CASH AND INVESTMENTS (continued)

1. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of September 30, 2018:

- Level One
 - Fixed Income and U. S. Treasury securities – valued daily based on institutional bond quotes provided by FT Interactive
 - Domestic equities – valued daily based on market closing price by FT Interactive Data
 - International equity – valued based on various market factors provided by FT Interactive Data and Extel Financial Ltd.
 - Other Growth - valued daily based on market closing price by FT Interactive Data

- Level Two
 - Federal Instrumentalities – valued daily based on institutional bond quotes provided by FT Interactive
 - Commercial paper – valued daily by institutional bond quotes provided by FT Interactive
 - Supranational Agencies – valued daily based on various market factors provided by Standard & Poor's and Bloomberg
 - Municipal Obligations – valued daily based on various market and industry inputs provided by FT Interactive Data and Bloomberg
 - Corporate notes – valued daily based on various market and industry inputs provided by FT Interactive Data

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

3. CASH AND INVESTMENTS (continued)

As of September 30, 2018, the County's investment portfolios had the following investments for which fair value levels are determined on a recurring basis:

Surplus Fund Investments	Quoted Prices			Total Investments
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Treasury Bond Notes	\$ 86,734,597	\$ -	\$ -	\$ 86,734,597
Federal Instrumentalities - Bonds/Notes				
FREDDIE MAC Notes	-	1,985,860	-	1,985,860
FHLB Notes	-	13,281,296	-	13,281,296
FHLMC Notes	-	5,297,328	-	5,297,328
FNMA Notes	-	9,455,235	-	9,455,235
	-	30,019,719	-	30,019,719
Corporate Notes	-	39,189,994	-	39,189,994
Supranational Agencies	-	11,372,732	-	11,372,732
Municipal Obligations	-	735,360	-	735,360
Total Investments	\$ 86,734,597	\$81,317,805	\$ -	\$ 168,052,402

The County had one cash equivalent account measured at net asset value. The FEIT Term Investment portfolio which is valued at \$25,000,000.



The rest of this page left blank.

3. CASH AND INVESTMENTS (continued)

As of September 30, 2018, the OPEB Trust consisted of the following asset classes and percent allocations, as well as fair value levels of those assets for which fair values are determined on a recurring basis:

OPEB Trust Investments	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Investments
Domestic Equity	\$15,067,219	\$ -	\$ -	\$15,067,219
International Equity	7,366,721	-	-	7,366,721
Fixed Income	10,159,277	-	-	10,159,277
Total investments at fair value	\$32,593,217	\$ -	\$ -	\$32,593,217

2. Interest Rate Risk

County Funds

The County's Surplus Funds investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants. From time to time, the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating, capital needs or to satisfy debt obligation, but in no event shall exceed five years.



The rest of this page left blank.

3. CASH AND INVESTMENTS (continued)

Weighted average maturities of County investments are as follows:

<u>Surplus Fund Investments</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury Bond Notes	2.26
Federal Instrumentalities - Bonds/Notes	
FREDDIE MAC Notes	0.54
FHLB Notes	0.78
FHLMC Notes	0.75
FNMA Notes	1.70
Corporate Notes	2.52
Supranational Agencies	1.51
Municipal Obligations	.067

OPEB Funds

Interest rate risk is minimized in the OPEB Trust Fund because the County utilizes “effective duration” as a measurement of interest rate risk for Trust assets. Trust Assets are a mix of both equity and fixed income-oriented mutual funds. As of September 30, 2018, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 31.2% and had an effective duration of 5.3 years. Effective duration is not a characteristic applicable to equity-oriented mutual funds (including Domestic and International Equity, REIT and inflation Hedged asset classes) and thus is not relevant to GASB Statement No. 40.

Interest receivable on the County’s investment portfolios amounted to \$1,113,871 as of September 30, 2018.

3. Credit Risk

The County’s investment policy permits for investments in the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- Money Market Mutual funds shall be rated “AAm” or “AAm-G” or better by Standard & Poor’s or the equivalent by another national rating agency.
- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue Bonds, rated at least “Aa” by Moody’s or “AA” by Standard & Poor’s for long-term debt, or rated at least “MIG-2” by Moody’s and “SP-2” by Standard & Poor’s for short-term debt.
- Bankers’ acceptances issued by a domestic bank, which has at the time of purchase an unsecured, uninsured and un-guaranteed obligation rating, at the time of purchase, of at least “Prime-1” by Moody’s Investors Services or “A-1” by Standard & Poor’s. The bank must be ranked in the top fifty (50) United States banks in terms of total assets by

3. CASH AND INVESTMENTS (continued)

the American Banker's yearly report. Additionally, the bank shall not be listed with any recognized credit watch information service.

- Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Additionally, if backed by a letter of credit (LOC"), the long term debt of the LOC provider must be rated at least "A" by at least two nationally recognized rating agencies and must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report. The company shall not be listed with any recognized credit watch information service.

Additionally, the OPEB Trust Fund's investment policy for investments in fixed income securities and cash equivalents that are limited to credit quality ratings from nationally recognized rating agencies as follows:

- *Fixed Income*
Fixed Income Investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles. The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard and Poor's).
- *Cash Equivalents*
Cash equivalent reserves shall consist of cash instruments having a quality rating of "a-1", "P-1" or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificate of deposit and savings accounts must be made of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million. Short-term corporate obligations must be rated "A" or better by Moody's or by Standard & Poor's.



The rest of this page left blank.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

3. CASH AND INVESTMENTS (continued)

Credit quality is not a characteristic applicable to equity-oriented mutual Funds (including Domestic and International Equity, REIT and inflations Hedged asset classes) and this is not relevant for financial statement disclosure purposes.

Investment Type	Fair Value	Exempt	AAA	BB or Greater
Surplus Fund				
Federal Instrumentalities-Bond Notes	\$ 30,019,719	\$ -	\$ -	\$ 30,019,719
Corporate Notes	39,189,994	-	-	39,189,994
Supranational Agencies	11,372,732	-	11,372,732	-
Municipal Obligations	735,360	-	-	735,360
Subtotal - Surplus Fund	<u>81,317,805</u>	<u>-</u>	<u>11,372,732</u>	<u>69,945,073</u>
OPEB Trust Fund				
Investment Assets:				
Taxable Bonds-Fixed Income Mutual Fund:	10,159,277	-	-	10,159,277 *
Stocks-Equity Mutual Funds	<u>22,433,940</u>	<u>22,433,940</u>	<u>-</u>	<u>-</u>
Subtotal - OPEB Trust Fund	<u>32,593,217</u>	<u>22,433,940</u>	<u>-</u>	<u>10,159,277</u>
Total investments	<u>\$ 113,911,022</u>	<u>\$ 22,433,940</u>	<u>\$ 11,372,732</u>	<u>\$ 80,104,350</u>

* Approximately 10% of the Taxable Bonds-Fixed Income Mutual Funds are in investments rated lower than BB.

4. Custodial Credit Risk

The County's investment policy requires securities, with the exception of certificates of deposits, to be held by a third party custodian. Additionally, all securities purchased by, and all collateral obtained by the County should be properly designated as an asset of the County.

The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

Finally, the County's investment policies require all assets be held with the custodial bank under a contractual agreement signed by the Chairman of the Board and the Clerk as Chief Financial Officer. All securities purchased by and all collateral obtained by the investment managers and/or the Clerk are designated as assets of the Surplus Fund or OPEB Trust Fund respectively. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by written

3. CASH AND INVESTMENTS (continued)

authorization of the Clerk. Securities transactions between a broker/dealer and the custodial bank involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodial bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

As of September 30, 2018, the County's Surplus Fund and OPEB Trust Fund investment portfolios were held with a third-party custodian as required by the County's investment policies.

5. Concentration of Credit Risk

The County's investment policies have established asset allocation and issuer limits on the following investments. This is designed to reduce concentration of credit risk of the County's Surplus Fund and OPEB Trust Fund portfolios. The table below reflects the allowed distribution by investment type.

Security Type	Surplus Fund Allocation Permitted by Policy	Trust Fund Allocation Permitted by Policy	Trust Fund Allocation Target
Investment Assets			
Domestic Equity		26-46%	36%
International Equity		13-33%	23%
REIT		0-12%	6%
Fixed Income		20-60%	35%
Liquidity Assets			
Cash Equivalents		0% - 100%	100%
United States Treasury Securities	100%		
United States Government Agency Securities	50%		
Federal Instrumentalities	1 80%		
Certificates of Deposit	50%		
Repurchase Agreements	50%		
Commercial Paper	35%		
Mortgage-Backed Securities	1 25%		
Bankers' Acceptances	35%		
State and/or Local Government Debt	20%		
Money Market Mutual Funds	50%		
Intergovernmental Investment Pool	25%		
Guaranteed Investment Contracts	2 100%		

Notes:

1. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 80%.
2. The Guaranteed Investment Contracts, which are not allowed under the County Investment Policy, were specifically adopted and authorized under the terms of the Resolution for the Series 2006, Transportation and Sales Tax Revenue Bonds. The permitted allocation was 100% of total bond proceeds.

