

**ST. JOHNS COUNTY, FLORIDA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**



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

**Brandon Patty
Clerk of the Circuit Court & Comptroller**

**Dwala Anderson
Chief Financial Clerk**

ST. JOHNS COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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Brandon J. Patty

Clerk of the Circuit Court and
Comptroller



Mark P. Miner

Chief Deputy Clerk

**Clerk of the Circuit Court
and County Comptroller
St. Johns County, Florida**

June 25, 2022

The Honorable Henry Dean, Chair
Board of County Commissioners
500 San Sebastian View
St. Augustine, FL 32084

Dear Chairman Dean:

In accordance with Section 218.39 of the Florida Statutes, we are pleased to submit to you, the Board of County Commissioners and the residents of St. Johns County, the Annual Comprehensive Financial Report of St. Johns County, Florida, for the fiscal year ended September 30, 2021.

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, 2021 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 Moore Stephens Lovelace, P.A., 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, Moore Stephens Lovelace, P.A. 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, 2021.

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 the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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 is 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 and the St. Johns County Industrial Development 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's 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.

2021 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 2021, the county population has grown to 292,466 and is ranked as the fastest-growing county in Florida by percentage of population growth. Looking forward, economic growth projections show anticipated continued momentum for the next several years.

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. In 2021, the Northeast Florida Regional Airport announced nonstop jet service to Newark Liberty International Airport and Portland International Jetport.

For the 10th year in a row, a University of Wisconsin study ranked St. Johns County as 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 Place to Live in Florida
- *Business Insider* – as Best School District in Florida
- *Southern Living* – as No. 1 Foodie Town
- *MSN.com* – as 11 Best Small Towns in America
- *Country Living* – as 20 Small Towns that Leave a Big Impression
- *College Ranker* – as No. 1 Best College Town to Live in Forever

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 expansion 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 trade, transportation, and utilities (21%), and hospitality and leisure (20%).

Economic development initiatives within St. Johns County allow for a proactive, sustained effort to attract and retain businesses. The county 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. The county also contracts with the University of North Florida Small Business Development Center (SBDC) to provide technical assistance to entrepreneurs and small businesses.

St. Johns County started 2021 with an unemployment rate of 3.5% and ended the year with an unemployment rate of 2.5%. Throughout the majority of the year, St. Johns County had the second-lowest unemployment rate in Florida. In comparison, for December 2021, the Florida unemployment rate was 4.4%, and the national unemployment rate was 3.9%.

St. Johns County continued to have a high rate of single-family residential permits being issued in 2021, surpassing the previous year's record numbers. In the region in 2021, more than 16,000 residential permits were issued, with St. Johns County issuing more than 6,000 of those permits. St. Johns County issued 1,104 more single family building permits in 2021 than the previous year.

Additionally, 1,402 commercial permits were issued in 2021, an increase of 278 permits from 2020. Commercial valuation for permitted projects in FY21 was \$456,534,381, which was a significant increase from the previous fiscal year. In 2021, the overall tax base of St. Johns County was comprised of 11.2% business/commercial.

The PGA TOUR, the leading global platform in professional golf, opened its expansive new Global Home in 2021 within St. Johns County. The PGA TOUR invested \$86 million to consolidate its corporate headquarters into a single location in Ponte Vedra Beach, creating 300 new jobs throughout a 10-year period.

In 2021, it was announced that the PGA TOUR will also be constructing its Digital Media Center on the same campus as the Global Home building. The new facility will allow the PGA TOUR to enhance its existing broadcast media operations, which includes designing, originating, producing, editing and broadcasting original content for its worldwide network partners. The Digital Media Center will total 150,000 square feet and is estimated to be complete and operational by the second quarter of 2024. The combination of both buildings on the Global Home campus will create a top-tier facility within St. Johns County.

Medical development continues to flourish in the county. Flagler Health+ broke ground on its Durbin Park health and wellness campus that will include a hospital, outpatient surgery center and Flagler Health+ Village, which will have family medicine, specialty care, urgent care, imaging, laboratory services and more. Also, construction continued on the Ascension St. Vincent's St. Johns County hospital campus near I-95 and CR 210, which is expected to be complete in 2022.

Multiple speculative space industrial buildings were announced in 2021, including two buildings as part of the Deerpark Distribution Center. The two buildings will be 291,200 square feet and 131,040 square feet and are expected to be complete at the end of 2023.

FINANCIAL PLAN

Long-term St. Johns County Goals

On March 16, 2021, the Board of County Commissioners adopted updated St. Johns County Goals to assist the community's collective vision, to assist in building a new financial plan, and to provide an opportunity to track performance as we move into the future. These new goals have been incorporated, for the first time, into the Fiscal Year 2022 Financial Plan. The Fiscal Year 2023 Financial Plan will be presented in a more interactive and accessible document including updated objectives and performance measures to reflect the newly adopted Goals. The goals have been reduced from ten to five goals.

While there are multiple individual County program or department goals, **five key** organization-wide long-term County goals and priorities were formally identified by the Board of County Commissioners. In addition, County planning processes also continue to influence development of the County's CIP and other long-range goals. Most County departments have long-range strategies with several having been developed through the aid of consulting studies or master plans and committees or community visioning groups. For example, Parks & Recreation, Library Services and Fire Services all have long-range Master Plans. County Road 210 and North-South 2209 Corridor Studies are examples of consulting studies that continue to guide County Transportation budgets as well as the Countywide Master Drainage Study.

The five key organization-wide long-term County goals and priorities identified by the Board are summarized in the following list:

GOAL: Economic Development: Thriving and Emerging Economic Opportunities: The Board has established economic development as a priority. This County goal continues to be twofold: attract new business and industry to the County and help existing businesses and industries prosper. FY 2022 will continue the regional efforts begun in FY 2001. The County supported a major County Visioning and Strategic Plan for economic development beginning in FY 2002. Major focused redevelopment efforts, including the use of debt financing and Community Redevelopment Agency (CRA) funding, were put in place specifically for West Augustine, Vilano Beach, and Flagler Estates.

The County's first Director of Economic Development was hired during FY 2012 to work more closely in cooperation with the Chamber of Commerce, the Industrial Development Authority (IDA), and JAXUSA Partnership (a regional economic development agency for northeast Florida). The Tourist Development Fund continues to contribute to the County's long-term beach re-nourishment projects as well as funding the debt service on the renovated County Amphitheatre. Finally, the Housing and Community Services department, largely through federal grants, continues major efforts in the promotion of affordable housing for income eligible County residents.

Short-term: The County Commission continues to make economic development its top priority including but not limited to: agriculture, tourism, job creation, and an enhanced commercial tax base. A Florida Department of Economic Opportunity's September 2017 report noted St. Johns and Okaloosa counties as having the State's lowest unemployment rate at 2.7% each. The Nocatee Development is listed as the nation's third best-selling master-planned community by RCLCO and John Burns Real Estate Consulting.

The St. Johns County School District has earned an overall rating of “A” by the Florida Department of Education its 14th consecutive year. In February 2015, the Board created a Tax Increment Financing (TIF) area as part of the Durbin Creek National LLC commercial intensive development. The project, known as Durbin Park, is the largest concentration of urban development in the county, and first designated urban service area in the state; with 2.8 million square feet designated for offices, 2.4 million square feet of retail space, 350 hotel rooms, and nearly 1,000 multi-family units. In FY 2020, Baptist Health purchased land in the Silver Leaf development, to be used for the development and operation of a medical campus of up to 150,000 square feet. In FY 2021, the PGA TOUR, Inc., opened their corporate headquarters in Ponte Vedra Beach, creating 300 new jobs, based upon a County Commission approved economic development incentive. In FY 2021, the County Commission approved an additional economic incentive for the PGA TOUR, Inc. to relocate its broadcast media operations to Ponte Vedra Beach.

GOAL: Financial Stewardship: Fiscally Sound and Financially Stable: The Board continues to highlight concerns associated with long-term financial stability: County debt reduction, consideration of new revenue sources and options, maintaining equitable employee compensation including benefits, continued effective and efficient County program and service delivery management, and lower cost contracting. The combined total effect of property tax reform and property devaluation resulted in over a 30% decline in County taxable property values through FY 2013. Through FY 2013, County property taxes were near FY 2006 levels, despite a population increase of 21% and a cost of living increase of 19% since FY 2006. In response, the County implemented enhanced managerial and stricter financial controls to ensure better financial sustainability into the future. The Board did modestly raise millage rates in FY 2010 and FY 2012 to fund the mandated new emergency radio system and improve financial stability for the General Fund and the Fire District Fund. County reserves also have been generally built up and utilized to bridge to better economic conditions. During FY 2014 Standard & Poor’s raised the County’s credit rating from AA- to AA+ citing in part strong management and a strong relatively low debt and contingent liability profile. In FY 2019, the County issued refunding bonds to refund and reduce annual debt service, following similar refunding opportunities in FY 2015, FY 2012, and FY 2009 for governmental funds. For Enterprise Funds (utility services), recent County refunding bonds were issued in FY 2016, FY 2014, and FY 2013.

Short-term: In September 2021, Moody’s upgraded St. Johns County’s issuer ratings from Aa1 to Aaa commenting the “rating reflects the county’s very large and growing tax base, strong wealth and income levels, very healthy financial position, relatively low long-term liabilities and below average annual fixed costs. The county’s coastal location exposes it to perennial physical climate risks such as hurricanes; however, these risks are partially mitigated by the county’s exceptionally strong financial position and a history of state and federal support in the wake of natural disasters.”

GOAL: Infrastructure – Prioritizing Today and Planning for Tomorrow: The County Commission continue to prioritize funding for the following infrastructure needs: transportation, public safety facilities, utilities, parks, deferred maintenance, and stormwater management. Aging of certain County facilities coupled with several years of budget reductions resulted in a significant backlog of deferred maintenance. Since FY 2013, the Commission has prioritized annual funding toward countywide deferred maintenance, with the goal of reducing asset deterioration and maximizing County asset life. Since FY 2020, the deferred maintenance program has achieved its goal with the program transitioning into a renewal and replacement program.

In FY 2013 the Board achieved significant negotiated savings on the new \$27 million 800-Megahertz emergency radio system and utilized JEA franchise fees for almost a 50% down payment on the system. The stormwater federal mandate requires compliance to the Stormwater Drainage and Surface Water Quality Act under current Environmental Protection Agency (EPA) regulations. Full compliance may require significant capital outlays ranging to over \$250 million. Compliance will likely be staged and completed over multiple years. Pavement management preserves acceptable County road conditions and, if not addressed, could enter an acute phase where the longer County road conditions deteriorate, the higher the corrective cost becomes.

The County still has available borrowing capacity within its gas taxes and current half-cent sales tax revenues, if necessary, as well as additional capacity to levy local option gas taxes and up to one-cent discretionary sales tax for infrastructure. The discretionary sales tax, which could generate an estimated \$35 million per year, requires approval through a voter referendum.

Short-term: For the tenth consecutive year, the FY 2022 County budget continues to specifically address deferred maintenance/renewal & replacement projects, funding \$5.3 million Countywide. Another \$6.3 million (not including carryforwards) in the FY 2022 budget addresses capital, vehicle and computer hardware/software replacements. The FY 2022 budget for pavement management totals approximately \$11.0 million with the goal of increasing funding to \$14.0 million annually by FY 2025.

GOAL: World-Class Living - The Place to Live, Work, and Play: Another Board priority is to maintain and enhance the quality of life within the community, including but not limited to: County beaches, parks, libraries, and bicycle/hiking trails. County beaches, particularly St. Augustine beach, have been addressed in recent years with ongoing, multi-year re-nourishment projects largely through federal funding that requires a County match.

Before the economic downturn, the County had undertaken an aggressive effort to add parks often through the assistance of State funding with development of parkland in the southeast (Southeast Intracoastal Waterway Park), northwest (Veterans Park and Alpine Groves Park), and northeast (Davis Park). Relative to libraries, a Board decision was made in 1999 to utilize, at the time, public building impact fees and commercial paper debt for library expansion. Two major expansion projects resulted: the Ponte Vedra Beach Branch expansion in FY 2002 and the new Southeast Branch Library in FY 2003. In addition, Parks and Libraries represented about 80% of the 2004 Sales Tax Bond issue projects, which also resulted in the new Anastasia Island Branch Library that opened during FY 2008. The "06 Sales Tax Bond Projects" debt financing also contributed over \$17.5 million for park projects.

In FY 2020, the Board of County Commissioners approved \$16.6 million, from the General Fund (see "2019 Capital Improvement Projects" within the Capital Improvement Funds section), for a new multipurpose park, library, sidewalk infrastructure, beach re-nourishment efforts, waterway access improvements and expansion of an existing park facing capacity issues. In addition, the Commission approved \$12.1 million in funding, in a cost share partnership with the Army Corp of Engineers, for the construction of the Coastal Storm Risk Management Project in portions of South Ponte Vedra and Vilano Beach.

Short-term: In FY 2022, the Commission appropriated \$33.5 million in unrealized revenue gains, accumulated through exceeded pandemic projections (for FY 2020 and FY 2021), toward non-recurring capital improvement projects. Specifically, the 2022 Capital Improvement Project Fund, totaling \$33.5 million, includes significant infrastructure investments toward two phase one regional parks projects, expansion of off-beach parking amenities, and roadway improvements.

GOAL: Customer Service – Putting People First:

Improving communications and citizen service continues to be a top priority. Every County department has the objective of improving service. This goal can be further high-lighted by the following continuing initiatives:

- a) **Cable Television Government Channel** – improving the quality and increasing the amount of information presented to the public;
- b) **Information on the Internet** – a full-time “Webmaster” continuing to improve the County’s web-site at <http://www.sjcf.us/>;
- c) **Legislative Action Plan** – better focus on obtaining State and Federal resources for the County;
- d) **Committee Involvement** – increasing the involvement and input of citizens on County committees;
- e) **Interagency Cooperation** – emphasizing regional approaches and coordination of effort among neighboring local governments;
- f) **Citizen Meetings** – utilizing town hall meetings and visioning groups for further citizen input;
- g) **Volunteer Recognition** – recognizing the many volunteers that help furnish County services; and
- h) **Public Outreach** – more fully utilizing social media for better citizen communication and service.

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 Annual Comprehensive Financial Report for the year ended September 30, 2020. This was the twenty-ninth 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 annual comprehensive 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.

For the last twenty-nine 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. In addition, for the first time ever, the County received the Popular Annual Financial Reporting Award from GFOA for the year ended September 30, 2020.

Acknowledgments. An Annual Comprehensive 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 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 innovative manner.