3. CASH AND INVESTMENTS (continued)

Additionally, an effort shall be made, to the extent practical, prudent and appropriate, to select investments, commingled funds and/or mutual funds that have investment objectives and policies that are consistent with the County's policies. However, given their nature, it is recognized that there may be deviations between the policies and the objectives of the investments. A commingled fund or mutual fund will not be included in OPEB Trust Fund portfolio unless it complies with the Investment Company Act of 1940's diversification requirement.

Equity

Investment in common stocks, preferred stocks and publicly traded Real Estate Investment Trusts shall be limited to not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market may be held in any one industry category.

Fixed Income

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, including, U.S. Treasury/Federal Agency issues, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

6. Foreign Currency Risk

The County investment policy does not allow for investments in foreign currency therefore the County has no exposure to foreign currency risk. However, the Trust's investment policy allows for non-U.S. investments through the use of commingled funds and/or mutual funds. All assets of the Trust are invested in funds denominated in U.S. Dollars. There is no direct foreign currency risk; however, underlying securities of these funds may be denominated in currencies other than the U.S. Dollar.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable of \$1.1 million in the General Fund consist primarily of ambulance service accounts of \$2.5 million and are reported net of an allowance for doubtful accounts of \$1.5 million at September 30, 2018. The allowance represents 58% of the gross ambulance service accounts receivable at September 30, 2018. The balance of the receivable consists of restitution, returned checks, and miscellaneous service fees.

Accounts receivable of the Non-major Governmental Funds consist primarily of Tourist Development Tax receivables, cultural event receivables, returned checks, 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, 2018

4. ACCOUNTS AND NOTES RECEIVABLE (continued)

Accounts receivable contained in the Enterprise Funds consist of the following receivables and their related allowance for doubtful accounts at September 30, 2018:

	<u>Balance</u>	<u>Allowance</u>	<u>Net</u>
St. Johns County Utilities Fund	\$ 2,512,276	\$ 71,193	\$ 2,441,083
Solid Waste Fund	910,464	1,000	909,464
Convention Center	485,181	217,322	267,859
	<u>\$ 3,907,921</u>	<u>\$ 289,515</u>	<u>\$ 3,618,406</u>

Notes receivable contained in the Statement of Net Position for Governmental Activities and the State Housing Initiatives Program fund includes \$300,000 in State Housing Initiatives Partnership (SHIP) program funds. The notes were provided as a “zero-percent interest” loan to assist in the development of multifamily housing units for low and very-low income rental housing.

Also, included in notes receivable on the Statements of Net Position for the Business Activities is \$34,591 of unit connection fee notes receivable. All of this amount is due during the next fiscal year. 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 at 5.00% and are generally due in annual or monthly installments of principal and interest, with maturities of two to twenty years.

None of the above notes receivable are collateralized. At September 30, 2018, an allowance for doubtful accounts was not considered necessary.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2018, is as follows:

Primary Government

	Beginning Balance October 1, 2017 <u>As Restated</u>	<u>Additions</u>	Dispositions/ <u>Reclassifications</u>	Ending Balance September 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 490,164,787	\$ 17,684,039	\$ -	\$ 507,848,826
Construction in progress	82,276,541	12,561,334	20,275,181	74,562,694
Total capital assets not being depreciated	<u>572,441,328</u>	<u>30,245,373</u>	<u>20,275,181</u>	<u>582,411,520</u>
Other capital assets:				
Buildings and other improvements	303,661,181	15,831,972	378,113	319,115,040
Equipment	94,879,780	10,556,739	5,471,899	99,964,620
Infrastructure	655,577,562	38,923,490	-	694,501,052
Total other capital assets	<u>1,054,118,523</u>	<u>65,312,201</u>	<u>5,850,012</u>	<u>1,113,580,712</u>
Less accumulated depreciation for:				
Buildings and other improvements	95,643,195	5,189,827	334,820	100,498,202
Equipment	67,319,483	8,849,657	5,245,686	70,923,454
Infrastructure	177,137,575	20,328,043	-	197,465,618
Total accumulated depreciation	<u>340,100,253</u>	<u>34,367,527</u>	<u>5,580,506</u>	<u>368,887,274</u>
Other capital assets, net	<u>714,018,270</u>	<u>30,944,674</u>	<u>269,506</u>	<u>744,693,438</u>
Governmental activities capital assets, net	<u>\$ 1,286,459,598</u>	<u>\$ 61,190,047</u>	<u>\$ 20,544,687</u>	<u>\$ 1,327,104,958</u>

Certain beginning balances for Governmental Activities have been restated to account for the dissolution of the Town of Hastings, Florida and the subsequent merger of the Town into St. Johns County. Beginning balances, as reported by the County, have been restated as follows:

	Beginning Balances, as Originally Reported	Effect of Hastings Merger	Beginning Balances As Restated
Capital assets:			
Land	\$490,097,037	\$ 67,750	\$ 490,164,787
Buildings and other improvements	\$302,036,168	\$ 1,625,013	\$ 303,661,181
Equipment	\$ 94,389,201	\$ 490,579	\$ 94,879,780
Accumulated depreciation:			
Buildings and other improvements	\$ 95,008,947	\$ 634,248	\$ 95,643,195
Equipment	\$ 66,869,512	\$ 449,971	\$ 67,319,483

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

5. CAPITAL ASSET ACTIVITY (continued)

Primary Government

	Beginning Balance October 1, 2017 <u>As Restated</u>	<u>Additions</u>	<u>Disposals</u>	Ending Balance September 30, 2018
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 114,201,766	\$ 1,644,313	\$ -	\$ 115,846,079
Construction in progress	12,936,292	28,514,895	6,190,142	35,261,045
Total capital assets not being depreciated	<u>127,138,058</u>	<u>30,159,208</u>	<u>6,190,142</u>	<u>151,107,124</u>
Other capital assets:				
Intangible assets	80,776	-	-	80,776
Buildings and other improvements	34,862,533	56,913	-	34,919,446
Equipment and systems	488,693,334	23,208,459	946,199	510,955,594
Total other assets	<u>523,636,643</u>	<u>23,265,372</u>	<u>946,199</u>	<u>545,955,816</u>
Less accumulated amortization and depreciation for:				
Intangible assets	12,116	4,039	-	16,155
Buildings and other improvements	35,480,096	611,339	-	36,091,435
Equipment and systems	134,198,716	15,873,958	835,739	149,236,935
Total accumulated depreciation	<u>169,690,928</u>	<u>16,489,336</u>	<u>835,739</u>	<u>185,344,525</u>
Other capital assets, net	<u>353,945,715</u>	<u>6,776,036</u>	<u>110,460</u>	<u>360,611,291</u>
Business-type activities capital assets, net	<u>\$ 481,083,773</u>	<u>\$ 36,935,244</u>	<u>\$ 6,300,602</u>	<u>\$ 511,718,415</u>

Certain beginning balances for Business-Type Activities have been restated to account for the dissolution of the Town of Hastings, Florida and the subsequent merger of the Town into St. Johns County. Beginning balances, as reported by the County, have been restated as follows:

	Beginning Balances, as Originally Reported	Effect of Hastings Merger	Beginning Balances As Restated
Capital assets:			
Land	\$114,138,941	\$ 62,825	\$ 114,201,766
Equipment and systems	\$482,869,064	\$ 5,824,270	\$ 488,693,334
Accumulated depreciation:			
Equipment and systems	\$131,288,696	\$ 2,910,020	\$ 134,198,716

5. CAPITAL ASSET ACTIVITY (concluded)

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:

General government	\$ 2,283,038
Public safety	9,054,806
Physical environment	197,775
Transportation	19,373,200
Economic environment	22,215
Human services	505,340
Culture and recreation	2,736,730
Court related	194,423
Total depreciation expense - Governmental activities	<u>\$ 34,367,527</u>

Business-type activities:

	Depreciation	Amortization	Total
St. Johns County Utility	\$ 15,889,334	\$ 4,039	\$ 15,893,373
Solid Waste	375,222	-	375,222
Convention Center	220,741	-	220,741
Total depreciation expense - Business-type activities	<u>\$ 16,485,297</u>	<u>\$ 4,039</u>	<u>\$ 16,489,336</u>

6. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2018 are comprised of the following:

Governmental Activities Long-Term Obligations

Revenue Bonds and Notes Payable:

\$52,315,000 – 2015 Sales Tax Revenue and Refunding Bonds: secured by a lien upon and pledge of local government half-cent sales tax to refund a portion of the outstanding Sales Tax Revenue Refunding Bonds, Series 2006, which included funding of various capital improvements within the County, paying the costs of additional County-wide capital improvements, funding the debt service reserve account surety bond and paying certain costs of issuance; due in annual installments of \$1,545,000 to \$6,290,000 through October 1, 2036, plus interest at 5.0% payable semiannually, plus unamortized premium of \$6,121,349. The approximate balance of the pledge, which equals the remaining principal and interest is \$73,922,050. During fiscal year 2018, \$19,082,226 was recognized in sales tax revenues and \$3,925,025 was paid for debt service.