Sincerely yours,



Brandon J. Patty
Clerk of Circuit Court and County Comptroller

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Henry Dean, Chair
Christian Whitehurst, Vice-Chair
Sarah S. Arnold
Paul M. Waldron
Jeremiah Ray Blocker

CONSTITUTIONAL OFFICERS

Robert A. Hardwick, Sheriff
Brandon J. Patty, Clerk of Court
Dennis W. Hollingsworth, Tax Collector
Eddie Creamer, Property Appraiser
Vicky Oakes, Supervisor of Elections

COUNTY ADMINISTRATION

Hunter S. Conrad, County Administrator
Joy Andrews, Deputy Administrator of Strategic Affairs
Brad Bradley, Deputy Administrator / Chief of Staff

COMPTROLLER'S OFFICE

Dwala Anderson, Chief Financial Clerk

OFFICE OF MANAGEMENT AND BUDGET

Jesse Dunn, Director
Wade Schroeder, Assistant Director

OFFICE OF ECONOMIC DEVELOPMENT

Jennifer Zuberer, Economic Development Specialist



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**St. Johns County
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

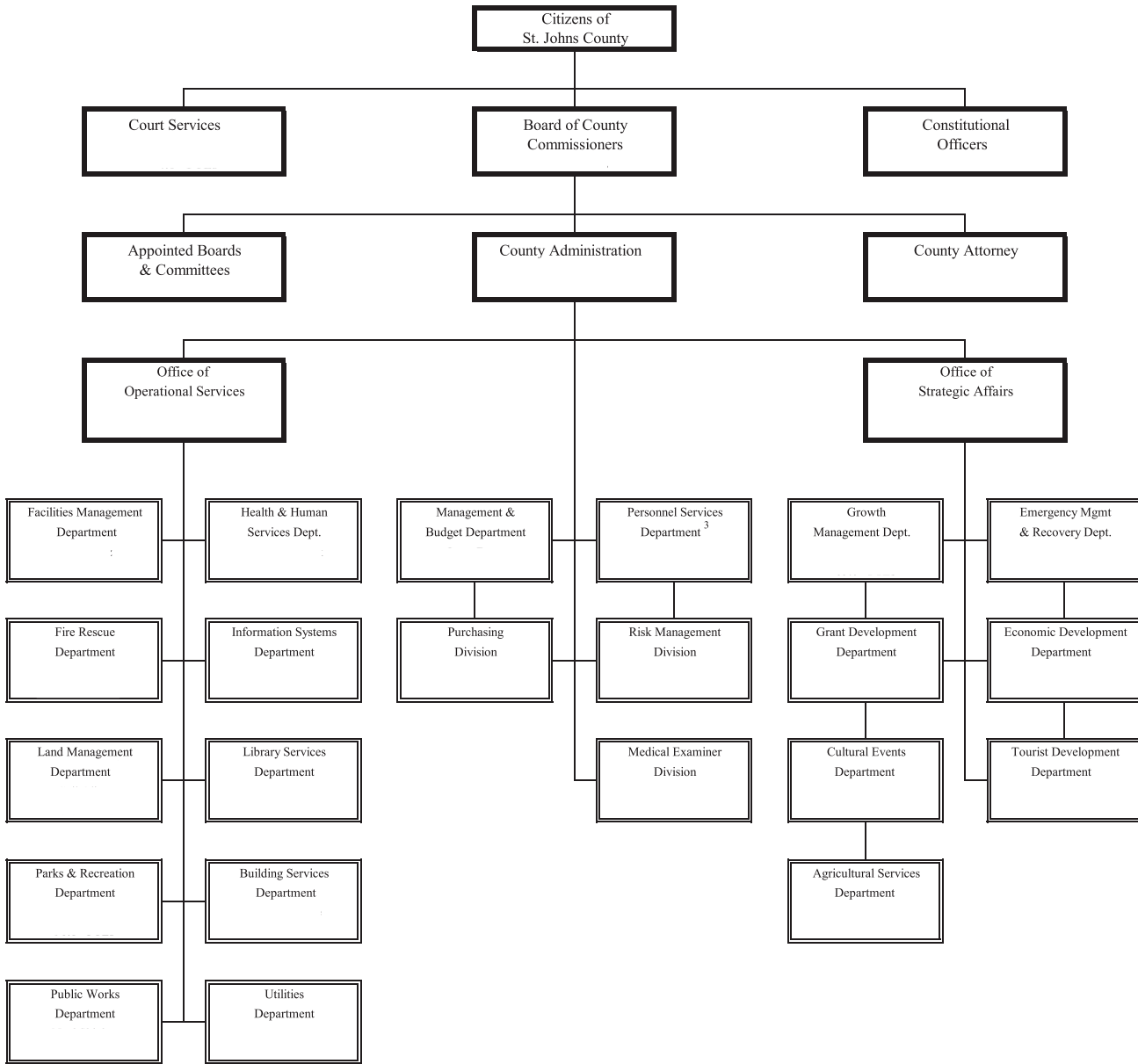
September 30, 2020

Christopher P. Morill

Executive Director/CEO



St. Johns County, Florida Organizational Chart (by Department)





INDEPENDENT AUDITOR'S REPORT

Honorable Board of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Johns County, Florida (the "County") as of and for the year ended September 30, 2021, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, as 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 30, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 30, 2022

MANAGEMENT'S DISCUSSION and ANALYSIS

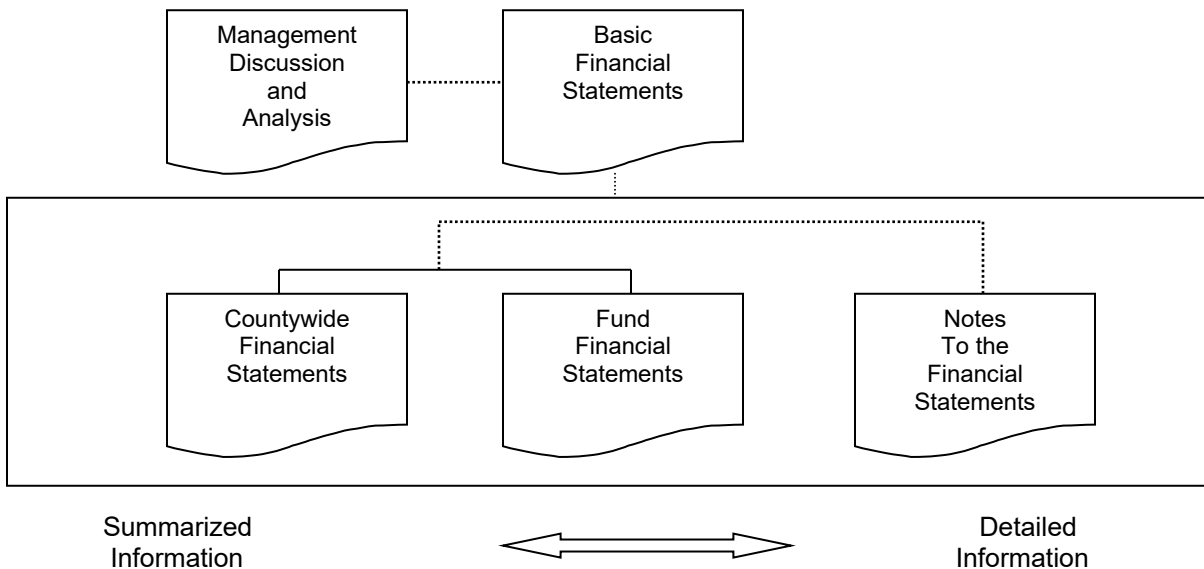
This section of St. Johns County, Florida's Annual Comprehensive Financial Report presents a narrative overview and analysis of the County's financial performance during our most recent fiscal year, which ended September 30, 2021. It is designed to provide an objective and easy to read overview analysis 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 \$2,048,092,887 as of September 30, 2021.
- Unrestricted net position of \$149,363,496 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 \$120,165,250.
- The net change in total governmental fund balance increased by \$45,981,656. This increase reflects a recovering economy from the pandemic and continued strength in construction and development in the County.

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) government-wide 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 government-wide 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. Government-wide financial statements. The government-wide statements report on St. Johns County as a whole using accounting rules very similar to those used by private companies. There are two government-wide 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 presented as such are the Housing Finance Authority of St. Johns County, Florida and the St. Johns County Industrial Development 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 72 individual governmental funds. The General Fund, Transportation Trust, Fire District Fund, and the COVID Pandemic Related Grants Fund 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 custodial 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'S DISCUSSION and ANALYSIS
For the year ended September 30, 2021

3. Financial Analysis of the County as a Whole.

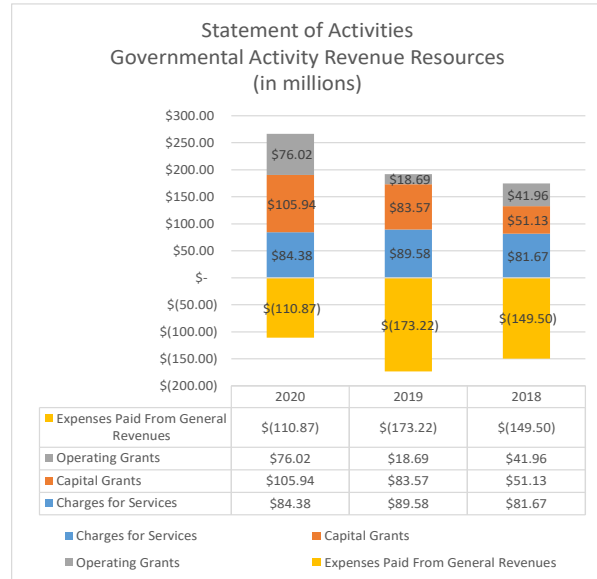
At the end of fiscal year 2021, the financial position of the County continues to reflect a healthy and improving economy. The County is one of the fastest growing areas in the State. This growth continues to provide significant resources to the County.

Summary Statement of Net Position
September 30, 2021 and 2020
(In Thousands)

	Governmental		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Cash and investments	\$ 421,659	\$ 300,164	\$ 134,891	\$ 128,201	\$ 556,550	\$ 428,365
Other current assets	17,891	49,769	14,984	15,269	32,875	65,038
Other noncurrent assets	14,386	10,729	12,706	1,040	27,092	11,769
Capital assets	1,504,900	1,490,921	601,195	583,756	2,106,095	2,074,677
TOTAL ASSETS	1,958,836	1,851,583	763,776	728,266	2,722,612	2,579,849
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	7,309	7,709	3,352	3,323	10,661	11,032
Pension related	54,369	87,705	2,601	4,154	56,970	91,859
OPEB related	1,180	1,318	104	115	1,284	1,433
TOTAL DEFERRED OUTFLOWS OF RESOURCES	62,858	96,732	6,057	7,592	68,915	104,324
LIABILITIES						
Current liabilities	103,875	55,965	24,339	19,257	128,214	75,222
Non-current liabilities	254,524	454,292	197,049	211,149	451,573	665,441
TOTAL LIABILITIES	358,399	510,257	221,388	230,406	579,787	740,663
DEFERRED INFLOWS OF RESOURCES						
Bond refunding gains	-	-	83	100	83	100
Pension related	140,243	3,996	6,773	300	147,016	4,296
OPEB related	15,142	12,452	1,405	1,183	16,547	13,635
TOTAL DEFERRED INFLOWS OF RESOURCES	155,385	16,448	8,261	1,583	163,646	18,031
NET POSITION						
Net investment of capital assets	1,334,917	1,309,351	414,035	398,160	1,748,952	1,707,511
Restricted	140,400	102,822	9,379	12,990	149,779	115,812
Unrestricted	32,593	9,437	116,770	92,719	149,363	102,156
TOTAL NET POSITION	\$ 1,507,910	\$ 1,421,610	\$ 540,184	\$ 503,869	\$ 2,048,094	\$ 1,925,479

- This year, total net position for Governmental activities increased by 6.1 percent or \$86.3 million dollars. Total assets increased by \$107 million. An exceptionally strong surge in the economy produced significant receipts, with cash and investments accounting for the majority of the increase in total assets. Deferred outflows and inflows changes were primarily driven by the inflows and outflows related to the County's participation in the Florida Retirement System (FRS). Liabilities have decreased by approximately \$151 million in fiscal year 2021. As with deferred inflows and outflows, the effects of the County's participation in the FRS accounted for most of the decrease in liabilities. The economy surged from pandemic levels in fiscal year 2021. The stock market reflected this surge and this significantly improved the actuarial position of all participants in FRS. 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.
- Ending net position for Business-type activities improved by \$33.8 million. This increase indicates that the County's enterprise funds continue to be able to provide necessary services and to do so in a self-sufficient manner. All Business-type activities produced increases in net position. For assets, this provided an increase in cash and investments in fiscal year 2021. Additionally, the County continues to receive contributions from developers to offset the cost incurred with the expansion of the Utility system. Fixed asset increases were the result of these developer contributions and the issuance of additional debt to finance infrastructure expansions. On the liability side, the issuance of additional debt in fiscal year 2021 were offset by the improvement in the actuarial position of the FRS, as described above resulting in a net reduction in total liabilities for Business-Type Activities in fiscal year 2021.
- Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$1.5 billion. The greatest portion of net position (\$1.3 billion) reflects the County's investment in capital assets net of the related debt used to acquire them. Additionally, \$140.4 million of net position is subject to restrictions regarding how it may be used during County operations. leaving \$32.6 million as unrestricted. Unrestricted net position, when not a deficit, can be used to meet the County's ongoing obligations to citizens and creditors.
- Business Type Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$540.1 million. Similar to Governmental Activities above, the greatest portion of net position (\$414 million) reflects the County's investment in capital assets net of the related debt used to acquire them. Additionally, \$9.3 million of net position is subject to restrictions regarding how it may be used during County operations. leaving \$116 million as unrestricted. The County is currently analyzing future infrastructure needs as the County grows and much of the unrestricted net position will be beneficial in providing this expansion.

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.



Charges for services have shown continued increases over the three year period reflected in the above chart, primarily driven by population and infrastructure growth in the County. This increase has helped to continue to cover the basic services of the County even though revenues from capital and operating grants have declined over the past 3 years. The County believes that fiscal year 2021 is more reflective of historical averages for grants received. Fiscal years 2019 and 2020 had higher than normal amounts of grants due to the one-time effects of emergency pandemic relief and hurricane disaster recovery assistance provided by the Federal government.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2021

Summary Statement of Activities

September 30, 2021 and 2020

(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 101,082	\$ 84,387	\$ 90,677	\$ 86,794	\$ 191,759	\$ 171,181
Operating grants and contributions	39,886	76,027	-	-	39,886	76,027
Capital grants and contributions	19,508	105,939	29,096	37,027	48,604	142,966
General Revenues:						
Taxes	263,610	242,080	-	-	263,610	242,080
Intergovernmental	8,248	6,836	-	-	8,248	6,836
Franchise Fees	2,247	2,091	-	-	2,247	2,091
Unrestricted earnings on investments	(738)	9,423	(765)	4,382	(1,503)	13,805
Miscellaneous	2,502	1,423	49	41	2,551	1,464
Total Revenues	<u>436,345</u>	<u>528,206</u>	<u>119,057</u>	<u>128,244</u>	<u>555,402</u>	<u>656,450</u>
Expenses:						
General government	42,875	49,217	-	-	42,875	49,217
Public safety	171,149	185,000	-	-	171,149	185,000
Physical environment	1,595	1,121	-	-	1,595	1,121
Transportation	55,385	56,500	-	-	55,385	56,500
Economic environment	17,987	10,478	-	-	17,987	10,478
Human services	15,719	15,876	-	-	15,719	15,876
Culture and recreation	30,525	42,696	-	-	30,525	42,696
Court related	8,734	9,158	-	-	8,734	9,158
Interest on long term debt	6,152	7,176	-	-	6,152	7,176
Utilities	-	-	56,749	56,422	56,749	56,422
Solid waste	-	-	28,139	26,495	28,139	26,495
Convention center	-	-	226	297	226	297
Total Expenses	<u>350,121</u>	<u>377,222</u>	<u>85,114</u>	<u>83,214</u>	<u>435,235</u>	<u>460,436</u>
Increase in net position before transfers	86,224	150,984	33,943	45,030	120,167	196,014
Transfers	76	(264)	(76)	264	-	-
Change in net position	<u>86,300</u>	<u>150,720</u>	<u>33,867</u>	<u>45,294</u>	<u>120,167</u>	<u>196,014</u>
Net position, beginning of year, as restated	<u>1,421,610</u>	<u>1,270,890</u>	<u>506,317</u>	<u>458,575</u>	<u>1,927,927</u>	<u>1,729,465</u>
Net position, end of year	<u>\$ 1,507,910</u>	<u>\$ 1,421,610</u>	<u>\$ 540,184</u>	<u>\$ 503,869</u>	<u>\$ 2,048,094</u>	<u>\$ 1,925,479</u>

The Summary Statement of Activities reflects that the County increasingly relies upon increased charges for services and taxes to meet governmental expenses. Fortunately, due to the population growth of the County, the trend for charges for services and taxes shows continued increases in these revenues for the foreseeable future. One source of revenue, operating and capital grants, decreased significantly between 2021 and 2020. As discussed above, fiscal year 2020 had significant one-time effects due to federal funding related to the pandemic and prior year hurricane relief. As discussed above, 2021 was a return to more normal level of grant funding. Intergovernmental revenue increased during 2020. Since operating and capital grants are reported separately, the intergovernmental category shown above does not include traditional grants. Instead, this category mainly reflects money coming from the state, such as shared revenues and sales taxes. The increases shown in fiscal year 2021 over 2020 for intergovernmental revenue can be explained by the improving economy in general. Investment on earnings suffered a significant decline. Unlike the pension and OPEB investments, which are primarily invested in stocks and had a good year, the County's operating investments were investments where market value is driven by interest rates which a record lows during the year and earnings were impacted significantly.

Pension liability continues to have a significant impact on the annual change in net position for both governmental and business-type activities. As a result, the strong earnings year for the pension investments is a significant factor in explaining why total government-wide expenditures were lower in fiscal year 2021 when compared to 2020, even though there were no significant reductions in the level of service provided by the County in 2021.

While the reduction in pension liability in fiscal year 2021 provided a decrease to expenditures as a whole, it had a particularly significant effect and reduction to public safety expenditures in 2021 due to the enhanced pension benefits provided to law enforcement personnel versus normal employee benefits. In addition, certain other expenditure categories were affected by other factors. Some of the larger factors are as follows:

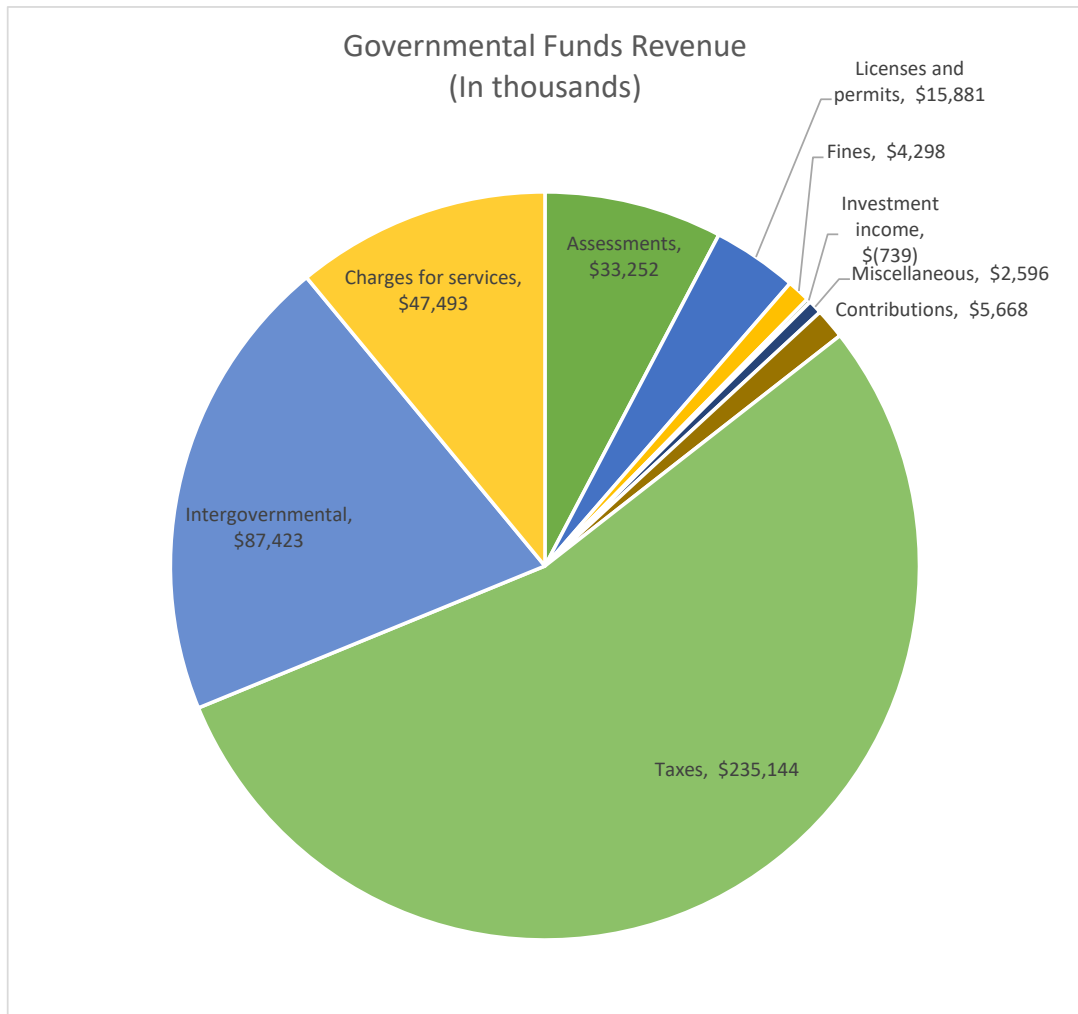
- Economic environment expenditures were significantly higher in fiscal year 2021 when compared to 2020. This is attributable to a grant from the Department of Housing and Urban Development and the Florida Department of Economic Opportunity to work on areas and needs related to affordable housing. Expenditures of over \$13 million were covered by this grant in 2021.
- Culture and recreation expenditures in 2020 were affected by a project of over \$12 million related to beach renourishment after numerous hurricanes and storms. While these projects are ongoing and will be continued in future years, activity was temporarily slowed in fiscal year 2021 with expenditures being much less.

4. Financial Analysis of the County's Funds.

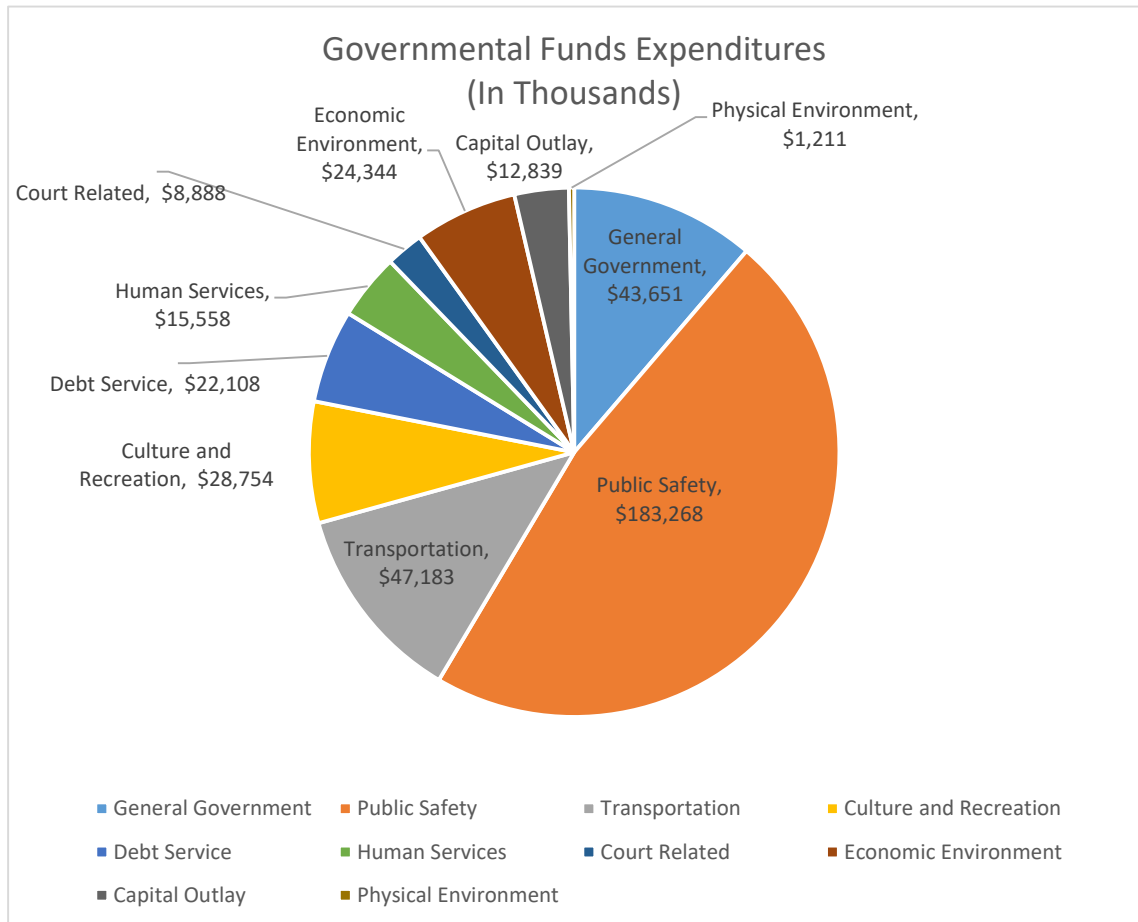
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the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

At September 30, 2021, the County's governmental funds reported combined ending fund balances of \$345.3 million, which is an increase of \$45.9 million. Fiscal year 2021 has reported stronger results when compared with the prior fiscal year balance. The increase, across all categories, is reflective of population and economic growth in the County. Charges for Services, Taxes, and Special Assessment categories all reflect this change. Contributions revenue, which is primarily road infrastructure contributed by developers, increased in FY21 as well. This also reflects County-wide growth. Additionally, fiscal year 2021 results reflect an improving economy overall. Fiscal year 2020 results were significantly impacted by the pandemic.

The County also expects to see increases in expenditures in the future as a result of continued population growth. The County continues to monitor expenditures and expects future increases due to infrastructure needs, fire and police protection 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.

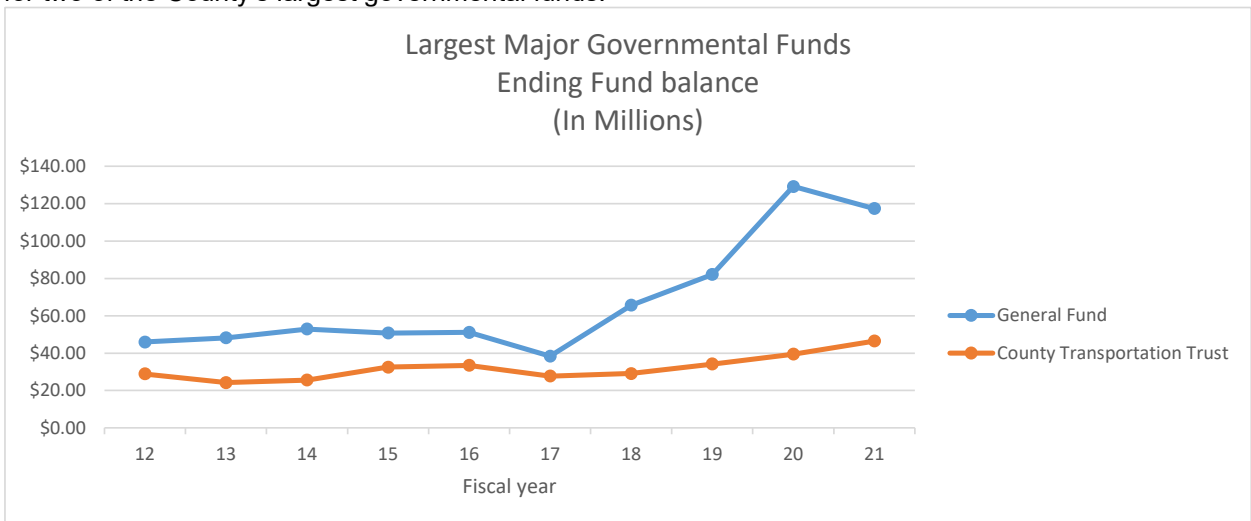


Excluding capital outlays and the County debt service requirements, the County's governmental fund expenditures increased by \$23.1 million over prior year expenditures. For the Public Safety category, reductions in pension related actuarial liabilities significantly reduced this category with the government-wide financial statements. However, these effects are not reflected with governmental fund financial statements. In these statements, public safety expenditures in 2021 were significantly higher. Most of the increase in public safety in 2021 came about due to the County's pandemic response. Economic environment expenditures were significantly higher in 2021. The County was awarded a large grant from the Department of Housing and Urban development which resulted in over \$13 million being spent for economic needs. One category reported less expenditures in 2021 when compared to 2020, Culture and Recreation. The County did not reduce services in this area. 2020 expenditures included the effect of major beach renourishment efforts to eliminate beach erosion caused by recent storms. This project was not as extensive in 2021 as it had been in the prior year.

The fund balance of the General Fund decreased this year by \$11.8 million. This is the result of one-time expenditures for the County which received over \$50 million in federal funding through the CARES program in fiscal year 2020. The County used a significant portion of this funding in 2021 to help offset deferred expenses and to provide needed capital outlay for future productivity. The Transportation Trust, and the Fire District funds continue to be self-funding in line with prior years.

The COVID Pandemic Related Grants is a new major fund this year. It was established to segregate and account for various federal and state funding and resources received by the County to assist with pandemic recovery.

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 in fiscal year 2017 with the effects of the hurricanes and the position has been improving steadily since that year. In 2020, the pandemic caused a world-wide crisis. The County received significant funding from federal and state sources to mitigate the effects of the pandemic. This funding was significant and resulted in an unusual increase in the General Fund's ending fund balance in 2020.

The Transportation Trust ending fund balance has increased slightly over the past several years. Restricted revenues have been sufficient to cover the current year's transportation infrastructure needs and this has allowed the County to maintain the reserves for future projects. The County continues to monitor projected 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 after a year of reduction in fund balance during 2020. This can be attributed to a couple of factors. The property tax base of the County is expanding with revenues from taxes increasing year over year. Additionally, the County opened a new fire station during 2020 and with that opening, capital outlay expenditures were much higher in 2020.

The COVID Pandemic Related Grants is a new fund this 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 were primarily driven by unanticipated awards of federal and state grants and debt financing. These variances affected the budgets for both revenues and the associated expenditures.

The expenditure categories with the largest variances between amounts budgeted by the County during fiscal year 2021 and the final amount of expenditures actually incurred during the year occurred within the Public Safety and Economic Environment expenditure categories. The primary causes for these variances are discussed below:

- For the General Government category, there was no major project or line item that significantly accounted for these difference. Instead, a variety of reasons, including less capital outlay and maintenance costs than expected were the main reason.
- For the Public Safety category, the largest difference occurred with the CARES funding received in 2020. The County originally anticipated having all funding encumbered and spent in fiscal year 2021. Projects were not completed within the fiscal year as expected and the expenditures were not incurred.
- Similar to the CARES grant in Public Safety, the County received a grant from the Department of Housing and Urban Development in 2020 for the Economic Environment Category (housing). The County originally anticipated having all funding encumbered and spent in fiscal year 2021. Projects were not completed within the fiscal year as expected and the expenditures were not incurred.
- During this year, the difference between the County's final adopted budget and total General Fund expenditures was approximately \$95 million. The following table highlights the savings by function/programs:

Function	Appropriation Balance in Thousands	Percent
General Government	\$ 5,384	5.7%
Public Safety	15,062	15.8%
Economic Environment	71,704	75.4%
Human Services	1,272	1.3%
Court Related	(41)	0.0%
All other functions	1,661	1.7%
	\$ 95,042	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, 2021 was \$2.106 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, 2021
(in Thousands)

	Governmental Activities	Business- Type Activities	Total
Land	\$ 552,028	\$ 122,212	\$ 674,240
Intangible Assets	-	81	81
Building and Improvements	343,248	34,919	378,167
Equipment	130,600	-	130,600
Infrastructure	903,866	644,254	1,548,120
Construction in Progress	48,493	38,863	87,356
Less: Accumulated Depreciation	(473,335)	(239,134)	(712,469)
Total	\$ 1,504,900	\$ 601,195	\$ 2,106,095

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

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2021

- **Long-term Debt.** At the end of fiscal year 2021, the County had total long-term obligations outstanding of approximately \$483 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt
(in Thousands)
as of September 30, 2021

	Governmental Activities	Business- Type Activities	Total
Revenue Bonds and Notes	\$ 165,443	\$ 143,652	\$ 309,095
Loans, Commercial Paper, and obligations under capital leases	10,553	55,417	65,970
Landfill Closure/Postclosure care	-	3,541	3,541
Compensated absences	15,059	1,296	16,355
Net Pension liability	84,207	3,684	87,891
Total	\$ 275,262	\$ 207,590	\$ 482,852

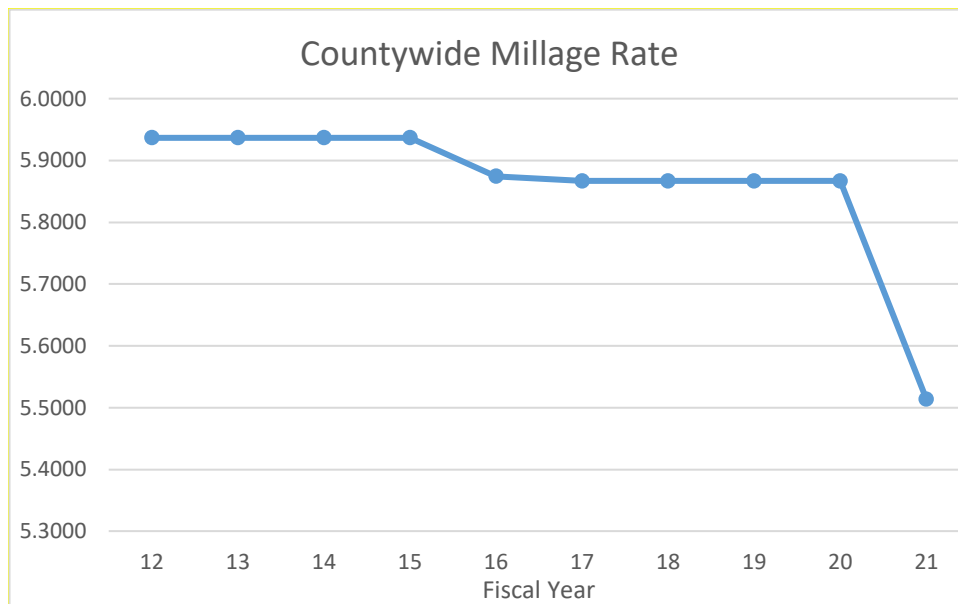
- Excluding the County's net state pension, the balances for total outstanding governmental and proprietary long-term obligations increased by \$11.2 million from the prior fiscal year.
- Overall, however, with the inclusion of the County's net state pension, the County's outstanding debt decreased \$183 million or 27.5% from the prior year.
- \$112.3 million was disbursed to retire principal that was due during the fiscal year on County bonds, notes and capital leases.
- \$100.9 million in notes and capital leases was issued during the fiscal year.