\$ 48,820,000

6. LONG-TERM OBLIGATIONS (continued)

\$24,755,000 – 2015 Transportation Improvement Revenue Refunding Bonds - secured by a lien upon and pledge of gas tax revenues for the cost of refunding a portion of the County's outstanding Transportation Improvement Revenue Bonds, Series 2006, and to pay certain costs of issuance; due in annual installments of \$645,000 to \$3,610,000 through October 1, 2035, plus interest at 3.125% to 5.0%, payable semiannually plus unamortized premium of \$1,683,006. The approximate balance of the pledge, which equals the remaining principal and interest is \$34,546,719. During fiscal year 2018, \$10,099,045 was recognized in gas tax revenues and \$1,660,794 was paid for debt service. 23,485,000

\$15,300,000 – 2014 Capital Improvement Revenue Refunding Bonds - secured by a lien upon and a pledge of State Revenue Sharing Funds to advance refund a portion of the Series 2005, St Johns County, Florida, Capital Improvement Revenue and Refunding Bonds and to pay certain costs of issuance; due in annual installments of \$590,000 to \$1,020,000 through July 1, 2035 plus interest at 3.0% to 5.0%, payable semiannually plus unamortized premium of \$798,090. The approximate balance of the pledge, which equals the remaining principal and interest, is \$18,951,869. During fiscal year 2018, \$6,574,064 was recognized as State Revenue Sharing Revenues and \$1,166,906 was paid for debt service. 13,580,000

\$4,500,000 – 2014 Taxable Capital Improvement Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of a new health and human services building, and to pay certain costs of issuance; due in annual installments of \$270,000 to \$395,000 through October 1, 2028, plus interest at 3.99%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$4,121,454. During fiscal year 2018, \$58,122,000 was recognized as the average legally available amount of non-ad valorem revenues, and \$414,182 was paid for debt service. 3,345,000

\$13,137,000 – 2012 Capital Improvement Revenue Bonds- secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of an intergovernmental communications center and to pay certain costs of issuance; due in annual installments of \$1,136,000 to \$1,255,000 through October 1, 2023, plus interest at 1.9999%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$6,398,702. During fiscal year 2018, \$58,122,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,279,353 was paid for debt service. 6,032,000

6. LONG-TERM OBLIGATIONS (continued)

\$41,030,000 - 2012 Sales Tax Revenue Refunding Bonds – secured by a lien upon and pledge of local government half-cent sales tax to refund the outstanding Sales Tax Revenue Refunding Bonds, Series 2004, which included funding of capital improvements for the Vilano Beach CRA, funding for the debt service reserve account surety bond, and for paying certain costs of issuance; due in annual installments of \$245,000 to \$3,085,000 through October 1, 2034, plus interest at 2.5% to 5%, payable semiannually, plus unamortized premium of \$2,598,160. The approximate balance of the pledge, which equals the remaining principal and interest is \$55,684,013. During fiscal year 2018, \$19,082,226 was recognized in sales tax revenue and \$1,918,419 was paid for debt service.

39,695,000

\$25,050,000 - 2012 Transportation Improvement Revenue Refunding Bonds – secured by a lien upon and pledge of gas tax revenues for the refunding of a portion of the County's outstanding Transportation Improvement Revenue Bonds, Series 2003, and for paying certain costs of issuance; due in annual installments of \$1,080,000 to \$1,920,000 through October 1, 2032, plus interest at 3.0% to 5.0%, payable semiannually, plus unamortized premium of \$1,136,029. The approximate balance of the pledge, which equals the remaining principal and interest is \$28,206,912. During fiscal year 2018, \$10,099,045 was recognized in gas tax revenues, and \$2,016,575 was paid for debt service.

20,870,000

\$10,950,000 - 2009A Sales Tax Revenue Refunding Bonds – secured by a lien upon and pledge of local government half-cent sales tax to refund the outstanding Sales Tax Revenue Refunding Bonds, Series 1998, to fund the debt service reserve account surety bond and to pay certain costs of issuance; due in annual installments of \$1,450,000 to \$1,505,000 through October 1, 2019, plus interest at 4.0% to 4.25%, payable semiannually, less unamortized discount of \$12,418. The approximate balance of the pledge, which equals the remaining principal and interest is \$1,568,963. During fiscal year 2018, \$19,082,226 was recognized in sales tax revenue and \$1,571,963 was paid for debt service.

1,505,000

\$23,520,000 - 2009 Sales Tax Revenue and Refunding Bonds – secured by a lien upon and pledge of local government half-cent sales tax revenues for the construction of various capital improvements, to refund the outstanding Commercial Paper Revenue Note, Draw No. A-2-3, to fund the cash debt service reserve account, and to pay certain costs of issuance; due in annual installments of \$1,115,000 to \$1,820,000 through October 1, 2028, plus interest at 4.99%, payable semiannually. The approximate balance of the pledge, which equals remaining principal and interest is \$19,119,034. During fiscal year 2018, \$19,082,226 was recognized in sales tax revenue and \$1,907,662 was paid for debt service.

14,770,000

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

<p>\$4,701,000 - 2011 St. Johns County Community Redevelopment Agency Redevelopment Revenue Refunding Note - Flagler Estates Project - secured by a lien upon and pledge of tax increment financing revenues within the Flagler Estate Road and Water Control District to refund the outstanding Series 2007 note and pay certain costs of issuance; due in annual installments of \$473,000 to \$504,000, plus interest at 1.8% through August 1, 2021; payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$1,537,766. During fiscal year 2018, \$110,643 was recognized in tax increment financing revenues and \$512,652 was paid for debt service.</p>	1,484,000
<p>Pooled Commercial Paper Loan – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction of various capital improvements; due in annual installments of \$1,342,000 to \$1,964,000 through 2021; plus interest at rates that vary depending on market on the day of sale which are charged as a blended rate of the notes outstanding in any particular month; due monthly. The approximate balance of the pledge, which equals the remaining principal and estimated interest, is \$6,526,910. During fiscal year 2018, \$58,122,000 was recognized as the average legally available amount of non-ad valorem revenues and \$2,031,846 was paid for debt service.</p>	6,278,000
<p>\$5,134,778 Obligations under the State Revolving Loan Trust Fund – secured by a lien upon and pledge of revenues received within the Municipal Service Benefit Unit (“MSBU”) for the construction (\$5,134,778) and capitalized interest (\$134,100) of capital projects within the Ponte Vedra Municipal Service District; due in annual installments of \$171,250 to \$335,070, plus interest of 2.95%. The approximate balance of the pledge, which equal the remaining principal and interest, is \$2,464,907. During fiscal year 2018, \$354,256 was recognized in MSBU revenues and \$347,553 was paid for debt service.</p>	<u>2,323,162</u>
Total revenue bonds, notes payable and other loans	182,187,162
Obligations under capital leases	4,368,818
Original issue premiums	12,336,634
Original issue discount	(12,418)
Accrued compensated absences	12,682,982
Net pension liability	181,885,986
Net OPEB liability	<u>2,821,531</u>
Total Governmental Activities Long-Term Obligations	<u>\$396,270,695</u>

6. LONG-TERM OBLIGATIONS (continued)

Business-type Activities Long-Term Obligations

Revenue Bonds:

\$28,270,000 – 2014 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and pledge of County water and sewer net revenues to advance refund a portion of the County’s outstanding Water and Sewer Revenue Refunding Bonds, Series 2006; due in annual installments of \$915,000 to \$2,160,000 through June 1, 2036, plus interest at 4% to 5%, payable semiannually, plus unamortized premium of \$3,798,168. The approximate balance of the pledge, which equals the remaining principal and interest, is \$40,757,750. During fiscal year 2018, \$24,688,757 was recognized in net revenues and \$2,265,850 was paid in debt service. \$ 26,475,000

\$8,081,000 – 2014 Taxable Capital Improvement Revenue Refunding Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues to refund the outstanding Series 2004 Convention Center bonds and pay certain costs of issuance; due in annual installments of \$1,330,000 to \$1,437,000 through December 1, 2020; interest at 2.1% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$4,331,770. During fiscal year 2018, \$58,122,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,432,123 was paid in debt service. 4,198,000

\$55,440,274 – 2013 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and a pledge of County water and sewer net revenues for the current refunding of the outstanding Water and Sewer Revenue Refunding Bonds, Series 1998 and the advance refunding of a portion of the outstanding Water and Sewer Revenue Bonds, Series 2004, to construct various County utility projects, to fund the debt service reserve account, to pay certain cost of issuance, and to pay capitalized interest on the Series 2013 bonds; due in annual installments of \$780,000 to \$3,337,000 through June 2042; interest at 3% to 5%, payable semiannually and annually for capital appreciation bonds where interest is due at maturity plus accreted interest on capital appreciation bonds of \$6,940,607, and unamortized premium of \$2,589,689. The approximate balance of the pledge, which equals the remaining principal and interest is \$90,999,137. During fiscal year 2018, accrued interest on the capital appreciation bonds was \$1,340,654, \$24,688,757 was recognized in net revenues, and \$1,760,438 was paid for debt service 52,305,274

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

<p>\$14,680,398 – 1991A St. Johns County Utilities Water and Sewer Revenue Bonds – secured by a lien upon and pledge of County water and sewer net revenues for the acquisition of St. Augustine Shores Utility, construction of various County utility capital improvements, to fund the debt service reserve account surety bond, and to pay certain cost of issuance; due in annual installments of \$460,629 to \$567,059, plus interest at 7.05%, through June 1, 2021; payable annually for capital appreciation bonds where interest is due at maturity, including accreted interest on capital appreciation bonds of \$8,222,242; less unamortized discount of \$18,904. The approximate balance of the pledge, which equals the remaining principal and interest is \$10,875,000. During fiscal year 2018, accrued interest on the capital appreciation bonds was \$820,407; \$24,688,757 was recognized in net revenues, and \$3,625,000 was paid for debt service.</p>	1,483,423
<p>\$54,960,000 – 2016 St. Johns County Water and Sewer Revenue and Refunding Bonds – secured by a lien upon and pledge of county water and sewer net revenue for the purpose of refunding the outstanding Ponte Vedra Utility System Revenue Bonds, Series 2006 and 2007, and to refund the St. Johns County Utilities Water and Sewer Revenue Bonds, Series 2006, to provide for the construction of various county utility capital improvements, and to provide payment for certain costs of issuance; due in annual principal installments of \$1,830,000 to \$3,710,000, plus interest at 1.75% to 5.0%, payable semiannually, plus unamortized premium of \$10,285,432. The approximate amount of the pledge, which equals remaining principal and interest is \$78,128,250. During fiscal year 2018, \$24,688,757 was recognized in net revenues and \$4,350,262 was paid for debt service.</p>	<u>51,565,000</u>
<p>Total Revenue Bonds</p>	136,026,697
<p>\$8,503,771 Obligations under St. Johns County Utilities State Revolving Loan Trust Fund – secured by a subordinated lien upon and pledge of County water and sewer net revenues for construction costs of \$8,184,068, loan service fee of \$163,681, and capitalized interest of \$156,022 for County utility projects; due in semiannual installments of \$272,496 through July 15, 2034, plus interest and grant assessment rate that is an average of approximately 2.61%. The approximate balance of the pledge, which equals the remaining principal and interest is \$7,904,624. During fiscal year 2018, \$10,855,528 was recognized in net revenues available for subordinated debt and \$448,904 was paid for debt service.</p>	7,089,370

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

<p>\$6,838,510 Obligations under Ponte Vedra Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for construction costs of \$6,742,410 for Ponte Vedra Utility capital projects and capitalized interest of \$96,100; due in semiannual installments of \$214,925 through February 15, 2033, plus interest of 2.12%. The approximate balance of the pledge, which equals the remaining principal and interest, is \$6,285,704. During fiscal year 2018, \$10,855,528 was recognized in net revenues available for subordinated debt and \$429,850 was paid for debt service.</p>	5,187,835
<p>\$36,306,590 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for eventual construction costs of \$35,791,390 for Utility capital projects and capitalized interest of \$515,200; All authorized borrowings had not occurred as of September 30, 2018, but based on the borrowings at year end, this loan will be due in semiannual installments of \$1,042,897 beginning April 2021 through April 2026, plus interest and grant assessment rate at 1.38%. The approximate balance of the pledge, which equals the remaining principal and interest is \$10,858,573. During fiscal year 2018, \$10,855,528 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.</p>	<u>10,442,180</u>
Total Revenue Bonds and Loans	158,746,082
Obligations under capital leases	354,934
Accreted interest on capital appreciation bonds	15,162,849
Original issue premiums	16,673,288
Original issue discount	(18,904)
Landfill closure/post-closure care	4,376,609
Accrued compensated absences	1,028,147
Net pension liability	8,434,162
Net OPEB liability	<u>286,566</u>
Total Business-type Activities Long-Term Obligations	<u>\$205,043,733</u>

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

B. Debt service requirements to maturity on the County's revenue bonds, notes payable, and loans at September 30, 2018 are as follows:

Ending Sept. 30	Governmental Activities		Business-Type Activities		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal
2019	\$ 7,962,814	\$ 11,095,078	\$ 8,782,566	\$ 6,060,133	\$ 16,745,380	\$ 17,155,211
2020	7,609,449	11,501,431	8,389,700	6,367,278	15,999,149	17,868,709
2021	7,208,595	11,854,032	8,060,044	7,526,763	15,268,639	19,380,795
2022	6,722,388	10,445,889	5,883,391	9,569,286	12,605,779	20,015,175
2023	6,285,916	10,864,009	5,728,340	9,592,652	12,014,256	20,456,661
2024-28	24,954,641	51,556,723	24,874,553	44,903,676	49,829,194	96,460,399
2029-33	14,088,186	48,635,000	18,174,537	42,197,541	32,262,723	90,832,541
2034-38	3,015,265	26,235,000	7,570,533	26,233,753	10,585,798	52,468,753
2039-42	-	-	1,057,488	6,295,000	1,057,488	6,295,000
	<u>\$ 77,847,254</u>	<u>\$ 182,187,162</u>	<u>\$ 88,521,152</u>	<u>\$ 158,746,082</u>	<u>\$ 166,368,406</u>	<u>\$ 340,933,244</u>

C. Long-Term obligations transactions of the County for Fiscal Year 2018 are summarized as follows:



The rest of this page left blank.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

	GOVERNMENTAL ACTIVITIES					
	Balance				Balance	Due within one year
	October 1, 2017	Additions	Deductions	September 30, 2018		
As Restated						
Taxable capital improvement bonds, Series 2014	\$ 3,615,000	\$ -	\$ 270,000	\$ 3,345,000	\$ 280,000	
Capital improvement revenue refunding bonds, Series 2014	14,170,000	-	590,000	13,580,000	610,000	
Capital improvement revenue bonds Series 2012	7,168,000	-	1,136,000	6,032,000	1,159,000	
Sales tax revenue refunding bonds, Series 2015	50,365,000	-	1,545,000	48,820,000	1,625,000	
Sales tax revenue refunding bonds, Series 2012	39,940,000	-	245,000	39,695,000	255,000	
Sales tax revenue refunding bonds, Series 2009A	2,955,000	-	1,450,000	1,505,000	1,505,000	
Sales tax revenue refunding bonds, Series 2009	15,885,000	-	1,115,000	14,770,000	1,170,000	
Transportation improvement revenue bonds, Series 2015	24,130,000	-	645,000	23,485,000	670,000	
Transportation improvement revenue bonds, Series 2012	21,950,000	-	1,080,000	20,870,000	1,120,000	
Revenue bonds	180,178,000	-	8,076,000	172,102,000	8,394,000	
Plus original issue premium	13,070,181	-	733,547	12,336,634	-	
Less original issue discount	24,836	-	12,418	12,418	-	
Total revenue bonds	<u>193,223,345</u>	<u>-</u>	<u>8,797,129</u>	<u>184,426,216</u>	<u>8,394,000</u>	
Obligations State Revolving Loan Series 2005	2,596,128	-	272,966	2,323,162	281,078	
Commercial Paper Program	6,233,000	2,009,000	1,964,000	6,278,000	1,935,000	
Community Development Agency refunding note, Series 2011	1,957,000	-	473,000	1,484,000	485,000	
Hastings Bank Loan	68,110	-	68,110	-	-	
Obligations under capital leases	4,906,360	1,768,594	2,306,136	4,368,818	1,538,537	
Accrued compensated absences	11,414,111	11,720,753	10,451,882	12,682,982	4,095,727	
Net pension liability	182,253,308	-	367,322	181,885,986	889,755	
Net OPEB liability	4,267,432	-	1,445,901	2,821,531	-	
Total General Long-Term Obligations	<u>\$ 406,918,794</u>	<u>\$ 15,498,347</u>	<u>\$ 26,146,446</u>	<u>\$ 396,270,695</u>	<u>\$ 17,619,097</u>	

6. LONG-TERM OBLIGATIONS (continued)

Certain beginning balances for Governmental Activities have been restated to account for the dissolution of the Town of Hastings, Florida and the subsequent merger of the Town into St. Johns County and for the implementation of GASB 75 related to OPEB liability. Beginning balances, as reported by the County, have been restated as follows:

	Beginning Balance, as Originally Reported	Effect of Hastings Merger	Implementation of GASB 75	Beginning Balances As Restated
Hastings Bank Loan	\$ -	\$ 68,110	\$ -	\$ 68,110
Accrued Compensated Absences	\$ 11,387,611	\$ 26,500	\$ -	\$ 11,414,111
Net Pension Liability	\$ 182,028,015	\$ 225,293	\$ -	\$ 182,253,308
Net OPEB liability	\$ -	\$ -	\$ 4,267,432	\$ 4,267,432



The rest of this page left blank.