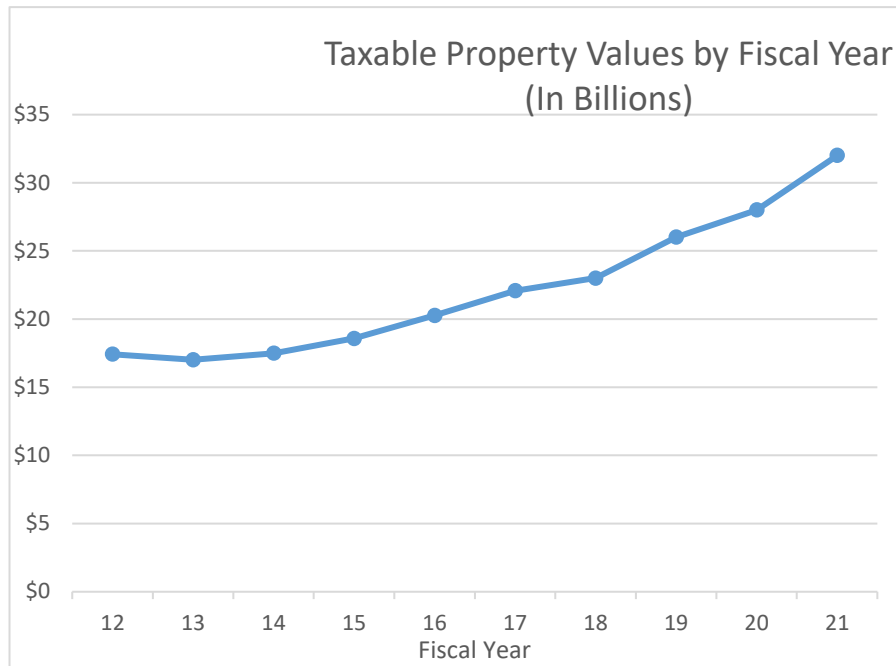
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements; Note 6, Long-Term Obligations.

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 reduced the countywide millage rate of 5.5141 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 off millage rates increases 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.





Finally, there were a number of critical accomplishments that were achieved in fiscal year 2021:

- The County Commission was able to reduce the millage rate for 2021.
- The County was able to successfully guide the economy through the COVID-19 pandemic. As a result of the pandemic, the County received federal and state grants that were used in 2021 to increase expenditures for capital outlays that increase County productivity and efficiency, provide salaries for staff, and reduce the backlog of deferred maintenance projects.
- The County initiated projects to address affordable housing in the County that will be entirely reimbursed with federal and state grants.
- 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.

BASIC FINANCIAL STATEMENTS



ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 216,010,247	\$ 30,827,124	\$ 246,837,371	\$ 266,849	\$ 131,399
Investments	205,648,886	104,063,684	309,712,570	-	521,861
Accounts receivable, net	4,134,409	7,123,471	11,257,880	7,188	-
Notes receivable, less than 1 year	300,000	305,630	605,630	134,580	-
Interest receivable	415,648	213,454	629,102	-	-
Internal balances	(5,006,116)	5,006,116	-	-	-
Due from other governments	16,184,922	748,755	16,933,677	-	-
Inventories	361,329	1,408,993	1,770,322	-	-
Restricted assets:					
Investments	-	11,423,963	11,423,963	-	-
Net OPEB asset	14,385,669	1,282,068	15,667,737	-	-
Other assets	1,500,807	177,187	1,677,994	-	-
Capital assets:					
Land and construction in progress	600,520,792	161,074,482	761,595,274	-	-
Other capital assets, net	904,379,579	440,120,338	1,344,499,917	-	-
TOTAL ASSETS	1,958,836,172	763,775,265	2,722,611,437	408,617	653,260
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	7,309,318	3,352,176	10,661,494	-	-
Pension related	54,368,861	2,600,990	56,969,851	-	-
OPEB related	1,180,078	104,280	1,284,358	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	62,858,257	6,057,446	68,915,703	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,021,694,429	769,832,711	2,791,527,140	408,617	653,260
LIABILITIES					
Accounts payable and accrued expenses	29,959,305	10,393,494	40,352,799	2,210	325
Due to other governments	6,226,214	-	6,226,214	-	-
Estimated liability for self insured losses	3,344,700	-	3,344,700	-	-
Interest payable	144,940	1,355,860	1,500,800	-	-
Customer deposits	1,543,335	2,045,569	3,588,904	-	-
Unearned revenues	41,919,137	3,105	41,922,242	-	-
Due within one year:					
Bonds, capital leases, and contracts	14,816,129	9,757,188	24,573,317	-	-
Landfill closure and post-closure costs	-	354,117	354,117	-	-
Compensated absences	5,689,900	419,700	6,109,600	-	-
Net pension liability	231,720	10,136	241,856	-	-
Due in more than one year:					
Bonds, capital leases, and contracts	161,180,130	189,311,976	350,492,106	-	-
Accrued landfill closure and post-closure costs	-	3,187,052	3,187,052	-	-
Compensated absences	9,369,394	876,786	10,246,180	-	-
Net pension liability	83,974,911	3,673,491	87,648,402	-	-
TOTAL LIABILITIES	358,399,815	221,388,474	579,788,289	2,210	325
DEFERRED INFLOWS OF RESOURCES					
Bond refunding gain	-	82,981	82,981	-	-
Pension related	140,242,667	6,773,350	147,016,017	-	-
OPEB related	15,142,289	1,404,677	16,546,966	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	155,384,956	8,261,008	163,645,964	-	-
NET POSITION					
Net investment in capital assets	1,334,916,831	414,034,502	1,748,951,333	-	-
Restricted for:					
Capital Improvement Projects	1,952,497	-	1,952,497	-	-
Future development Impacts	71,892,119	-	71,892,119	-	-
Transportation	6,117,953	-	6,117,953	-	-
Other public safety	3,971,959	-	3,971,959	-	-
Fire District	6,403,230	-	6,403,230	-	-
Community redevelopment	37,517	-	37,517	-	-
Court operations and improvements	10,503,961	-	10,503,961	-	-
Building services	24,801,215	-	24,801,215	-	-
Debt service	1,211,145	6,273,560	7,484,705	-	-
Renewal and replacement	-	3,104,834	3,104,834	-	-
State Housing Initiatives Program	508,970	-	508,970	-	-
Tourist development and recreation	9,924,812	-	9,924,812	-	-
Law enforcement	1,642,932	-	1,642,932	-	-
Other purposes	1,431,354	-	1,431,354	-	-
Unrestricted	32,593,163	116,770,333	149,363,496	406,407	652,935
TOTAL NET POSITION	\$ 1,507,909,658	\$ 540,183,229	\$ 2,048,092,887	\$ 406,407	\$ 652,935

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	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
Primary Government:									
Governmental activities:									
General government	\$ 42,874,965	\$ 17,043,717	\$ 126,934	\$ 615,480	\$ (25,088,834)	\$ -	\$ (25,088,834)	\$ -	\$ -
Public safety	171,148,808	32,983,836	7,848,041	1,560,023	(128,756,908)	-	(128,756,908)	-	-
Physical environment	1,594,928	3,706,746	121,600	1,160,342	3,393,760	-	3,393,760	-	-
Transportation	55,385,496	19,417,100	1,546,565	15,713,401	(18,708,430)	-	(18,708,430)	-	-
Economic environment	17,986,800	173,404	1,879,646	-	(15,933,750)	-	(15,933,750)	-	-
Human services	15,719,183	92,372	21,617,315	-	5,990,504	-	5,990,504	-	-
Culture and recreation	30,525,286	16,978,998	6,581,119	458,400	(6,506,769)	-	(6,506,769)	-	-
Court related	8,734,093	10,685,587	164,466	-	2,115,960	-	2,115,960	-	-
Interest on long term debt	6,151,956	-	-	-	(6,151,956)	-	(6,151,956)	-	-
Total governmental activities	350,121,515	101,081,760	39,885,686	19,507,646	(189,646,423)	-	(189,646,423)	-	-
Business-type activities:									
Utilities	56,748,846	61,412,654	-	29,096,002	-	33,759,810	33,759,810	-	-
Solid waste	28,139,318	29,137,912	-	-	-	998,594	998,594	-	-
Convention center	225,771	126,063	-	-	-	(99,708)	(99,708)	-	-
Total business-type activities	85,113,935	90,676,629	-	29,096,002	-	34,658,696	34,658,696	-	-
Total primary government	\$ 435,235,450	\$ 191,758,389	\$ 39,885,686	\$ 48,603,648	(189,646,423)	34,658,696	(154,987,727)	-	-
Component units:									
Housing programs	\$ 29,601	\$ -	\$ -	\$ -	-	-	-	(29,601)	-
Economic development programs	12,412	116,630	-	-	-	-	-	-	104,218
Total component units	\$ 42,013	\$ 116,630	\$ -	\$ -	-	-	-	(29,601)	104,218
General revenues:									
Taxes:									
Property taxes					208,461,937	-	208,461,937	-	-
Communication services tax					4,338,466	-	4,338,466	-	-
Tourist development tax					14,386,391	-	14,386,391	-	-
Fuel taxes					11,969,058	-	11,969,058	-	-
Local government half-cent sales tax					24,454,048	-	24,454,048	-	-
Shared revenues - intergovernmental unrestricted					8,248,241	-	8,248,241	-	-
Unrestricted earnings on investments					(738,725)	(764,892)	(1,503,617)	-	-
Franchise fees					2,247,348	-	2,247,348	-	-
Miscellaneous					2,502,418	48,687	2,551,105	186,656	1,272
Transfers					76,734	(76,734)	-	-	-
Total general revenues and transfers					275,945,916	(792,939)	275,152,977	186,656	1,272
Change in net position					86,299,493	33,865,757	120,165,250	157,055	105,490
Net position, beginning of the year, as restated for Business-type Activities					1,421,610,165	506,317,472	1,927,927,637	249,352	547,445
Net position, end of the year					\$ 1,507,909,658	\$ 540,183,229	\$ 2,048,092,887	\$ 406,407	\$ 652,935

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

St. Johns County, Florida
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 70,305,527	\$ 6,578,976	\$ 9,049,666	\$ 1,026,840	\$ 117,633,028	\$ 204,594,037
Investments	47,433,031	45,018,846	5,683,182	33,440,853	70,558,777	202,134,689
Accounts receivable (net of allowance for uncollectibles)	1,720,325	460,320	25,267	726	1,039,986	3,246,624
Notes receivable	-	-	-	-	300,000	300,000
Interest receivable	113,836	87,717	14,318	58,869	133,331	408,071
Advances to other funds	3,891,793	-	-	-	-	3,891,793
Due from other funds	2,368,826	25,129	-	-	1,253	2,395,208
Due from other governments	10,117,378	2,273,450	271,993	-	1,583,719	14,246,540
Inventory	-	331,682	-	-	29,647	361,329
Other assets	1,228,768	24,421	48,481	-	141,447	1,443,117
TOTAL ASSETS	\$ 137,179,484	\$ 54,800,541	\$ 15,092,907	\$ 34,527,288	\$ 191,421,188	\$ 433,021,408
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 14,059,096	\$ 5,285,769	\$ 1,516,202	\$ 77,725	\$ 5,628,612	\$ 26,567,404
Accounts payable - retainage	546,185	364,669	-	-	385,745	1,296,599
Customer deposits	1,514,341	-	-	-	28,994	1,543,335
Advances from other funds	-	-	-	-	8,977,844	8,977,844
Due to other funds	439,509	62,432	124,448	-	492,249	1,118,638
Due to other governments	3,264,063	2,625,256	-	-	336,895	6,226,214
Unearned revenue	39,310	-	-	34,442,199	7,437,628	41,919,137
TOTAL LIABILITIES	19,862,504	8,338,126	1,640,650	34,519,924	23,287,967	87,649,171
FUND BALANCES						
Nonspendable	5,113,040	356,103	48,481	-	171,094	5,688,718
Restricted	129,594	5,638,078	6,403,230	-	128,228,762	140,399,664
Assigned	43,122,889	40,468,234	7,000,546	7,364	48,711,060	139,310,093
Unassigned	68,951,457	-	-	-	(8,977,695)	59,973,762
TOTAL FUND BALANCES	117,316,980	46,462,415	13,452,257	7,364	168,133,221	345,372,237
TOTAL LIABILITIES AND FUND BALANCES	\$ 137,179,484	\$ 54,800,541	\$ 15,092,907	\$ 34,527,288	\$ 191,421,188	\$ 433,021,408

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, 2021

Total fund balances- governmental funds	\$ 345,372,237
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.	1,504,900,371
Net OPEB asset pertains to future periods and use and are not reported in the funds.	14,385,669
Deferred outflows for bond refunding losses are not reported in the governmental funds.	7,309,318
Deferred pension outflows are not reported in the governmental funds.	54,368,861
Deferred OPEB outflows are not reported in the governmental funds.	1,180,078
Bonds and notes payable (\$161,648,692); unamortized bond premiums (\$8,387,849); lease obligations (\$5,959,718); compensated absences for governmental funds (\$15,059,294); and net pension liabilities (\$84,206,631) are not due and payable in the current period and, therefore, are not reported in the funds.	(275,262,184)
Accrued interest payable is not reported in the governmental funds.	(144,940)
Deferred pension inflows are not reported in the governmental funds	(140,242,667)
Deferred OPEB inflows are not reported in the governmental funds	(15,142,289)
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>11,185,204</u>
Net position of governmental activities	<u>\$ 1,507,909,658</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, 2021

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 144,915,137	\$ 32,267,718	\$ 39,574,910	\$ -	\$ 18,386,103	\$ 235,143,868
Special assessments	-	-	-	-	33,252,115	33,252,115
Licenses and permits	1,076,648	1,486,513	1,008,007	-	12,309,665	15,880,833
Intergovernmental	45,144,125	9,289,341	558,734	1,783,934	30,646,819	87,422,953
Charges for services	29,510,622	4,156,720	54,306	-	13,772,284	47,493,932
Fines and forfeitures	1,884,524	-	-	-	2,413,734	4,298,258
Contributions	15,789	4,193,134	-	-	1,459,275	5,668,198
Investment income	(68,277)	(282,750)	(52,438)	7,365	(342,774)	(738,874)
Miscellaneous revenue	1,082,811	227,228	350,685	-	935,281	2,596,005
TOTAL REVENUES	223,561,379	51,337,904	41,494,204	1,791,299	112,832,502	431,017,288
EXPENDITURES:						
Current:						
General government	38,193,577	-	-	-	5,457,067	43,650,644
Public safety	129,481,870	-	40,022,522	-	13,763,585	183,267,977
Physical environment	809,497	-	-	-	401,982	1,211,479
Transportation	-	43,142,936	-	-	4,039,682	47,182,618
Economic environment	23,468,622	-	-	5,363	870,445	24,344,430
Human services	7,316,608	-	-	194,797	8,047,090	15,558,495
Culture and recreation	14,636,062	-	-	-	14,117,448	28,753,510
Court related	7,668,825	-	-	-	1,219,213	8,888,038
Capital outlay	-	-	-	-	12,838,960	12,838,960
Debt service:						
Principal retirement	3,214,060	-	-	-	12,257,414	15,471,474
Interest and fiscal charges	181,296	-	-	-	6,455,128	6,636,424
TOTAL EXPENDITURES	224,970,417	43,142,936	40,022,522	200,160	79,468,014	387,804,049
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,409,038)	8,194,968	1,471,682	1,591,139	33,364,488	43,213,239
OTHER FINANCING SOURCES (USES):						
Transfers in	5,387,677	10,989	730,985	-	27,373,368	33,503,019
Transfers out	(18,725,110)	(1,217,142)	(791,205)	(1,583,775)	(11,108,591)	(33,425,823)
Payment to refunded bond escrow agent	-	-	-	-	(52,219,038)	(52,219,038)
Refunding bond issued	-	-	-	-	51,990,000	51,990,000
Long-term debt issued	2,681,951	-	-	-	-	2,681,951
Sale of capital assets	218,286	9,494	-	-	10,528	238,308
TOTAL OTHER FINANCING SOURCES (USES)	(10,437,196)	(1,196,659)	(60,220)	(1,583,775)	16,046,267	2,768,417
NET CHANGE IN FUND BALANCES	(11,846,234)	6,998,309	1,411,462	7,364	49,410,755	45,981,656
FUND BALANCES, BEGINNING OF YEAR	129,163,214	39,464,106	12,040,795	-	118,722,466	299,390,581
FUND BALANCES, END OF YEAR	\$ 117,316,980	\$ 46,462,415	\$ 13,452,257	\$ 7,364	\$ 168,133,221	\$ 345,372,237

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, 2021

Net change in fund balances - total governmental funds \$ 45,981,656

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	\$ 57,581,135	
Capital assets contributed by developers	5,388,519	
Reclassification of capital items in construction in progress	(5,986,358)	
Current year depreciation	<u>(42,671,924)</u>	14,311,372

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	(54,671,951)	
Principal payments	64,701,473	
Amortization of bond premiums and discounts	<u>3,757,682</u>	13,787,204

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:

Net book value of assets disposed	(331,896)	
Decrease in bond refunding losses	(400,689)	
Increase in compensated absences	(822,380)	
Decrease in interest payable	<u>15,746</u>	(1,539,219)

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	185,498,189	
Change in deferred outflows related to pensions	(33,335,954)	
Change in deferred inflows related to pensions	<u>(136,246,499)</u>	15,915,736

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/asset	4,944,383	
Change in deferred outflows related to OPEB	(137,978)	
Change in deferred inflows related to OPEB	<u>(2,690,395)</u>	2,116,010

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.

(4,273,266)

Change in net position of governmental activities \$ 86,299,493

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	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	\$ 26,520,856	\$ 3,693,826	\$ 612,442	\$ 30,827,124	\$ 11,416,211
Investments	84,706,422	19,339,599	17,663	104,063,684	3,514,197
Accounts receivable, net	5,878,118	1,007,673	237,680	7,123,471	887,785
Unit connection fee notes receivable	305,630	-	-	305,630	-
Interest receivable	173,799	39,594	61	213,454	7,577
Other assets	174,763	2,424	-	177,187	57,690
Advances to other funds	2,543,025	2,543,025	-	5,086,050	-
Due from other funds	-	-	-	-	742,933
Due from other governments	748,755	-	-	748,755	-
Inventory	1,408,993	-	-	1,408,993	-
Total current assets	122,460,361	26,626,141	867,846	149,954,348	16,626,393
Non-current assets:					
Restricted assets:					
Investments	11,382,632	41,331	-	11,423,963	-
Net OPEB asset	1,174,549	107,519	-	1,282,068	-
Capital assets:					
Land	120,484,392	1,727,127	-	122,211,519	-
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	630,870,991	-	-	630,870,991	-
Furniture and equipment	11,647,347	1,735,439	-	13,382,786	-
Accumulated intangible asset amortization	(28,272)	-	-	(28,272)	-
Accumulated depreciation	(228,935,470)	(5,103,803)	(5,066,116)	(239,105,389)	-
Construction in progress	38,705,999	156,964	-	38,862,963	-
Total non-current assets	600,758,800	7,182,215	5,959,836	613,900,851	-
TOTAL ASSETS	723,219,161	33,808,356	6,827,682	763,855,199	16,626,393
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	3,352,176	-	-	3,352,176	-
Pension related	2,370,723	230,267	-	2,600,990	-
OPEB related	96,077	8,203	-	104,280	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,818,976	238,470	-	6,057,446	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	3,824,398	4,679,761	202,416	8,706,575	2,095,302
Accounts payable - retainage	758,933	-	-	758,933	-
Unit connection fee contract payables	927,986	-	-	927,986	-
Estimated liability for self insured losses	-	-	-	-	3,344,700
Customer deposits	2,004,238	41,331	-	2,045,569	-
Due to other funds	71,766	8,168	-	79,934	1,187
Landfill closure and post-closure costs	-	354,117	-	354,117	-
Unearned revenue	3,105	-	-	3,105	-
Revenue bonds and notes payable	7,087,058	-	-	7,087,058	-
Interest payable	1,355,860	-	-	1,355,860	-
State loans payable	2,630,569	-	-	2,630,569	-
Capital lease payable	39,561	-	-	39,561	-
Compensated absences	385,200	34,500	-	419,700	-
Net Pension liability	9,325	811	-	10,136	-
Total current liabilities	19,097,999	5,118,688	202,416	24,419,103	5,441,189
Long-term liabilities:					
Accrued landfill closure and post-closure costs	-	3,187,052	-	3,187,052	-
Revenue bonds and notes payable	136,564,914	-	-	136,564,914	-
State loans payable	52,556,043	-	-	52,556,043	-
Capital lease payable	191,019	-	-	191,019	-
Compensated absences	825,019	51,767	-	876,786	-
Net Pension liability	3,379,442	294,049	-	3,673,491	-
Total long-term liabilities	193,516,437	3,532,868	-	197,049,305	-
TOTAL LIABILITIES	212,614,436	8,651,556	202,416	221,468,408	5,441,189
DEFERRED INFLOWS OF RESOURCES					
Pension related	6,119,331	654,019	-	6,773,350	-
Bond refunding gain	82,981	-	-	82,981	-
OPEB related	1,289,830	114,847	-	1,404,677	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,492,142	768,866	-	8,261,008	-
NET POSITION					
Net investment in capital assets	401,048,241	7,026,425	5,959,836	414,034,502	-
Restricted for:					
Debt service	6,273,560	-	-	6,273,560	-
Renewal and replacement reserve	3,104,834	-	-	3,104,834	-
Unrestricted	98,504,924	17,599,979	665,430	116,770,333	11,185,204
TOTAL NET POSITION	\$ 508,931,559	\$ 24,626,404	\$ 6,625,266	\$ 540,183,229	\$ 11,185,204

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, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND	Totals	
	St. Johns County Utilities	Solid Waste	Convention Center		
OPERATING REVENUES:					
Charges for services	\$ 57,196,185	\$ 29,137,827	\$ 126,062	\$ 86,460,074	\$ 30,852,853
Special assessment revenue	27,957	-	1	27,958	-
Other operating revenue	4,188,512	85	-	4,188,597	44,618
Total operating revenues	61,412,654	29,137,912	126,063	90,676,629	30,897,471
OPERATING EXPENSES:					
Contractual services	9,653,873	26,213,172	-	35,867,045	33,674,167
Salaries and benefits	12,912,779	1,265,027	-	14,177,806	1,563,185
Operating and maintenance expenses	9,199,913	275,353	-	9,475,266	71,957
Amortization of intangible assets	4,039	-	-	4,039	-
Depreciation	18,893,602	385,766	220,742	19,500,110	-
Total operating expenses	50,664,206	28,139,318	220,742	79,024,266	35,309,309
OPERATING INCOME (LOSS)	10,748,448	998,594	(94,679)	11,652,363	(4,411,838)
NON-OPERATING REVENUES (EXPENSES):					
Investment income	(653,794)	(108,570)	(2,528)	(764,892)	23,572
Interest expense and fiscal charges	(6,084,640)	-	(5,029)	(6,089,669)	-
Donations	-	-	-	-	115,000
Gain from asset disposition	(5,999)	54,686	-	48,687	-
Total non-operating revenues (expenses)	(6,744,433)	(53,884)	(7,557)	(6,805,874)	138,572
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	4,004,015	944,710	(102,236)	4,846,489	(4,273,266)
Capital contributions - other	16,413,682	-	-	16,413,682	-
Capital contributions - unit connection fees	12,682,320	-	-	12,682,320	-
Transfer in	22,898	368	-	23,266	-
Transfer out	(100,000)	-	-	(100,000)	(462)
INCREASE (DECREASE) IN NET POSITION	33,022,915	945,078	(102,236)	33,865,757	(4,273,728)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	475,908,644	23,681,326	6,727,502	506,317,472	15,458,932
NET POSITION, END OF YEAR	\$ 508,931,559	\$ 24,626,404	\$ 6,625,266	\$ 540,183,229	\$ 11,185,204

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, 2021

	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	\$ 61,393,648	\$ 29,267,812	\$ 356,430	\$ 91,017,890	\$ 5,200,739
Receipts from interfund services	-	-	-	-	25,231,275
Payments to suppliers	(19,157,486)	(24,189,168)	-	(43,346,654)	(32,567,672)
Payments to employees	(13,684,263)	(1,347,942)	-	(15,032,205)	(1,563,185)
Net cash provided (used) by operating activities	28,551,899	3,730,702	356,430	32,639,031	(3,698,843)
NONCAPITAL FINANCING ACTIVITIES:					
Donations	-	-	-	-	115,000
Transfers in	1,036,592	368	-	1,036,960	-
Transfers out	(100,000)	-	-	(100,000)	(462)
Receipt of amount due from other funds	-	5,229	-	5,229	-
Receipt of advances to other funds	1,079,902	1,079,902	-	2,159,804	-
Loans to other funds	-	-	-	-	-
Repayment of amounts due to other funds	-	(4,193)	-	(4,193)	-
Net cash provided by (used in) noncapital financing activities	2,016,494	1,081,306	-	3,097,800	114,538
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(21,295,980)	(261,832)	-	(21,557,812)	-
Sale of capital assets	16,979	54,691	-	71,670	-
Proceeds from capital contributions	414,330	-	-	414,330	-
Proceeds from State Revolving Loans	7,002,250	-	-	7,002,250	-
Principal payments on revenue bonds	(4,405,629)	-	(1,437,000)	(5,842,629)	-
Cash paid with advance refunding of bonds	(1,292,124)	-	-	(1,292,124)	-
Principal payments on State Revolving Loan	(811,598)	-	-	(811,598)	-
Principal payments on capital lease	(38,564)	-	-	(38,564)	-
Interest paid on revenue bonds, loans and lease obligations	(7,937,304)	-	(15,089)	(7,952,393)	-
Impact and developer fees	13,050,143	-	-	13,050,143	-
Net cash used in capital and related financing activities	(15,297,497)	(207,141)	(1,452,089)	(16,956,727)	-
INVESTING ACTIVITIES:					
Investment purchases	(39,284,207)	(6,178,762)	(533,562)	(45,996,531)	(4,231,865)
Proceeds from sale of investments	20,861,474	1,936,516	512,476	23,310,466	691,538
Investment income received	954,339	206,560	850	1,161,749	42,578
Net cash provided by (used in) investing activities	(17,468,394)	(4,035,686)	(20,236)	(21,524,316)	(3,497,749)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,197,498)	569,181	(1,115,895)	(2,744,212)	(7,082,054)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,718,354	3,124,645	1,728,337	33,571,336	18,498,265
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 26,520,856	\$ 3,693,826	\$ 612,442	\$ 30,827,124	\$ 11,416,211
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Accretion of interest on capital appreciation bonds	\$ 1,651,608	\$ -	\$ -	\$ 1,651,608	\$ -
Capitalized interest on state revolving loans	77,057	-	-	77,057	-
Unrealized loss on Investments	1,521,536	304,010	3,423	1,828,969	-
Capital contributions receivable	748,255	-	-	748,255	-
Capital assets contributed by developers	15,457,585	-	-	15,457,585	-
Accounts receivables written off	57,872	-	-	57,872	-
Advance refunding of bonds					
Par value of new debt used to refund bonds	39,235,000	-	-	39,235,000	-
Original issue premium on new debt	2,756,519	-	-	2,756,519	-
Par value of old debt refunded	(36,532,876)	-	-	(36,532,876)	-
Unamortized original issue premium remaining on debt refunded	(4,649,847)	-	-	(4,649,847)	-
Debt issue cost paid with new debt	(533,579)	-	-	(533,579)	-
Unamortized loss on refunding remaining for debt refunded	544,032	-	-	544,032	-
Loss on refunding on new debt	(819,249)	-	-	(819,249)	-
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 10,748,448	\$ 998,594	\$ (94,679)	\$ 11,652,363	\$ (4,411,838)
Adjustments to reconcile operating income to cash provided by operating activities:					
Depreciation	18,893,602	385,766	220,742	19,500,110	-
Amortization of intangible assets	4,039	-	-	4,039	-
Prior year construction in progress written off	49,722	-	-	49,722	-
Bad debt expense	40,075	-	-	40,075	-
Change in accounts receivable	(115,943)	126,500	27,951	38,508	(226,299)
Change in due from other funds	-	-	-	-	(239,158)
Change in prepaid expense	-	-	-	-	(57,690)
Change in inventory	71,427	-	-	71,427	-
Change in deferred outflows	1,411,351	156,197	-	1,567,548	-
Change in other assets	(11,683)	(200)	-	(11,883)	-
Change in accounts payable and accrued liabilities	(453,241)	2,607,486	202,416	2,356,661	295,525
Change in customer deposits	96,937	3,400	-	100,337	-
Change in unearned revenue	-	-	-	-	-
Change in estimated liability for self insured losses	-	-	-	-	940,388
Change in due to other funds	-	-	-	-	229
Change in due to other governments	(9,061)	-	-	(9,061)	-
Change in deferred inflows	6,041,652	649,080	-	6,690,732	-
Change in accrued landfill closure and post-closure costs	-	(307,929)	-	(307,929)	-
Change in pension liability	(7,896,180)	(854,717)	-	(8,750,897)	-
Change in OPEB liability	(369,799)	(37,462)	-	(407,261)	-
Change in accrued compensated absences	50,553	3,987	-	54,540	-
Net cash provided by operating activities	\$ 28,551,899	\$ 3,730,702	\$ 356,430	\$ 32,639,031	\$ (3,698,843)

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds	OPEB Trust Fund
ADDITIONS		
Employee contributions	\$ 844,082	\$ -
Collections - fines and fees	127,486,004	-
Collections for individuals	154,454	-
Collections - other agencies	259,551,965	-
Collections - Court bonds	3,189,637	-
Collections - tax deeds	1,566,257	-
Collections - registry	10,077,518	-
Miscellaneous	16,268,327	-
Investment income:		
Dividends and interest	442	4,276,114
Net increase in fair value of investments	-	3,710,324
Total investment earnings	442	7,986,438
Less investment expense	-	(94,279)
Net investment income	442	7,892,159
TOTAL ADDITIONS	419,138,686	7,892,159
DEDUCTIONS		
Fines and fees paid to other governments	386,947,247	-
Amounts paid for court bonds	1,529,492	-
Amounts paid for tax deeds	1,199,988	-
Amounts paid for registry	9,338,234	-
Amounts paid to individuals	1,684,924	-
Amounts paid to other agencies	350	-
Benefits paid to participants or beneficiaries	913,415	1,839,438
Miscellaneous	14,905,896	-
Administrative services	-	5,973
TOTAL DEDUCTIONS	416,519,546	1,845,411
NET INCREASE IN NET POSITION	2,619,140	6,046,748
NET POSITION, BEGINNING OF YEAR, AS RESTATED FOR CUSTODIAL FUNDS	3,004,460	37,830,870
NET POSITION, END OF YEAR	\$ 5,623,600	\$ 43,877,618

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 States 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.

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

At September 30, 2021, St. Johns County had not entered into any joint ventures with any other governmental agencies.



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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.

COVID Pandemic Related Grants – This fund accounts for the various federal and state grants received by the County that provided emergency assistance designed to mitigate the effects of the COVID pandemic.