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

	BUSINESS TYPE ACTIVITIES					
	Balance October 1, 2017			Balance September 30, 2018		Due within one year
	As Restated	Additions	Deductions			
Water and sewer revenue bonds						
Series 2016	\$ 53,395,000	\$ -	\$ 1,830,000	\$ 51,565,000	\$ 1,900,000	
Series 2014	27,390,000	-	915,000	26,475,000	950,000	
Series 2013	53,085,274	-	780,000	52,305,274	795,000	
Series 1991	2,050,481	-	567,058	1,483,423	529,105	
Hastings Water and sewer bonds	639,400	-	639,400	-	-	
Taxable capital improvement revenue bonds						
Series 2014 (Convention Center)	5,528,000	-	1,330,000	4,198,000	1,364,000	
Total bonds - principal	142,088,155	-	6,061,458	136,026,697	5,538,105	
Add accreted interest on capital appreciation bonds						
Series 1991A	10,467,250	820,407	3,065,415	8,222,242	-	
Series 2013	5,599,953	1,340,654	-	6,940,607	-	
Plus original issue premium	17,595,802	-	922,514	16,673,288	-	
Less original issue discount	26,377	-	7,473	18,904	-	
Total Revenue bonds	175,724,783	2,161,061	10,041,914	167,843,930	5,538,105	
Obligations under State Revolving Loans						
Series 2012	7,442,185	-	352,815	7,089,370	362,094	
Series 2013	5,691,133	-	503,298	5,187,835	159,934	
Series 2017	-	10,442,180	-	10,442,180	-	
Hastings Note	237,000	-	237,000	-	-	
Obligations under capital leases	427,230	-	72,296	354,934	48,189	
Landfill closure/post-closure	4,629,932	-	253,323	4,376,609	336,662	
Accrued compensated absences	972,059	920,396	864,308	1,028,147	250,825	
Net pension liability	8,261,099	173,063	-	8,434,162	41,245	
Net OPEB liability	433,418	-	146,852	286,566	-	
Total Business Type Activities Obligations	<u>\$ 203,818,839</u>	<u>\$ 13,696,700</u>	<u>\$ 12,471,806</u>	<u>\$ 205,043,733</u>	<u>\$ 6,737,054</u>	

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

6. LONG-TERM OBLIGATIONS (continued)

Certain beginning balances for Business-Type Activities have been restated to account for the dissolution of the Town of Hastings, Florida and the subsequent merger of the Town into St. Johns County, and for the implementation of GASB 75, related to OPEB liabilities. Beginning balances, as reported by the County, have been restated as follows:

	Beginning Balance, as Originally Reported	Effect of Hastings Merger	Implementation of GASB 75	Beginning Balances As Restated
Hastings Water and Sewer Bonds	\$ -	\$ 639,400	\$ -	\$ 639,400
Hastings Note	\$ -	\$ 237,000	\$ -	\$ 237,000
Accrued Compensated Absences	\$ 939,899	\$ 32,160	\$ -	\$ 972,059
Net Pension Liability	\$ 8,007,045	\$ 254,054	\$ -	\$ 8,261,099
Net OPEB Liability	\$ -	\$ -	\$ 433,418	\$ 433,418

- D. Compensated absences, net pension liability, and OPEB liability have typically been liquidated mainly in the general and enterprise funds.
- E. The County has entered into lease agreements for office facilities and equipment that are cancelable operating leases. The total expense/expenditures of such leases were \$643,488 for governmental activities and \$49,172 for business-type activities for the year ended September 30, 2018.
- F. Disclosures required for the County's capital leases are as follows:

Net book value of assets under capital leases, as of September 30, 2018, is as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Building Improvements	\$ 3,493,570	\$ 550,657
Equipment	9,687,244	-
Water and sewer systems	-	7,536,304
	<u>13,180,814</u>	<u>8,086,961</u>
Less: accumulated depreciation	(5,659,872)	(4,007,944)
Net book value - assets under capital leases	<u>\$ 7,520,942</u>	<u>\$ 4,079,017</u>

Included in depreciation expense is \$1,689,117 of expense related to governmental activities and \$457,744 of expense related to business-type activities.

6. LONG-TERM OBLIGATIONS (continued)

The annual requirements under these capital lease obligations as of September 30, 2018 are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2019	\$ 1,629,718	\$ 56,764
2020	1,127,903	45,130
2021	551,802	45,130
2022	244,910	45,268
2023	244,968	45,209
2024-2027	854,785	176,884
Total minimum lease payment	4,654,086	414,385
Less: amount representing interest	(285,268)	(59,451)
Present value of minimum payments	<u>\$ 4,368,818</u>	<u>\$ 354,934</u>

G. In previous fiscal years, the County advance refunded several bond issues and placed the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of September 30, 2018, \$88,399,572 of the refunded bonds remains outstanding, but they are considered defeased. The amounts in escrow are sufficient to retire all outstanding bonds and interest. Since these bonds are legally defeased, they are not included in the financial statements.

H. Conduit Debt, Component Units

The Industrial Development Authority (“IDA”) 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.

Neither the IDA, 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, 2018, there were several series of bonds outstanding. The aggregate principal amount payable could not be determined.

Additionally, the Housing Finance Authority (“HFA”) has issued bonds to provide financial assistance to private sector entities for the acquisition and construction of housing developments 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.

6. LONG-TERM OBLIGATIONS (continued)

Neither the HFA, 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, 2018, the aggregate principal amount payable could not be determined for these bonds; however, the aggregate original issue amount was \$7,800,000.

The HFA has four notes receivable at September 30, 2018, each secured by a Mortgage and Security Agreement. The first note was issued August 31, 2015 for \$70,000, has a balance outstanding of \$66,310 at September 30, 2018, and is receivable over 30 years in monthly installments of \$225 which includes 1% interest. The second note, issued May 30, 2001 for \$55,000 and modified September 26, 2002, has a balance outstanding of \$18,640 at September 30, 2018, and is receivable over 20 years in monthly installments of \$333 which includes 4% interest. The third note, issued July 9, 2002 for \$110,580, has an outstanding balance of \$110,580, and is receivable in full on or before March 27, 2026 without interest. The fourth note, issued December 8, 2005 for \$37,500, was receivable in full on or before September 12, 2012, with 3% interest. Since the original due date, the HFA has deferred payment on the loan multiple times. The latest due date was March 15, 2014. There is currently a lien on the property. At September 30, 2018, the outstanding balance on this note was \$24,000, which is net of a \$13,500 allowance.

Finally, the Educational Facilities Authority ("EFA") issued bonds to a private sector entity for the acquisition, construction, rehabilitation and/or equipping of various academic buildings. 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.

Neither the EFA, 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, 2018, there was one series of bonds outstanding. The aggregate principal amount payable could not be determined for these bonds; however, the aggregate original issue amounts was \$10,000,000.



The rest of this page left blank.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. INTERFUND BALANCES AND TRANSFERS

A. The composition of interfund transfers for the year ended September 30, 2018 is as follows:

Fund Type/Fund	Transfer In	Transfer Out
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 5,503,959	\$ 5,944,810
Transportation Trust Fund	180,000	96,471
Fire District	-	692,538
St. Johns County Community Redevelopment Agency	-	770,756
Total Major Governmental Funds	<u>5,683,959</u>	<u>7,504,575</u>
NONMAJOR GOVERNMENTAL FUNDS		
Special Revenue Funds:		
County Health Department	4,000	-
Beach	1,137,211	475,455
Tourist Development Tax	-	1,771,594
Law Enforcement Trust	-	15,000
Impact Fees Building	-	1,801,223
Impact Fees Police	-	312,035
Impact Fees Fire/EMS	-	762,132
Impact Fees Roads	-	1,500,000
Impact Fees Parks	-	382,888
E-911 Communications	-	1,203,404
Private Roads MSBU	1,395	-
Crime Prevention	-	73,164
Alarm Fund	-	9,091
St. Johns County Transit System	276,489	-
Court Facilities	-	462,885
Community Based Care	83,178	-
County Cultural Center	150,000	-
Nonmajor Special Revenue Funds	<u>1,652,273</u>	<u>8,768,871</u>
Debt Service Funds:		
Transportation Improvement Revenue Refunding Bonds, Series 2012	625,000	-
TD Bank Capital Improvement Revenue Bond, Series 2014	412,390	-
Pooled Commercial Paper Loan Program	2,083,126	-
Sales Tax Revenue Refunding Bonds, Series 2009	983,462	-
St. Johns County Community Redevelopment Agency Refunding Notes	510,514	-
SunTrust Capital Lease Agreement	239,823	-
Sales Tax Revenue Refunding Bonds, Series 2012	382,888	-
Chase Capital Improvement Revenue Bond, Series 2012	1,272,540	-
Sales Tax Revenue Refunding Bonds, Series 2015	2,042,778	-
Transportation Improvement Revenue Refunding Bonds, Series 2015	875,000	-
Hastings Capital City Loan	68,062	5,361
Nonmajor Debt Service Funds	<u>9,495,583</u>	<u>5,361</u>
Capital Projects Fund: Beach Re-nourishment Project	<u>475,000</u>	-
MAJOR ENTERPRISE FUND		
St. Johns County Utilities	26,254,086	25,588,088
Solid Waste	-	1,981,646
NONMAJOR ENTERPRISE FUND: Convention Center		
Total	<u>\$ 43,848,541</u>	<u>\$ 43,848,541</u>

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

7. INTERFUND BALANCES AND TRANSFERS (continued)

B. At September 30, 2018, interfund balances are as follows:

Fund Type/Fund	Due To	Due From
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 244,971	\$ 231,937
Transportation Trust Fund	62,969	51,206
Fire District	-	68,886
Total Major Governmental Funds	307,940	352,029
 NONMAJOR GOVERNMENTAL FUNDS		
Special Revenue Funds:		
Building Services	-	12,636
State Housing Initiatives Program	-	315
Community Based Care	-	9,256
Court Technology	-	114
Crime Prevention Fund	-	4,200
Beach	-	131,059
Pier	-	552
Tourist Development Tax	-	919
County Cultural Center	-	5,347
County Golf Course	-	1,555
E-911 Communications	-	58,738
St. Johns County Transit System	-	238
Court Modernization	-	2,109
Teen Court	-	564
Title IV D Fund	-	1,191
Canteen Fund	-	11,017
Total Nonmajor Special Revenue Funds	-	239,810
 Debt Service Fund:		
Transportation Improvement Revenue Refunding Bonds, Series 2012	848	-
 MAJOR ENTERPRISE FUNDS		
St. Johns County Utilities	-	51,426
Solid Waste	-	17,119
Total Major Proprietary Funds	-	68,545
 INTERNAL SERVICE FUNDS		
Worker's Compensation Insurance	40,181	778
Health Insurance	312,193	-
Total Internal Service Funds	352,374	778
Total	\$ 661,162	\$ 661,162

7. INTERFUND BALANCES AND TRANSFERS (concluded)

- C. Outstanding interfund balances result mainly from working capital loans made from the County's General Fund and Tourist Development Tax Fund to other County funds, and amounts due from other funds for required contributions to the County's Health Insurance Internal Service Fund.
- D. Transfers between funds are used to move unrestricted available revenues from one fund to another county fund to finance various programs, pay debt service, fund capital acquisitions and to provide subsidies for various grant programs.
- E. In addition, long-term advances were made as follows:

	Advances To Other Funds	Advances From Other Funds
MAJOR FUNDS		
General Fund	\$ 1,876,725	\$ -
Transportation Trust Fund	27,396	-
NONMAJOR SPECIAL REVENUE FUNDS		
Treasure Beach M.S.B.U.	-	1,876,725
Private Roads M.S.B.U.	-	27,396
Total	\$ 1,904,121	\$ 1,904,121

The primary purpose of the advances, by the Board of County Commissioners, was to provide capital and operating resources for private road construction and canal dredging that will be paid back over future periods, including interest, by establishing a Municipal Service Benefit Unit for the residents served by the roads and canals.



The rest of this page left blank.

8. EMPLOYEE BENEFITS

A. State of Florida - Defined Benefit Retirement Plan

Plan Description – St. Johns County participates in the Florida Retirement System (“FRS”), a cost-sharing multiple-employer public employee retirement system, with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS is 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Florida Department of Management Services’ website (www.dms.myflorida.com).

The FRS retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The County’s contribution rates as of September 30, 2018, were as follows:

8. EMPLOYEE BENEFITS (continued)

	FRS	HIS
Regular Class	6.60%	1.66%
Special Risk Class	22.84%	1.66%
Special Risk Class Administrative Support	33.32%	1.66%
Senior Management Service Class	22.40%	1.66%
Elected Officials	47.04%	1.66%
DROP from FRS	12.37%	1.66%

The County's contributions for the year ended September 30, 2018, were \$14,617,515 to the FRS and \$1,951,400 to the HIS.

Pension Liabilities and Pension Expense

For the year ended September 30, 2018, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2018. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$152,284,396	\$ 38,035,752
Proportion at:		
Current measurement date	0.5056%	0.3594%
Prior measurement date	0.5153%	0.3563%
Pension expense	\$ 27,169,064	\$ 3,391,473



The rest of this page left blank.

8. EMPLOYEE BENEFITS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,900,778	\$ 468,238	\$ 582,311	\$ 64,621
Changes of assumptions	49,759,135	-	4,230,046	4,021,458
Net differences between projected and actual earnings on pension plan investments	-	11,765,826	22,959	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,165,847	2,933,200	2,668,706	302,939
Employer contributions subsequent to measurement date	3,916,418	-	502,933	-
Total	<u>\$ 73,742,178</u>	<u>\$ 15,167,264</u>	<u>\$ 8,006,955</u>	<u>\$ 4,389,018</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2019	\$ 20,666,025	\$ 1,085,800
2020	14,515,469	1,085,800
2021	3,386,311	867,820
2022	9,718,801	492,794
2023	5,975,756	(262,804)
Thereafter	396,134	(154,406)
Total	<u>\$ 54,658,496</u>	<u>\$ 3,115,004</u>

8. EMPLOYEE BENEFITS (continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2018, was determined by an actuarial valuation as of July 1, 2018, using the individual entry age normal cost allocation method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018
 :

FRS: The long-term expected rate of return and the discount rate used to determine the total liabilities was reduced to 7.0% from 7.1% by the 2018 Actuarial Assumption Conference.

HIS: The Municipal Bond Index rate and the discount rate used to determine the total pension liability, which was approved by the 2018 Actuarial Assumption Conference, increased from 3.58% to 3.87%.



The rest of this page left blank.

8. EMPLOYEE BENEFITS (continued)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87%, as selected by the FRS Actuarial Assumption Conference, was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

8. EMPLOYEE BENEFITS (continued)

Sensitivity Analysis

The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%	2.87%	3.87%	4.87%
County's proportionate share of the net pension liability	\$ 277,925,410	\$ 152,284,396	\$ 47,932,106	\$ 43,320,493	\$ 38,035,752	\$ 33,630,614

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

B. State of Florida - Defined Contribution Retirement Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2018 totaled \$2,601,083.

C. Other Postemployment Benefits

Plan Description – By County Resolution 08-151, St. Johns County established the St. Johns County Postemployment Welfare Benefits Trust Fund ("SJCPPEWB") which provides partial premium payments of eligible county retirees and their dependents for health care benefits; including health, prescription drugs, dental, vision and life insurance. SJCPPEWB is a single employer defined benefit plan for post-employment benefits other than pension benefits for all County retirees and the eligible dependents of the Clerk of Courts, Sheriff, Tax Collector, Supervisor of Elections, Property Appraiser and the County. The Board of County Commissioners has selected a national banking association firm to serve as the trustee of the plan. The Board has the ability to amend the plan benefits and retiree contribution requirements, and to change the plan's administrator or trustee, at their discretion.

8. EMPLOYEE BENEFITS (continued)

Benefits Provided

The life insurance benefit is provided at no charge to retirees. The life insurance benefit is \$5,000 for all retirees.

In accordance with Florida Statutes 112.0801, the health insurance subsidy is provided to employees who retire and immediately begin receiving benefits from the Florida Retirement System ("FRS") after at least 6 years of creditable service. The County will maintain current subsidy levels for all current retirees. However, as of January 1, 2009, future retirees will be expected to share in the increasing costs of the program through increase rate adjustments. Retirees with more than 20 years of creditable service will receive an additional monthly subsidy. The amount of the monthly subsidy is based on the number of years of service with the County or Constitutional Officer, and is equal to one dollar and fifty cents for each year of total service until they are eligible for Medicare.

Investments and Rate of Return

On January 8, 2008, the County adopted Ordinance 2008-1 which established the permitted investments for SJCPWB, which is a qualifying trust, and began funding its annual obligation through a direct contribution from unrestricted cash balances. There are no policies that pertain to asset allocations. However, the Ordinance does restrict investments to only certain instruments with certain short-term maturities and to those with high investment ratings as specified in the Ordinance. There are no investments in any one organization that exceeds 5% of the SJCPWB's net position. A separate stand-alone financial statement for the Trust is not prepared.

For the year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Participants

At September 30, 2017, the date of the latest full actuarial valuation:

Active plan members	1,909
Inactive plan members receiving benefits	269
Inactive plan members entitled, but not receiving benefits	-
Total members	<u>2,178</u>

Contributions

The contribution requirements of plan members and the County are established and may be amended by the St. Johns County Board of County Commissioners. For the year ended September 30, 2018, the County contributed a total of \$2,514,634 towards the OPEB Plan. Retiree contributions to the plan were \$1,597,644. In subsequent years, the County plans to base future contributions on the actuarially determined recommendations, less an adjustment for the current asset balance of the County's Net OPEB Obligation until the balance has been eliminated. However, no future Trust Fund contributions are legally or contractually required.

8. EMPLOYEE BENEFITS (continued)

Net OPEB Liability

The County's net OPEB liability was measured as of October 1, 2017, rolled forward to September 30, 2018 using standard actuarial techniques, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017 and rolled forward to the September 30, 2018 measurement date.

The following table discloses the components of the net OPEB liability and the changes in those components for the County as of and for the year ended September 30, 2018:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2017, as restated	\$35,736,134	\$31,035,284	\$ 4,700,850
Changes for the year:			
Service cost	1,026,233	-	1,026,233
Interest	2,325,412	-	2,325,412
Contributions - Employer	-	2,514,634	(2,514,634)
Net investment income	-	2,435,764	(2,435,764)
Administrative Expense	-	(6,000)	6,000
Benefits payments	(1,973,588)	(1,973,588)	-
Net changes	<u>1,378,057</u>	<u>2,970,810</u>	<u>(1,592,753)</u>
Balances at September 30, 2018	<u>\$37,114,191</u>	<u>\$34,006,094</u>	<u>\$ 3,108,097</u>

Plan fiduciary net position, as a percentage of the total OPEB liability was 91.63% at September 30, 2018.