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 Custodial Funds – Trust and custodial 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.

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 and state grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal and state 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 for all revenue except expenditure-driven grants, which are recognized when earned regardless of availability.

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, 2021, 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.

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, 2021 is based on the current estimate to perform long-term care annually over the next 10 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 or liability 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 asset, deferred outflows, and deferred inflows of resources related to OPEB, and other OPEB transactions and fiduciary net position, balances have been determined by actuarial estimates and 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 and deferred outflows less liabilities and deferred inflows reported for the governmental activities, business-type activities, proprietary funds and fiduciary funds. Net position is reported further in various classifications, including *net investment in capital assets*, which reports the County's investment in capital assets less liabilities associated with acquiring these assets, *restricted net position* when there are externally imposed or statutory restrictions. *Unrestricted net position* is net position that does not meet the definition of the classifications previously described and represents amounts that can be used for any fund purpose by the County. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, which is the only fund that can report a positive unassigned fund balance.

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, petty cash, repurchase agreements, balances in the State Pool administered by the SBA (“PRIME”), the Florida Local Government Investment Trust’s Day-to-Day Fund (“FLGIT”), administered by the Florida Association of Court Clerks and the Florida Association of Counties, the Florida Public Assets for Liquidity Management (“PALM”) 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 guidelines 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 \$79,636,574 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, 2021.

3. CASH AND INVESTMENTS (continued)

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 \$4,105,541.

PALM Portfolio is an external investment pool that has characteristics consistent with GASB's requirements to measure its investments at amortized cost. Therefore, PALM Portfolio is reported at amortized cost. The fair value of the County's position in this pool of \$74,742,552 and is substantially equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions under normal conditions. However, the Board of Trustees can suspend the right of withdrawal or postpone the date of payment under certain emergency situations.

PALM Term Portfolio is measured at Net Asset Value (NAV) and the position in this pool of \$84,742,552 reflects fair value. The objectives of this pool are to generate investment income while maintaining safety and liquidity. Any premature redemption requires that a seven day notice be provided to the fund before redemption occurs. There are provisions in the investment document that allows the fund to charge a penalty for premature redemption.

First American is an external investment pool that has characteristics consistent with GASB's requirements to measure its investments at amortized cost. Therefore, First American is reported at amortized cost. The fair value of the County's position in this pool of \$2,657,683 and is substantially equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions under normal conditions. However, the Board of Trustees can suspend the right of withdrawal or postpone the date of payment under certain emergency situations.

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, PALM Portfolio, First American, and FLGIT are rated by Standard and Poor's and have a rating at September 30, 2021 of AAAM. FLGIT is rated by Fitch and has a rating of AAAM.
 - The PALM Term Portfolio is rated by Fitch Ratings and has a rating at September 30, 2021 of AAAf.

3. CASH AND INVESTMENTS (continued)

- 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, 2021 was 49 days.
 - The weighted average maturity (WAM) of FLGIT's Day-to-Day Fund at September 30, 2021 was 48 days.
 - The PALM's Portfolio Fund is structured to maintain a weighted average maturity of less than 60 days. The PALM Term is structured to maintain a weighted average maturity of less than 1 year.
 - The weighted average maturity (WAM) of First American Funds at September 30, 2021 was 21 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, PALM Portfolio, First American and the bank money market funds are exempt from those requirements. At September 30, 2021, 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, 2021, the Housing Finance Authority's and the Industrial Development Authority's cash on deposit were entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

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.

3. CASH AND INVESTMENTS (continued)

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.

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, 2021:

- 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

3. CASH AND INVESTMENTS (continued)

- Corporate notes/Asset backed securities – valued daily based on various market and industry inputs provided by FT Interactive Data

As of September 30, 2021, the County's investment portfolios had the following investments for which fair value levels are determined on a recurring basis:

	Quoted Prices			Total Investments
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Surplus Fund Investments				
U.S. Treasury Bond Notes	\$ 158,399,310	\$ -	\$ -	\$ 158,399,310
Federal Instrumentalities - Bonds/Notes				
FNMA "Fannie Mae" Notes	-	7,214,032	-	7,214,032
FHLMC "Freddie Mac" Notes	-	22,784,502	-	22,784,502
FHLB Bonds	-	3,039,151	-	3,039,151
FHLB Notes	-	974,380	-	974,380
	-	34,012,065	-	34,012,065
Corporate Notes	-	70,069,752	-	70,069,752
Supranational Agencies	-	24,827,567	-	24,827,567
Municipal Bonds	-	9,718,945	-	9,718,945
Asset Backed Securities	-	24,108,894	-	24,108,894
Total Investments	\$ 158,399,310	\$ 162,737,223	\$ -	\$ 321,136,533

The County had one cash equivalent account measured at net asset value. The PALM Term Investment portfolio which is valued at \$84,742,552.

3. CASH AND INVESTMENTS (continued)

As of September 30, 2021, 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	\$ 20,583,196	\$ -	\$ -	\$ 20,583,196
International Equity	10,470,103	-	-	10,470,103
Mutual Fund Real Estate	2,227,508	-	-	2,227,508
Fixed Income	12,544,132	-	-	12,544,132
Total investments at fair value	\$ 45,824,939	\$ -	\$ -	\$ 45,824,939

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.



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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	1.92
Federal Instrumentalities - Bonds/Notes	2.03
Corporate Notes	2.91
Supranational Agencies	2.31
Municipal Bonds	2.96
Asset Backed Securities	3.56

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, 2021, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 24.6% and had an average maturity of 8 years. 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 this disclosure.

Interest receivable on the County’s investment portfolios amounted to \$629,102 as of September 30, 2021.

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.



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

3. CASH AND INVESTMENTS (continued)

Credit risk for the County's investments are as follows:

Investment Type	Exempt	AAA	AA+ to AA-	A+ to A-	BBB+	Not Rated
Surplus Fund						
U.S. Treasury Bond Notes	\$ 158,399,310	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Instrumentalities-Bond Notes	-	-	34,012,065	-	-	-
Corporate Notes	-	369,483	9,586,748	49,627,008	10,486,513	-
Supranational Agencies	-	24,827,567	-	-	-	-
Municipal Bonds	-	1,134,688	4,091,921	3,427,117	-	1,065,219
Asset Backed Securities	-	19,915,141	-	-	-	4,193,753
Subtotal - Surplus Fund	<u>158,399,310</u>	<u>46,246,879</u>	<u>47,690,734</u>	<u>53,054,125</u>	<u>10,486,513</u>	<u>5,258,972</u>
OPEB Trust Fund						
Investment Assets:						
Stocks-Equity Mutual Funds	31,053,299	-	-	-	-	-
Real Estate Mutual Funds	2,227,508	-	-	-	-	-
Preferred Stocks-Bond Mutual Funds	1,270,601	-	-	-	-	11,273,531 *
Subtotal - OPEB Trust Fund	<u>34,551,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,273,531</u>
Total investments	<u>\$ 192,950,718</u>	<u>\$ 46,246,879</u>	<u>\$ 47,690,734</u>	<u>\$ 53,054,125</u>	<u>\$ 10,486,513</u>	<u>\$ 16,532,503</u>

* 40% of the Taxable Bonds-Fixed Income Mutual Funds can be invested in obligations rated lower than BBB.

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.

3. CASH AND INVESTMENTS (continued)

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 authorization of the Clerk. Securities transactions between a broker/dealer and the custodial bank involving the purchase of 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, 2021, 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 approximately \$1.4 million in the General Fund consist primarily of ambulance service accounts of \$2.7 million and are reported net of an allowance for doubtful accounts of \$1.5 million at September 30, 2021. The allowance represents 54% of the gross ambulance service accounts receivable at September 30, 2021. The balance of the receivable consists of restitution, returned checks, and miscellaneous service fees.

Accounts receivable of the Transportation Trust Fund consist primarily of receivables from franchise fees and gas use of other organizations affiliated with the County. The County considers these to be fully collectible. Therefore, an allowance for doubtful accounts is not considered necessary.

Accounts receivable of the Non-major Governmental Funds consist primarily of Tourist Development Tax receivables, cultural event receivables, returned checks, and other miscellaneous fees. The County considers these to be fully collectible. Therefore, an allowance for doubtful accounts is not considered necessary.

4. ACCOUNTS AND NOTES RECEIVABLE (continued)

Accounts receivable contained in the Enterprise Funds consist of the following receivables, including \$2,762,140 of unbilled receivables in the Utility Fund, and their related allowance for doubtful accounts at September 30, 2021:

	Balance	Allowance	Net
St. Johns County Utilities Fund	\$ 6,121,677	\$ 243,559	\$ 5,878,118
Solid Waste Fund	1,008,673	1,000	1,007,673
Convention Center	455,002	217,322	237,680
	<u>\$ 7,585,352</u>	<u>\$ 461,881</u>	<u>\$ 7,123,471</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 \$305,630 of unit connection fee notes receivable. Water and sewer unit connection fees are non-refundable fees charged to new customers of the utility system as a capacity charge. The related notes receivable bear interest at 5.00%.

None of the above notes receivable are collateralized. At September 30, 2021, the County considers these to be fully collectible. Therefore, an allowance for doubtful accounts was not considered necessary.



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5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2021, is as follows:

Primary Government

	Beginning Balance October 1, 2020	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 545,259,301	\$ 6,768,322	\$ -	\$ 552,027,623
Construction in progress	42,255,495	42,390,774	36,153,100	48,493,169
Total capital assets not being depreciated	<u>587,514,796</u>	<u>49,159,096</u>	<u>36,153,100</u>	<u>600,520,792</u>
Other capital assets:				
Buildings and other improvements	339,371,821	3,985,073	108,693	343,248,201
Equipment	121,485,482	15,190,360	6,075,486	130,600,356
Infrastructure	879,064,092	24,801,867	-	903,865,959
Total other capital assets	<u>1,339,921,395</u>	<u>43,977,300</u>	<u>6,184,179</u>	<u>1,377,714,516</u>
Less accumulated depreciation for:				
Buildings and other improvements	109,819,164	5,566,232	108,692	115,276,704
Equipment	82,211,606	11,542,898	5,743,591	88,010,913
Infrastructure	244,484,526	25,562,794	-	270,047,320
Total accumulated depreciation	<u>436,515,296</u>	<u>42,671,924</u>	<u>5,852,283</u>	<u>473,334,937</u>
Other capital assets, net	<u>903,406,099</u>	<u>1,305,376</u>	<u>331,896</u>	<u>904,379,579</u>
Governmental activities capital assets, net	<u>\$ 1,490,920,895</u>	<u>\$ 50,464,472</u>	<u>\$ 36,484,996</u>	<u>\$ 1,504,900,371</u>



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5. CAPITAL ASSET ACTIVITY (continued)

Primary Government

	Beginning Balance October 1, 2020	Additions	Disposals	Ending Balance September 30, 2021
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 121,237,227	\$ 974,292	\$ -	\$ 122,211,519
Construction in progress	65,674,854	20,651,351	47,463,242	38,862,963
Total capital assets not being depreciated	<u>186,912,081</u>	<u>21,625,643</u>	<u>47,463,242</u>	<u>161,074,482</u>
Other capital assets:				
Intangible assets	80,776	-	-	80,776
Buildings and other improvements	34,919,446	-	-	34,919,446
Equipment and systems	581,850,927	62,803,274	400,424	644,253,777
Total other assets	<u>616,851,149</u>	<u>62,803,274</u>	<u>400,424</u>	<u>679,253,999</u>
Less accumulated amortization and depreciation for:				
Intangible assets	24,233	4,039	-	28,272
Buildings and other improvements	14,610,386	609,421	-	15,219,807
Equipment and systems	205,372,335	18,890,689	377,442	223,885,582
Total accumulated depreciation	<u>220,006,954</u>	<u>19,504,149</u>	<u>377,442</u>	<u>239,133,661</u>
Other capital assets, net	<u>396,844,195</u>	<u>43,299,125</u>	<u>22,982</u>	<u>440,120,338</u>
Business-type activities capital assets, net	<u>\$ 583,756,276</u>	<u>\$ 64,924,768</u>	<u>\$ 47,486,224</u>	<u>\$ 601,194,820</u>

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

Governmental activities:	
General government	\$ 2,008,613
Public safety	11,624,767
Physical environment	60,942
Transportation	25,225,467
Economic environment	27,028
Human services	433,614
Culture and recreation	2,917,178
Court related	374,315
Total depreciation expense - Governmental activities	<u>\$ 42,671,924</u>

5. CAPITAL ASSET ACTIVITY (concluded)

Business-type activities:

	Depreciation	Amortization	Total
St. Johns County Utility	\$ 18,893,602	\$ 4,039	\$ 18,897,641
Solid Waste	385,766	-	385,766
Convention Center	220,742	-	220,742
Total depreciation expense - Business-type activities	<u>\$ 19,500,110</u>	<u>\$ 4,039</u>	<u>\$ 19,504,149</u>

6. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2021 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; due in annual installments of \$1,885,000 to \$6,290,000 through October 1, 2036, plus interest at 5.0% payable semiannually, plus unamortized premium of \$5,101,124. The approximate balance of the pledge, which equals the remaining principal and interest is \$62,146,475. During fiscal year 2021, \$24,454,048 was recognized in sales tax revenues and \$3,921,275 was paid for debt service.

\$43,705,000

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; due in annual installments of \$775,000 to \$3,610,000 through October 1, 2035, plus interest at 3.125% to 5.0%, payable semiannually, plus unamortized premium of \$1,386,005. The approximate balance of the pledge, which equals the remaining principal and interest is \$29,563,988. During fiscal year 2021, \$10,381,139 was recognized in gas tax revenues and \$1,661,244 was paid for debt service. 21,370,000

\$15,300,000 – 2014 Capital Improvement Revenue Refunding Bonds - secured by a lien upon and a pledge of State Revenue Sharing Funds; due in annual installments of \$690,000 to \$1,020,000 through July 1, 2035, plus interest at 3.0% to 5.0%, payable semiannually plus unamortized premium of \$648,480. The approximate balance of the pledge, which equals the remaining principal and interest, is \$15,456,150. During fiscal year 2021, \$8,248,241 was recognized as State Revenue Sharing Revenues and \$1,168,506 was paid for debt service. 11,670,000

\$4,500,000 – 2014 Taxable Capital Improvement Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$315,000 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 \$2,884,972. During fiscal year 2021, \$67,399,000 was recognized as the average legally available amount of non-ad valorem revenues, and \$ 410,722 was paid for debt service. 2,475,000

\$13,137,000 – 2012 Capital Improvement Revenue Bonds-secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$1,230,000 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 \$2,559,796. During fiscal year 2021, \$67,399,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,279,816 was paid for debt service. 2,485,000

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; the remaining principal, due in 2022, is \$2,180,000, plus interest at 3% to 5% and unamortized premium of \$163,456. The approximate balance of the pledge, which equals the remaining principal and interest is \$3,635,469. During fiscal year 2021, \$24,454,048 was recognized in sales tax revenue; \$3,636,769 was paid for debt service, and \$33,195,000 of principal was refunded with another debit issue.

2,180,000

\$25,050,000 - 2012 Transportation Improvement Revenue Refunding Bonds – secured by a lien upon and pledge of gas tax revenues; the remaining principal, due in 2022, is \$1,300,000, plus interest at 5% and unamortized premium of \$81,145. The approximate balance of the pledge, which equals the remaining principal and interest is \$2,016,625. During fiscal year 2021, \$10,381,139 was recognized in gas tax revenues, and \$2,013,375 was paid for debt service, and \$16,035,000 of principal was refunded with another debt issue.

1,300,000

\$10,840,000 – 2019 Special Obligation Refunding Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$1,030,000 to \$1,380,000 through October 1, 2028, plus interest at 5%, payable semiannually, plus unamortized premium of \$1,007,639. The approximate balance of the pledge, which equals the remaining principal and interest is \$10,143,250. During fiscal year 2021, \$67,399,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,448,250 was paid for debt service.

8,385,000

\$12,085,000 – 2020 Taxable Special Obligation Revenue Notes – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$1,045,000 to \$1,305,000 through October 1, 2031, plus interest at 2.26% to 2.71% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and is \$13,354,211. During fiscal year 2021, \$67,399,000 was recognized as the average legally available amount of non-ad valorem revenues and \$497,108 was paid for debt service.