Beginning balances for the components were restated to properly account for a significant increase in required premium contributions from retirees that occurred prior to the beginning of the year. This change decreased beginning total and net OPEB liability by \$11,894,596.

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$1,117,535. At September 30, 2018, The County reported deferred inflows of resources related to OPEB from the following source:

8. EMPLOYEE BENEFITS (continued)

	<u>Deferred Inflow of Resources</u>
Net differences between projected and actual earnings on OPEB plan investments	<u>\$ (195,654)</u>

Amounts reported as deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>		
2019	\$	(48,914)
2020		(48,914)
2021		(48,914)
2022		(48,912)
Total	<u>\$</u>	<u>(195,654)</u>



The rest of this page left blank.

8. EMPLOYEE BENEFITS (continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, with various assumptions discussed below. The total OPEB liability was rolled forward 1 year from the valuation date to the County's year ended September 30, 2018 using standard actuarial techniques. There were no changes in assumptions from those used in the original valuation. The various methods and assumptions used are as follows:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	11 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.70% to 7.80%, including inflation
Investment rate of return	6.50%
Mortality and retirement age	Retirement rates and mortality tables come from the July 1, 2016 actuarial valuation of the Florida Retirement System and are based based on a statewide experience study covering the period 2008 - 2013. Mortality tables include generational projections.
Healthcare cost trend rates	Getzen Model; trend starting at 7% for 2018 (0% for premiums), followed by 6.75% for 2019, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.38% for excise tax.
Aging Factors	Based on 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in per capita health costs.

8. EMPLOYEE BENEFITS (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of returns for each major asset class included in the OPEB plan's target asset allocation, as of September 30, 2018, are summarized in the following table:

Asset Class	Expected Nominal Rate of Return	Long-term Expected Real Rate of Return	Target Allocation
U.S Equities	7.50%	5.00%	42.00%
International Equities	7.40%	4.90%	16.00%
Emerging Equities	7.50%	5.00%	7.00%
Core Fixed	5.10%	2.60%	17.50%
Interim IG Corp	6.10%	3.60%	8.74%
High Yield	6.60%	4.10%	4.38%
Emerging Debt	6.70%	4.20%	4.38%
Cash	3.50%	1.00%	0.00%
Total Portfolio	6.87%	4.37%	100.00%

Discount rate

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) for each investment class assuming that asset allocations will mirror the allocation.

Sensitivity Analysis

The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability (asset)	\$ 7,993,541	\$ 3,108,097	\$ (1,031,555)

8. EMPLOYEE BENEFITS (continued)

The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (6.0% gradually decreasing to 3.24% plus 0.38% excise tax)	Current Healthcare Cost Trend Rate Assumption (7.0% gradually decreasing to 4.24% plus 0.38% excise tax)	1% Decrease (8.0% gradually decreasing to 5.24% plus 0.38% excise tax)
Net OPEB liability (asset)	\$ (1,589,124)	\$ 3,108,097	\$ 8,910,127



The rest of this page left blank.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

9. FUND BALANCE CLASSIFICATIONS

Balances of reported fund balances at September 30, 2018 are as follows:

	General Fund	Transportation Trust	Fire District	Community Redev. Agency	Other Governmental Funds	Total
Nonspendable:						
Advances	\$ 1,876,725	\$ -	\$ -	\$ -	\$ -	\$ 1,876,725
Restricted for:						
Fire rescue, Sheriff, Public safety	-	-	8,455,757	-	1,135,531	9,591,288
Transportation	-	-	-	-	335,437	335,437
Community Redevelopment Agency	-	-	-	14,757	-	14,757
Utility Regulation	211,993	-	-	-	-	211,993
Court costs	74,644	-	-	-	-	74,644
Elections	9,743	-	-	-	-	9,743
Project Buckle Up	10,967	-	-	-	-	10,967
Capital Improvement projects	-	-	-	-	35,707,241	35,707,241
Court facilities, technology, and other needs	-	-	-	-	7,289,753	7,289,753
Building services	-	-	-	-	17,230,856	17,230,856
Debt Service	-	-	-	-	3,144,423	3,144,423
State Housing Initiatives Program	-	-	-	-	2,334,670	2,334,670
Tourist development and recreation	-	-	-	-	4,942,332	4,942,332
Community based care	-	-	-	-	341,498	341,498
Miscellaneous	-	-	-	-	253,449	253,449
Total restricted	307,347	-	8,455,757	14,757	72,715,190	81,493,051
Committed for:						
Sheriff's operations and facilities	-	-	-	-	270,643	270,643
Assigned for:						
Fire rescue, Sheriff, Public safety	-	-	4,632,986	-	30,951	4,663,937
Roadway landscaping and maintenance	-	29,141,878	-	-	-	29,141,878
Community Redevelopment Agency expenditures	-	-	-	11,123	-	11,123
Utility Regulation	8,459	-	-	-	-	8,459
Capital improvement projects	-	-	-	-	4,717,005	4,717,005
Court facilities, technology, and other needs	-	-	-	-	193,760	193,760
Building services	-	-	-	-	1,708,285	1,708,285
Debt Service	-	-	-	-	252,385	252,385
State Housing Initiatives Program	-	-	-	-	61,185	61,185
Tourist development and recreation	-	-	-	-	2,972,873	2,972,873
Miscellaneous	-	-	-	-	14,848	14,848
Total assigned	8,459	29,141,878	4,632,986	11,123	9,951,292	43,745,738
Unassigned	63,373,969	-	-	-	(1,917,096)	61,456,873
Total fund balances	\$ 65,566,500	\$ 29,141,878	\$ 13,088,743	\$ 25,880	\$ 81,020,029	\$ 188,843,030

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

10. MERGER WITH TOWN OF HASTINGS, FLORIDA

On November 7, 2017, the citizens of the Town of Hastings, Florida voted to revoke the Town charter. The Town was dissolved on February 28, 2018 and was absorbed into St. Johns County. In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, this transaction was recorded based on balances as of September 30, 2017, the beginning of the County's fiscal year. This merger required a restatement of beginning fund balance and net position of the County, along with assets, liabilities, deferred outflows of resources, deferred inflows of resources as follows:

	General Fund			Governmental Activities		
	St. Johns County	Town of Hastings	Total	St. Johns County	Town of Hastings	Total
Fund level assets	\$ 57,824,553	\$ 127,920	\$ 57,952,473	-	-	-
Current assets	-	-	-	\$ 188,805,976	\$ 122,983	\$ 188,928,959
Capital assets	-	-	-	1,285,360,475	1,099,123	1,286,459,598
Other assets	-	-	-	5,349,076	-	5,349,076
				<u>1,479,515,527</u>	<u>1,222,106</u>	<u>1,480,737,633</u>
Deferred outflows of resources	-	-	-	91,882,488	89,850	91,972,338
Fund level liabilities	<u>19,420,570</u>	<u>20,014</u>	<u>19,440,584</u>	-	-	-
Current liabilities	-	-	-	50,357,416	15,077	50,372,493
Long-term liabilities	-	-	-	385,552,435	319,903	385,872,338
				<u>435,909,851</u>	<u>334,980</u>	<u>436,244,831</u>
Deferred inflows of resources	-	-	-	9,733,461	17,536	9,750,997
Fund Balances:						
Nonspendable	2,782,624	5,865	2,788,489	-	-	-
Restricted	293,933	-	293,933	-	-	-
Unassigned	35,327,426	102,041	35,429,467	-	-	-
	<u>\$ 38,403,983</u>	<u>\$ 107,906</u>	<u>\$ 38,511,889</u>			
Net position:						
Net investment in capital assets	-	-	-	1,098,606,915	1,031,013	1,099,637,928
Restricted	-	-	-	72,848,621	-	72,848,621
Unrestricted	-	-	-	(45,700,833)	(71,573)	(45,772,406)
				<u>\$ 1,125,754,703</u>	<u>\$ 959,440</u>	<u>\$ 1,126,714,143</u>

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

10. MERGER WITH TOWN OF HASTINGS, FLORIDA (continued)

	St. Johns County Utilities			Business-Type Activities		
	St. Johns County	Town of Hastings	Total	St. Johns County	Town of Hastings	Total
Current assets	\$ 79,497,780	\$ 189,550	\$ 79,687,330	\$ 100,386,587	\$ 189,550	\$ 100,576,137
Other assets	18,894,149	52,748	18,946,897	20,073,211	52,748	20,125,959
Capital assets	463,580,424	2,977,075	466,557,499	478,106,698	2,977,075	481,083,773
	<u>561,972,353</u>	<u>3,219,373</u>	<u>565,191,726</u>	<u>598,566,496</u>	<u>3,219,373</u>	<u>601,785,869</u>
Deferred outflows of resources	7,416,396	101,318	7,517,714	8,288,595	101,318	8,389,913
Current liabilities	11,586,839	199,489	11,786,328	15,624,677	199,489	15,824,166
Long-term liabilities	186,144,251	1,095,546	187,239,797	195,455,436	1,095,546	196,550,982
	<u>197,731,090</u>	<u>1,295,035</u>	<u>199,026,125</u>	<u>211,080,113</u>	<u>1,295,035</u>	<u>212,375,148</u>
Deferred inflows of resources	630,156	19,775	649,931	677,017	19,775	696,792
Net position:						
Net investment in capital assets	288,512,971	2,100,675	290,613,646	298,002,929	2,100,675	300,103,604
Restricted	17,292,472	20,999	17,313,471	18,439,503	20,999	18,460,502
Unrestricted	65,222,060	(115,793)	65,106,267	78,655,529	(115,793)	78,539,736
	<u>\$ 371,027,503</u>	<u>\$ 2,005,881</u>	<u>\$ 373,033,384</u>	<u>\$ 395,097,961</u>	<u>\$ 2,005,881</u>	<u>\$ 397,103,842</u>

There were no significant adjustments made to bring into conformity the individual accounting policies, and there were no impairments of capital assets resulting from the merger.

11. RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION

For fiscal year 2018, the County had two events that required it to restate the amounts reported as beginning of the year fund balance/net position. As described above, the Town of Hastings' voters decided to dissolve the Town and become part of the County. Also, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of these two changes on beginning fund balance/net position are as follows:

	Fund Balance	Net Position	Net Position	Net Position	Net Position
	General Fund	St. Johns County	Solid	Governmental	Business-Type
		Utility	Waste	Activities	Activities
Beginning Balances, as originally reported	\$ 38,403,983	\$ 371,027,503	\$ 20,342,180	\$ 1,125,754,703	\$ 395,097,961
Merger with Hastings, Florida	107,906	2,005,881	-	959,440	2,005,881
Implementation of GASB No. 75	-	(419,866)	(36,101)	(7,934,691)	(455,967)
Beginning Balances, as restated	<u>\$ 38,511,889</u>	<u>\$ 372,613,518</u>	<u>\$ 20,306,079</u>	<u>\$ 1,118,779,452</u>	<u>\$ 396,647,875</u>

12. RISK MANAGEMENT

A. Coverage with Public Entity Risk Pools

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 "FACT"), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to FACT for its general liability 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.

The County belongs to the Preferred Government Insurance Trust, a public entity risk pool for Workers' Compensation insurance coverage. The County is fully insured with first dollar coverage. The premium is calculated using a formula that includes the County's experience modifier (three year claim history), salary by occupational classification, and the associated premium rating as determined by the National Council on Compensation Insurance.

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 funds claims, premiums and operating expenses.

The County procures stop loss insurance for medical claims in excess of \$300,000. During fiscal year 2018, there were three claims that exceeded the \$300,000 stop loss deductible for a total of \$524,844 in reimbursements.

The September 30, 2018 estimated claims liability of \$2.58 million is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior of 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. Claims liabilities are an estimate based on the monthly average of lag claims paid for the most recent three quarters that were made between 30 – 120 days after the initiation of the claim plus an annual average of all claims paid that exceeded 120 days. The claims liability at the fiscal year end is shown at current dollar value.

Additionally, section 112.08, Florida Statute, requires the County Health Plan to hold a cash surplus of 60-days in anticipated claims. The required level, as determined by the County's actuary was \$1.6 million.

All County departments and the other elected constitutional officers of the County participate in both programs. The cost of providing claim's administrative services and payments is allocated by charging a "premium" to each department and constitutional officer based on a fixed premium or a percentage of each organization's estimated current-year payroll. The premium charged considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophe losses.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

12. RISK MANAGEMENT (continued)

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

Year Ended September 30,	Beginning Balance	Current Year		Ending Balance
		Claims/Changes in Estimates	Claim Payments	
2016	\$ 2,344,446	\$ 27,402,842	\$ 27,144,778	\$ 2,602,510
2017	\$ 2,602,510	\$ 24,668,205	\$ 24,810,427	\$ 2,460,288
2018	\$ 2,460,288	\$ 27,181,118	\$ 27,063,614	\$ 2,577,792

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.

13. DEFICIT BALANCE - INDIVIDUAL FUNDS

At September 30, 2018 the following funds had deficit equity balances in the amounts shown:

Treasure Beach M.S.B.U.	\$ 1,876,723
Private Roads M.S.B.U.	\$ 27,396

Deficits will be corrected by adjusting future revenues through increased charges for services; adding new revenues; or increasing operational transfers.

14. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

Accrual for Landfill Closure and Post-Closure Costs - State and Federal laws and regulations required the County to place a final cover on its Tillman Ridge Phase II landfill site when it stopped accepting waste, which occurred in 2000, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of these post-closure care costs as an operating expense annually and reports a liability based on the number of years of required long term care remaining as of each fiscal year end. The \$4,376,609 reported as landfill closure and post-closure care liability at September 30, 2018, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill.

The annual estimated cost is approximately \$336,662 and there remains 13 years of estimated post-closure care.

The amount is estimated based on what it would cost to perform all post-closure care in 2018. The actual cost may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 2018.

15. RELATED PARTY DISCLOSURES

In Fiscal Year 2010, the County entered into a Revenue Sharing Interlocal Agreement, under Section 163, Florida Statutes, with the City of St. Augustine Beach ("City") and the Florida Department of Environmental Protection ("FDEP") Clean Water State Revolving Loan Program ("Program") to connect approximately 620 residential units in seven neighborhoods to the St. Johns County Utility System. Through the Program, the City obtained funding in the amount of \$6,937,571. Upon completion of the project, \$4,507,926 of the outstanding loan balance was forgiven. The remaining one third was originally set up to be amortized and payable over 20 years.

The City contracted with the county to extend their current utility system into these neighborhoods. As construction costs were incurred, the County invoiced the City. The City in turn paid the County from the loan proceeds. The new lines will be operated and maintained by St. Johns County. The City has been deemed the owner of the new utility lines until such time as the debt instrument that was used to finance the project is retired, upon which ownership shall vest solely with the County.

The County shares system revenues generated from the new connections with the City in the amount equal to \$83,683 paid semiannually for debt service on the City's loan which were not forgiven.

16. TAX INCENTIVE DISCLOSURES

As of September 30, 2018, the County had several programs that qualify as tax abatements, as that term is defined in GASB 77. Specifically, the County provides tax incentives under a grant program run by the Economic Development Department for the Board of County Commissioners. Pursuant to Florida Statutes 288 and 125.045 and County Ordinance 2014-30, this program can apply to all land within the boundaries of the County. St. Johns County authorized the incentives through the passage of a public resolution. The incentives are calculated using a point system based upon each business' economic growth and/or job retention or creation. To be eligible, each business must undergo an application process and provide proof that the improvements have been made and/or that new jobs have been created or retained. The grant payment equals a percentage reduction of the County's general portion of property tax on the assessed value of the business' property (exclusive of land value), based on points accumulated. In addition, impact fees, utility connection fees, and the County portion of tangible personal property taxes can be reimbursed through this process as well. The taxes and fees are paid in full by the entity and the amount of general County tax paid is refunded annually over an approved term once the agreed to economic growth and/or job creation criteria are met. The establishment of the Economic Development Department gave the County the ability to maintain and expand business located in the County and create new jobs by reimbursing or reducing net taxes and fees.

St Johns County has offered incentives to various businesses based upon project investments into the County. The purpose of this program is to attract new business development, to expand and diversify the tax base and to create jobs for our local residents. The incentives may be granted to any business located within or promising to relocate to the County. The County considers projects based on the size of project, along with the number of jobs retained or created.

For the fiscal year ended September 30, 2018, St. Johns County reimbursed taxes totaling \$209,865 to nine businesses. The County had 16 approved and active contracts at year end. The taxes reimbursed may include a combination of ad valorem, tangible personal property, impact fees, and utility connection fees.

17. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$96,378,943 of restricted net position, of which, \$68,657,136 is restricted by enabling legislation.

18. COMMITMENTS AND CONTINGENCIES

A. Commitments

At September 30, 2018, the County had approximately \$74 million in outstanding commitments relating to construction contracts.

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.

19. SUBSEQUENT EVENTS

In March 2019, the County issued \$10,840,000 of Special Obligation Refunding Revenue Bonds, Series 2019. The proceeds of the bonds were used to refund all of the County's outstanding Sales Tax Revenue Refunding Bonds, Series 2009.

The St. Johns County Educational Facilities Authority, a component unit of the County, was dissolved on March 19, 2019.

Subsequent to September 30, 2018, certain transactions that appear to be unaccounted for activities within the Sheriff's office were identified by management of the Sheriff's office. In response, the Sheriff initiated procedures to determine the extent of these activities. In addition to requesting an investigation by another Sheriff's office, management has also engaged external forensic auditors to investigate this matter. Neither investigation has been completed as of June 28, 2019. The investigations have, so far, determined that these transactions occurred in fiscal years 2012 through 2019, and total \$702,773.

20. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2019. These statements address certain asset retirement obligations and disclosures related to debt.

The County is currently evaluating the effects that these statements will have on its 2019 financial statements.