11,685,000

6. LONG-TERM OBLIGATIONS (continued)

\$51,990,000 2021 Taxable Special Obligation Refunding Revenue Note – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$505,000 to \$4,865,000 through October 2034; plus interest at 1.76% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is \$58,358,904. During fiscal year 2021, \$67,399,000 was recognized as the average legally available amount of non-ad valorem revenues and \$474,674 was paid for debt service. 51,800,000

Pooled Commercial Paper Loan – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$393,000 to \$404,000 through 2023; 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 \$841,790. During fiscal year 2021, \$67,399,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,824,570 was paid for debt service. 797,000

\$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”); 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 \$1,563,992. During fiscal year 2021, \$347,691 was recognized in MSBU revenues and \$347,554 was paid for debt service. 1,454,621

6. LONG-TERM OBLIGATIONS (continued)

Bank Equipment Loan – secured by equipment of the Sheriff's office; payments of \$341,797 due quarterly, including interest at 2.12%; maturing in June 2023.	2,342,071
Total revenue bonds, notes payable and other loans	<u>161,648,692</u>
Obligations under capital leases	5,959,718
Original issue premiums	8,387,849
Accrued compensated absences	15,059,294
Net pension liability	<u>84,206,631</u>
Total Governmental Activities Long-Term Obligations	<u>\$275,262,184</u>

6. LONG-TERM OBLIGATIONS (continued)

Business-type Activities Long term Obligations:

\$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; due in annual installments of \$1,085,000 to \$1,200,000 through June 1, 2024, plus interest at 5%, payable semiannually, plus unamortized premium of \$504,460. The approximate balance of the pledge, which equals the remaining principal and interest, is \$3,778,750. During fiscal year 2021, \$32,916,381 was recognized in net revenues; and \$2,267,000 was paid for debt service and \$20,070,000 of principal was refunded with another debt issue. 3,430,000

\$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; due in annual installments of \$1,889,257 to \$3,337,058 through June 2034; plus interest at 2.75% to 4.11%, payable semiannually for 2013A bonds and annually for the capital appreciation bonds, 2013B, where interest is due at maturity; The balance of unamortized premium for all bonds is \$272,195. The approximate balance of the pledge, which equals the remaining principal and interest is \$55,585,350. During fiscal year 2021, \$32,916,381 was recognized in net revenues, and \$1,724,437 was paid for debt service and \$17,755,000 of principal was refunded with another debt issue. 32,105,274

\$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 revenues; due in annual principal installments of \$2,210,000 to \$3,710,000, plus interest at 1.75% to 5.0%, through June 2037, payable semiannually, plus unamortized premium of \$8,509,856. The approximate balance of the pledge, which equals the remaining principal and interest is \$65,087,812,. During fiscal year 2021, \$32,916,381 was recognized in net revenues and \$4,347,312 was paid for debt service. 45,615,000

\$39,235,000 – 2021 St. Johns County Taxable Water and Sewer Revenue Refunding Bonds - secured by a lien upon and pledge of County water and sewer net revenues; due in annual installments of \$210,000 to \$3,280,000 through June 1, 2042, plus interest at 1.9% to 4%, plus unamortized premium of \$2,721,904. The approximate balance of the pledge, which equals the remaining principal and interest, is \$51,523,671. During fiscal year 2021, \$32,916,381 was recognized in net revenues and \$156,281 was paid for debt service. 39,235,000

6. LONG-TERM OBLIGATIONS (continued)

\$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; 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 \$7,084,901. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt and \$544,993 was paid for debt service. 5,974,267

\$5,823,756 Obligations under Ponte Vedra Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$171,060 through April, 2036, plus interest of 2.12%. The approximate balance of the pledge, which equals the remaining principal and interest, is \$5,131,810. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt and \$342,121 was paid for debt service. 4,376,216

\$34,250,195 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$982,501 beginning April 2021 through October 2041, plus interest and grant assessment rate at 1.04%. The approximate balance of the pledge, which equals the remaining principal and interest is \$38,317,541. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt service and \$982,501 was paid for debt service. 34,143,659

\$7,907,830 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2021, but based on the borrowings at year end, this loan will be due in semiannual installments of \$207,672 beginning March 2022 through September 2041, plus interest and grant assessment rate at 1.27%. The approximate balance of the pledge, which equals the remaining principal and interest as of September 30, 2021 is \$8,306,803. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt. 7,316,110

6. LONG-TERM OBLIGATIONS (continued)

<p>\$3,195,939 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$92,344 through December 2040, plus interest and grant assessment rate at 1.27%. The approximate balance of the pledge, which equals the remaining principal and interest as of September 30, 2021 is \$3,601,416. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt service and \$97,017 was paid for debt service.</p>	3,117,704
<p>\$4,215,000 Obligation under St Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2021, but based on the borrowings at year end, this loan will be due in April 2023, no stated interest rate. The approximate balance of the pledge, which equals the remaining principal as of September 30, 2021 is \$83,084. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.</p>	83,084
<p>\$2,504,850 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2021, but based on the borrowings at year end, this loan will be due in semiannual installments of \$69,155 beginning August 2023 through August 2024, plus interest and grant assessment rate at 0.72%. The approximate balance of the pledge, which equals the remaining principal and interest as of September 30, 2021 is \$160,195. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.</p>	159,217

6. LONG-TERM OBLIGATIONS (continued)

\$3,656,470 Obligation under St Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2021, but based on the borrowings at year end, this loan will be due in October 2022, no stated interest rate. The approximate balance of the pledge, which equals the remaining principal as of September 30, 2021 is \$16,356. During fiscal year 2021, \$17,604,400 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.

	16,356
Total Revenue Bonds And Loans	175,571,887
Obligations under capital leases	230,580
Accreted interest on capital appreciation bonds	11,258,282
Original Issue Premium	12,008,416
Landfill closure/post-closure care	3,541,170
Accrued compensated absences	1,296,486
Net pension liability	3,683,627
Total Business Type Activities Long-Term Obligations	\$207,590,448

6. LONG-TERM OBLIGATIONS (continued)

B. Debt service requirements to maturity on the County's revenue bonds, notes payable, and loans at September 30, 2021 are as follows:

Year Ending Sept. 30	Governmental Activities				Business Type Activities			
	Public Bonds		Direct Loans		Public Bonds		Direct Loans	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2022	\$ 5,999,519	\$ 7,860,000	\$ 1,454,232	\$ 5,133,440	\$ 4,385,465	\$ 7,087,058	\$ 837,933	\$ 2,630,569
2023	3,615,325	4,575,000	1,346,524	8,668,529	4,425,823	7,070,738	734,340	2,869,473
2024	3,393,725	4,795,000	1,162,252	6,105,400	4,362,278	7,143,333	693,985	2,849,203
2025	3,161,425	5,025,000	1,035,142	6,215,070	4,288,168	7,226,393	652,123	2,800,024
2026	2,917,925	5,335,000	905,457	6,166,253	4,180,351	7,354,610	609,957	2,842,190
2027-31	10,825,138	25,810,000	2,683,159	30,320,000	20,731,640	37,607,765	2,391,487	14,869,249
2032-36	4,438,900	35,210,000	330,792	10,430,000	12,359,898	36,340,377	1,244,154	14,926,597
2037-41	-	-	-	-	818,726	9,095,000	350,942	11,399,308
2042-46	-	-	-	-	37,960	1,460,000	-	-
	<u>\$ 34,351,957</u>	<u>\$ 88,610,000</u>	<u>\$ 8,917,558</u>	<u>\$ 73,038,692</u>	<u>\$ 55,590,309</u>	<u>\$ 120,385,274</u>	<u>\$ 7,514,921</u>	<u>\$ 55,186,613</u>

C. Long-Term obligation transactions of the County for Fiscal year 2021 are summarized as follows:



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ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

6. LONG-TERM OBLIGATIONS (continued)

	GOVERNMENTAL ACTIVITIES				
	October 1, 2020	Additions	Deductions	September 30, 2021	Current
Public bonds:					
Capital Improvement Revenue Refunding Bonds, Series 2014	\$ 12,335,000	\$ -	\$ 665,000	\$ 11,670,000	\$ 690,000
Sales Tax Revenue Refunding Bonds, Series 2012 A and 2012B	37,455,000	-	35,275,000	\$ 2,180,000	2,180,000
Sales Tax Revenue and Refunding Bonds, Series 2015	45,490,000	-	1,785,000	43,705,000	1,885,000
Transportation Improvement Revenue Bonds, Series 2015	22,110,000	-	740,000	21,370,000	775,000
Transportation Improvement Revenue Bonds, Series 2012	18,570,000	-	17,270,000	1,300,000	1,300,000
Special Obligation Refunding Revenue Bonds, Series 2019	9,365,000	-	980,000	8,385,000	1,030,000
Direct loans:					
Capital Improvement Revenue Bond, Series 2012	3,691,000	-	1,206,000	2,485,000	1,230,000
Taxable Capital Improvement Revenue Bond, Series 2014	2,775,000	-	300,000	2,475,000	315,000
Taxable Special Obligation Revenue Notes, Series 2020A and 2020B	11,885,000	-	200,000	11,685,000	1,045,000
Taxable Special Obligation Refunding Revenue Note Series 2021	-	51,990,000	190,000	51,800,000	505,000
Obligations State Revolving Loan Series 2005	1,752,653	-	298,032	1,454,621	306,889
Commercial Paper Program	2,543,000	-	1,746,000	797,000	404,000
Community Revelopment Agency Refunding Note, Series 2011	504,000	-	504,000	-	-
Bank equipment loan	3,641,467	-	1,299,396	2,342,071	1,327,551
Obligations under capital leases	5,520,812	2,681,951	2,243,045	5,959,718	1,822,689
Original Issue Premium	12,145,531	-	3,757,682	8,387,849	
Accrued compensated absences	14,236,914	14,177,625	13,355,245	15,059,294	5,689,900
Net pension liability	269,704,820	-	185,498,189	84,206,631	231,720
Total General Long-Term Obligations	<u>\$ 473,725,197</u>	<u>\$ 68,849,576</u>	<u>\$ 267,312,589</u>	<u>\$ 275,262,184</u>	<u>\$ 20,737,749</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

6. LONG-TERM OBLIGATIONS (continued)

	BUSINESS TYPE ACTIVITIES				
	October 1, 2020	Additions	Deductions	September 30, 2021	Current
Public bonds:					
Water and Sewer Revenue Bonds					
Series 1991	\$ 460,629	\$ -	\$ 460,629	\$ -	\$ -
Series 2013	50,690,274	-	18,585,000	32,105,274	3,337,058
Series 2014	24,540,000	-	21,110,000	3,430,000	1,085,000
Series 2016	47,690,000	-	2,075,000	45,615,000	2,455,000
Series 2021	-	39,235,000	-	39,235,000	210,000
Direct loans:					
Taxable capital improvement revenue bonds					
Series 2014 (Convention Center)	1,437,000	-	1,437,000	-	-
Obligations under State Revolving Loans					
WW550100	6,355,657	-	381,390	5,974,267	391,422
DW550110	4,621,652	-	245,436	4,376,216	250,666
WW550120	33,839,713	410,483	106,537	34,143,659	1,567,444
DW550130	2,145,434	5,170,676	-	7,316,110	323,453
DW550140	1,956,447	1,239,492	78,235	3,117,704	81,228
CW550150	-	83,084	-	83,084	-
CW550160	-	159,217	-	159,217	-
CW550170	-	16,356	-	16,356	16,356
Add accreted interest on capital appreciation bonds					
Series 1991A	3,001,096	163,275	3,164,371	-	-
Series 2013	9,769,949	1,488,333	-	11,258,282	-
Plus original issue premium	14,828,261	2,756,519	5,576,364	12,008,416	-
Less original issue discount	3,957	-	3,957	-	-
Total Revenue bonds	201,340,069	50,722,435	53,223,919	198,838,585	9,717,627
Obligations under capital leases	269,144	-	38,564	230,580	39,561
Landfill closure/post-closure	3,849,098	-	307,928	3,541,170	354,117
Accrued compensated absences	1,241,946	1,023,130	968,590	1,296,486	419,700
Net pension liability	12,434,524	-	8,750,897	3,683,627	10,137
Total Business Type Activities Obligations	\$ 219,134,781	\$ 51,745,565	\$ 63,289,898	\$ 207,590,448	\$ 10,541,142

6. LONG-TERM OBLIGATIONS (continued)

- 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 \$420,264 for governmental activities and \$107,116 for business-type activities for the year ended September 30, 2021.
- F. Disclosures required for the County's capital leases are as follows:

Net book value of assets under capital leases, as of September 30, 2021, is as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Building Improvements	\$ 3,493,570	\$ 550,657
Equipment	14,939,019	-
	<u>18,432,589</u>	<u>550,657</u>
Less: accumulated depreciation	(9,095,082)	(293,682)
Net book value - assets under capital leases	<u>\$ 9,337,507</u>	<u>\$ 256,975</u>

Included in depreciation expense is \$1,904,772 of expense related to governmental activities and \$36,710 of expense related to business-type activities.

The annual requirements under these capital lease obligations as of September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2022	1,928,390	45,211
2023	1,928,390	45,211
2024	1,701,322	45,211
2025	244,968	45,211
2026	244,968	45,211
2027	146,174	22,608
Total minimum lease payment	6,194,212	248,663
Less: amount representing interest	(234,494)	(18,083)
Present value of minimum payments	<u>\$ 5,959,718</u>	<u>\$ 230,580</u>

6. LONG-TERM OBLIGATIONS (continued)

G. During the year, the County issued two new debt issues and placed the proceeds in irrevocable trusts. Per the terms of the Escrow agreements, the proceeds set aside in these trusts can only be invested in U.S. Treasuries. The savings realized by these refundings are as follows:

Taxable Special Obligation Revenue Note, Series 2021, was used to refund \$33,195,000 of the Sales Tax Revenue Refunding Bonds, Series 2012, and \$16,035,000 of the Transportation Improvement Revenue Bonds, Series 2012. This refunding will result in a cash flow savings of \$ 6,839,862 over the life of the refunded maturities and a net present value debt service savings of \$ 6,097,497, discounted at 1.76%.

Taxable Water and Sewer Revenue Refunding Bonds, Series 2021, was used to refund \$17,755,000 of the Water Sewer Revenue Bonds, Series 2013, and \$20,070,000 of the Water Sewer Revenue Bonds, Series 2014. This refunding will result in a cash flow savings of \$ 8,338,918 over the life of the refunded maturities and a net present value debt service savings of \$ 6,784,125, discounted at 2.04%.

The County has 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, 2021, \$175,900,000 of refunded bonds remain 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.

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)

The HFA has two notes receivable at September 30, 2021, each secured by a Mortgage and Security Agreement. The first note was issued July 9, 2002 for \$110,580, has an outstanding balance of \$110,580 at September 30, 2021. Interest only payments are required monthly beginning March 27, 2016 at the rate of prime plus 1%, and the principal balance is receivable in full on or before March 27, 2026. The second note, issued December 8, 2005 for \$37,500, was receivable in full on or before September 15, 2012, with 3% interest. Since the original due date, the HFA has deferred payment on the loan multiple times. There is currently a lien on the property. At September 30, 20120 the outstanding balance on this note was \$24,000, which is net of a \$13,500 allowance.

Neither the HFA, the IDA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the component unit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2021, the aggregate principal amount payable could not be determined for these bonds. However, the aggregate original issue amount was \$29,300,000 for bonds of the HFA. The aggregate original issue amount for IDA bonds could not be determined.



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7. INTERFUND BALANCES AND TRANSFERS

A. The composition of interfund transfers for the year ended September 30, 2021 is as follows:

Fund Type/Fund	Transfer In	Transfer Out
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 5,387,677	\$ 18,725,110
Transportation Trust Fund	10,989	1,217,142
Fire District	730,985	791,205
COVID Pandemic Related Grants	-	1,583,775
NONMAJOR GOVERNMENTAL FUNDS	27,373,368	11,108,591
MAJOR ENTERPRISE FUNDS:		
St. Johns County Utilities	22,898	100,000
Solid Waste	368	-
INTERNAL SERVICE FUND	-	462
TOTAL	<u>\$ 33,526,285</u>	<u>\$ 33,526,285</u>

B. At September 30, 2021, interfund balances are as follows:

Fund Type/Fund	Due from other funds	Due to other funds
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 2,368,826	\$ 439,509
Transportation Trust Fund	25,129	62,432
Fire District	-	124,448
NONMAJOR GOVERNMENTAL FUNDS	1,253	492,249
MAJOR ENTERPRISE FUNDS		
St. Johns County Utilities	-	71,766
Solid Waste	-	8,168
INTERNAL SERVICE FUNDS	742,933	1,187
TRUST FUND	-	1,938,382
TOTAL	<u>\$ 3,138,141</u>	<u>\$ 3,138,141</u>

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.

In addition, long-term advances were made as follows:

	Advances To Other Funds	Advances From Other Funds
MAJOR FUNDS		
General Fund	\$ 3,891,793	\$ -
St. Johns County Utilities	2,543,025	-
Solid Waste	2,543,025	-
NONMAJOR SPECIAL REVENUE FUNDS		
Impact Fees Police	-	7,629,074
Treasure Beach M.S.B.U.	-	1,348,769
Total	\$ 8,977,843	\$ 8,977,843

The purposes 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.



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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 website at www.dms.myflorida.com/workforce_operations/retirement/publications.

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, 2021, were as follows:

8. EMPLOYEE BENEFITS (continued)

	FRS	HIS
Regular Class	9.16%	1.66%
Special Risk Class	24.23%	1.66%
Special Risk Class Administrative Support	36.10%	1.66%
Senior Management Service Class	27.35%	1.66%
Elected Officials	49.76%	1.66%
DROP from FRS	16.68%	1.66%

The County's contributions for the year ended September 30, 2021, were \$20,735,372 to the FRS and \$2,332,100 to the HIS.

Pension Liabilities and Pension Expense

For the year ended September 30, 2021, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2021. 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	Total
Total pension liability	\$ 1,105,620,507	\$ 49,820,797	\$ 1,155,441,304
Fiduciary net position	(1,065,779,988)	(1,771,058)	(1,067,551,046)
Net pension liability	<u>\$ 39,840,519</u>	<u>\$ 48,049,739</u>	<u>\$ 87,890,258</u>
Deferred outflows - pension related	\$ 47,298,205	\$ 9,671,646	\$ 56,969,851
Deferred inflows - pension related	\$ 144,797,493	\$ 2,218,524	\$ 147,016,017
Pension expense	\$ 2,626,080	\$ 4,472,643	\$ 7,098,723
Proportion at:			
Current measurement date	0.5274%	0.3917%	
Prior measurement date	0.5447%	0.3772%	

8. EMPLOYEE BENEFITS (continued)

Pension liability is allocable to the Board and Constitutional Officers as follows:

	FRS	HIS
	<u> </u>	<u> </u>
Board of County Commissioners and Supervisor of Elections	\$ 21,018,860	\$ 27,639,351
Clerk of Courts	1,206,237	1,690,220
Property Appraiser	892,027	1,047,771
Sheriff	15,865,072	16,328,420
Tax Collector	858,323	1,343,977
Total	<u>\$ 39,840,519</u>	<u>\$ 48,049,739</u>

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred	Deferred	Deferred	Deferred
	Outflows of	Inflows of	Outflows of	Inflows of
	Resources	Resources	Resources	Resources
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 6,828,729	\$ -	\$ 1,607,866	\$ 20,126
Changes of assumptions	27,260,858	-	3,775,634	1,979,771
Net differences between projected and actual earnings on pension plan investments	-	138,993,559	50,090	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,716,750	5,803,935	3,646,977	218,626
Employer contributions subsequent to measurement date	5,491,868	-	591,079	-
Total	<u>\$ 47,298,205</u>	<u>\$ 144,797,494</u>	<u>\$ 9,671,646</u>	<u>\$ 2,218,523</u>

8. EMPLOYEE BENEFITS (continued)

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, 2021. 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
2022	\$ (18,139,332)	\$ 1,890,037
2023	(21,152,138)	602,113
2024	(28,018,440)	1,242,332
2025	(35,903,670)	1,649,030
2026	222,423	1,233,286
Thereafter	-	245,246
Total	\$ (102,991,157)	\$ 6,862,044

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2021, was determined by an actuarial valuation as of July 1, 2021, using the individual entry age normal cost allocation method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

For both plans, the actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, using the PUB-2010 base table, projected generationally with Scale MP-2018 for the FRS plan and the Generational PUB-2010 with Projection Scale MP-2018 tables for the HIS plan.

The following changes in key actuarial assumptions occurred in 2021:

FRS: The maximum amortization period for all current and future amortization bases was decreased to 20 years.

HIS: The municipal bond rate decreased from 2.21% to 2.16%.

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	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. 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 2.16%, 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
	5.80%	6.80%	7.80%	1.21%	2.21%	3.21%
County's proportionate share of the net pension liability	\$ 178,169,470	\$ 39,840,519	\$ (75,786,974)	\$ 55,550,153	\$ 48,049,739	\$ 41,904,827

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, 2021 totaled \$3,845,738.

C. Other Postemployment Benefits

Plan Description – By County Resolution 08-151, St. Johns County established the St. Johns County Postemployment Welfare Benefits Trust Fund ("SJCPEWB") 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. SJCPEWB 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 8 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 18.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Participants

At October 1, 2019, the date of the latest full actuarial valuation:

Active plan members	1,970
Inactive plan members receiving benefits	285
Inactive plan members entitled, but not receiving benefits	-
Total members	<u>2,255</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, 2021, the County made no contributions towards the OPEB Plan. Retiree contributions to the plan were \$1,873,445. 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, 2019, rolled forward to September 30, 2021 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, 2019 and rolled forward to the September 30, 2021 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, 2021:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balances at September 30, 2020	\$ 27,514,744	\$ 37,830,837	(10,316,093)
Changes for the year:			
Service cost	757,479	-	757,479
Interest	1,777,914	-	1,777,914
Net investment income	-	7,893,037	(7,893,037)
Administrative Expense	-	(6,000)	6,000
Benefits payments	(1,839,409)	(1,839,409)	-
Net changes	695,984	6,047,628	(5,351,644)
Balances at September 30, 2021	\$ 28,210,728	\$ 43,878,465	\$ (15,667,737)

Plan fiduciary net position, as a percentage of the total OPEB liability was 155.54% at September 30, 2021.

8. EMPLOYEE BENEFITS (continued)

Net OPEB asset is allocated between the Board of County Commissioners and the Constitutional Officers as follows:

	<u>OPEB Asset</u>
Board of County Commissioners	\$ 9,057,518
Supervisor of Elections	64,238
Clerk of Courts	708,182
Property Appraiser	302,387
Sheriff	5,049,712
Tax Collector	485,700
Total	<u>\$ 15,667,737</u>

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the County recognized OPEB expense of \$(2,290,303).

At September 30, 2021, the County reported deferred outflows and inflows of resources related to OPEB from the following source:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 1,284,358	\$ -
Assumption changes	-	11,700,943
Net differences between projected and actual earnings on OPEB plan investments	-	4,846,023
	<u>\$ 1,284,358</u>	<u>\$ 16,546,966</u>

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

<u>Year ending September 30,</u>	
2022	\$ (2,432,667)
2023	(2,383,753)
2024	(2,564,498)
2025	(2,310,033)
2026	(1,211,231)
Thereafter	(4,360,426)
Total	<u>\$ (15,262,608)</u>

8. EMPLOYEE BENEFITS (continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, with various assumptions discussed below. The total OPEB liability was rolled forward from the valuation date to the County's year ended September 30, 2021 using standard actuarial techniques. There were no changes in assumption 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	15 years
Asset valuation method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 15% corridor around 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, 2018 actuarial valuation of the Florida Retirement System and are 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 1.5% for 2020 (0% for premiums), 1.75% for 2021, 2.25% for 2022, 2.75% for 2023, 3.25% for 2024, 5.47% for 2025 and gradually decreasing to an ultimate trend rate of 4.24% .
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, 2021, 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	7.60%	5.10%	42.00%
International Equities	7.30%	4.80%	16.00%
Emerging Equities	7.70%	5.20%	7.00%
Core Fixed	3.90%	1.40%	17.50%
Interim IG Corp	3.90%	1.40%	8.74%
High Yield	5.00%	2.50%	4.38%
Emerging Debt	4.90%	2.40%	4.38%
Cash	2.20%	-0.30%	0.00%
Total Portfolio	6.36%		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.

8. EMPLOYEE BENEFITS (continued)

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 Asset	\$ 12,775,713	\$ 15,667,737	\$ 18,205,018

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	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Asset	\$ 18,883,682	\$ 15,667,737	\$ 11,790,851



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

9. FUND BALANCE CLASSIFICATIONS

Balances of reported fund balances at September 30, 2021 are as follows:

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total
Nonspendable:						
Advances	\$ 3,891,793	\$ -	\$ -	\$ -	\$ -	\$ 3,891,793
Inventory	-	331,682	-	-	29,647	361,329
Prepaid Expense	1,221,247	24,421	48,481	-	141,447	1,435,596
Total Nonspendable	5,113,040	356,103	48,481	-	171,094	5,688,718
Restricted for:						
Fire rescue, Sheriff, Public safety	-	-	6,403,230	-	1,642,932	8,046,162
Other Public Safety	-	-	-	-	3,971,959	3,971,959
Transportation	-	5,638,078	-	-	479,875	6,117,953
Community Redevelopment Agency	-	-	-	-	37,517	37,517
Future development impacts	-	-	-	-	71,892,119	71,892,119
Court costs	120,409	-	-	-	-	120,409
Project Buckle Up	9,185	-	-	-	-	9,185
Capital improvement projects	-	-	-	-	1,952,497	1,952,497
Court facilities, technology, and other needs	-	-	-	-	10,383,552	10,383,552
Building services	-	-	-	-	24,801,215	24,801,215
Debt service	-	-	-	-	1,211,145	1,211,145
State Housing Initiatives Program	-	-	-	-	508,970	508,970
Tourist development and recreation	-	-	-	-	9,924,812	9,924,812
Community based care	-	-	-	-	907,325	907,325
Miscellaneous	-	-	-	-	514,844	514,844
Total restricted	129,594	5,638,078	6,403,230	-	128,228,762	140,399,664
Assigned for:						
Fiscal year 2022 General Fund operations	43,122,889	-	-	-	-	43,122,889
Fire rescue, Sheriff, Public safety	-	-	7,000,546	-	-	7,000,546
Transportation	-	40,468,234	-	-	231,712	40,699,946
Community Redevelopment Agency expenditures	-	-	-	-	32,794	32,794
Future development impacts	-	-	-	-	4,530,393	4,530,393
Capital improvement projects	-	-	-	-	25,306,232	25,306,232
Court facilities, technology, and other needs	-	-	-	-	563,269	563,269
Building services	-	-	-	-	3,178,998	3,178,998
Debt service	-	-	-	-	5,409,143	5,409,143
State Housing Initiatives Program	-	-	-	-	130,660	130,660
Tourist development and recreation	-	-	-	-	9,279,037	9,279,037
Miscellaneous	-	-	-	7,364	48,822	56,186
Total assigned	43,122,889	40,468,234	7,000,546	7,364	48,711,060	139,310,093
Unassigned	68,951,457	-	-	-	(8,977,695)	59,973,762
Total fund balances	\$ 117,316,980	\$ 46,462,415	\$ 13,452,257	\$ 7,364	\$ 168,133,221	\$ 345,372,237

10. PRIOR PERIOD RESTATEMENTS

Beginning balances for Net Position for the St. Johns County Utilities, a proprietary fund, and the Business-type Activities have been restated to account for unbilled water-sewer receivables at September 30, 2020. The effects of this restatement are summarized as follows:

	St Johns Utilities Proprietary Fund	Business-Type Activities
Beginning Net Position, September 30, 2020, as originally reported	\$ 473,460,151	\$ 503,868,979
Unbilled receivables at September 30, 2020	2,448,493	2,448,493
Beginning Net Position, September 30, 2020, as restated	<u>\$ 475,908,644</u>	<u>\$ 506,317,472</u>

The County implemented GASB Statement No. 84, *Fiduciary Activities*, during the current year. The effect of this implementation changed the amounts reported for Net position, beginning of the year, for custodial funds. Prior to implementation, net position for all custodial funds was zero. Balances now reported as Net position, beginning of the year, in the Statement of Changes in Fiduciary Net Position – Custodial Funds are entirely the result of implementing this standard.

11. 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.

11. RISK MANAGEMENT- (continued)

a. 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 \$350,000. During fiscal year 2021, there were four claims that exceeded the \$350,000 stop loss deductible for a total of \$977,492 in reimbursements.

The September 30, 2020 estimated claims liability of \$3.3 million is based on the requirements of GASB Codification Section Po20.119, 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, policies set by the Florida Office of Insurance Regulation 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 \$5.8 million.

All County departments and the other elected constitutional officers of the County participate in both programs, with the exception of the Sheriff's office who administers and pays for a separate general liability program. 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.

11. RISK MANAGEMENT- (continued)

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

September 30,	Balance	in Estimates	Payments	Balance
2019	\$ 2,577,792	\$ 26,298,617	\$ 26,713,198	\$ 2,163,211
2020	\$ 2,163,211	\$ 27,886,765	\$ 27,645,664	\$ 2,404,312
2021	\$ 2,404,312	\$ 33,624,163	\$ 32,683,775	\$ 3,344,700

C. Conventionally Insured Claims and Losses

The County and its Constitutional Officers retain conventional insurance coverage for 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.

12. DEFICIT BALANCE – INDIVIDUAL FUNDS

At September 30, 2021, the following funds had deficit equity balances in the amounts shown:

Impact Fees Police	\$ 7,628,926
Treasure Beach M.S.B.U.	\$ 1,348,769

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

13. 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 \$3,541,169 reported as landfill closure and post-closure care liability at September 30, 2021, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill.

The annual estimated cost is approximately \$354,117 and there remains 10 years of estimated post-closure care.

13. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

The amount is estimated based on what it would cost to perform all post-closure care in 2021. 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, 2021.

14. REVENUE SHARING INTERLOCAL AGREEMENT

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.

15. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES

As of September 30, 2021, the County had several programs that qualify as tax abatements, as that term is defined in GASB Codification Section T10.102. 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

15. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES (continued)

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, 2021, St. Johns County reimbursed taxes totaling \$62,297 to four businesses. The County had 22 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.

16. NET POSITION

a. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$149,778,058 of restricted net position, of which, \$132,007,626 is restricted by enabling legislation.

b. Effect of Deferred Outflows/Inflows on Net Position

For Governmental and Business-type Activities, various components of net position include the effect of deferred outflows/inflows. A summary of the effects is as follows:

	Net Investment in Capital Assets		Unrestricted Net Position	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Deferred Outflows - Bond refunding	\$ 7,309,318	\$ 3,352,176	\$ -	\$ -
Deferred Outflows - Pension	-	-	54,368,861	2,600,990
Deferred Outflows - OPEB	-	-	1,180,078	104,280
Deferred Inflows - Bond refunding	-	(82,981)	-	-
Deferred Inflows - Pensions	-	-	(140,242,667)	(6,773,350)
Deferred Inflows - OPEB	-	-	(15,142,289)	(1,404,677)
Net Effect	\$ 7,309,318	\$ 3,269,195	\$ (99,836,017)	\$ (5,472,757)

16. NET POSITION – (continued)

c. Net Investment in Capital Assets

Components that make up Net Investment in Capital Assets in the Net Position section for Governmental and Business Type Activities are as follows:

	Governmental Activities	Business Type Activities
Capital Assets, Net	\$ 1,504,900,371	\$ 601,194,820
Less: Debt related to fixed assets:		
Public Bonds	(88,610,000)	(120,385,274)
Direct Loans	(73,038,692)	(55,186,613)
Capital Leases	(5,959,718)	(230,580)
Original Issue Premium	(8,387,849)	(12,008,416)
Deferred outflow- Bond refunding	7,309,318	3,352,176
Deferred inflow - Bond refunding	-	(82,981)
Construction Accounts payable - current	-	(1,859,697)
Accounts payable -retainage	(1,296,599)	(758,933)
Net investment in Capital Assets	<u>\$ 1,334,916,831</u>	<u>\$ 414,034,502</u>

17. COMMITMENTS AND CONTINGENCIES

a. Commitments

At September 30, 2021, the County had approximately \$200 million in outstanding commitments relating to construction contracts in various stages of completion.

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.

18. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2022. These statements address the following:

- Leases
- Subscription-based IT Arrangements

The County is currently evaluating the effects that these statements will have on its 2022 financial statements.