

**ST. JOHNS COUNTY, FLORIDA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**



**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, 2022

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Brandon J. Patty

Clerk of the Circuit Court and County Comptroller | St. Johns County, Florida
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June 21, 2023

The Honorable Christian Whitehurst, Chair
St. Johns County Board of County Commissioners
500 San Sebastian View
St. Augustine, FL 32084

Dear Chairman Whitehurst:

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, 2022.

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 on September 30, 2022, 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 MSL, 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, MSL, 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, 2022.

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 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 resident 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.

2022 ECONOMIC CONDITION AND OUTLOOK

St. Johns County continues to be one of the fastest-growing counties in Florida and in the nation. From 2021 to 2022 population grew by 4.7% to 306,841 and was the fourth fastest-growing county in Florida over that timeframe. Continued population and economic growth are anticipated in coming years, however, possibly at slower rates than the past few years.

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

For the 11th 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
- *Southern Living* – as No. 1 Best of the South's Small Towns
- *MSN.com* – as No. 11 Best Small Towns in America
- *Country Living* – as No. 20 Small Towns that Leave a Big Impression
- *College Ranker* – as No. 1 Best College Town to Live in Forever

The philosophy of the Board is to encourage economic development that is consistent with 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 (18.6%), professional, scientific and management, and administrative and waste management services (15.3%), and finance and insurance, and real estate and rental and leasing (11.9%).

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 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 2022 with an unemployment rate of 2.6% and ended the year with an unemployment rate of 1.8%. Throughout the majority of the year, St. Johns County had the second-lowest unemployment rate in Florida. In comparison, for December 2022, the Florida unemployment rate was 2.3%, and the national unemployment rate was 3.5%.

St. Johns County had nearly 5,600 single-family residential permits issued in 2022, fewer than 2021's record-breaking 6,300. Additionally, 1,374 commercial permits were issued in 2022, slightly less than in 2021. Commercial valuation for permitted projects in FY22 was \$391,907,792, which was a slight decline from the previous fiscal year. In 2022, the overall tax base of St. Johns County was comprised of 11.4% business/commercial.

Medical development continued to flourish in St. Johns County. Ascension St. Vincent's St. Johns County opened a hospital and medical offices off CR 210, which will bring 450 new jobs to the county once all phases of the project are complete. Encompass Health Rehabilitation Hospital of St. Augustine, an inpatient rehabilitation hospital, opened in the southern part of the county off SR 207, bringing 120 new jobs. Also, Borland Groover opened a state-of-the-art surgery center with medical offices in the southern part of the county and was approved for economic development incentives for a second location in the northern part of the county. Each Borland Groover location will bring approximately 75 new jobs.

St. Johns County established a Local Planning Technology Team to explore the expansion of internet services to unserved and underserved areas of the county. The efforts of the team, which is comprised of various community members as well as individual representatives from both the public and private sectors, resulted in service providers receiving grants to expand broadband service to Riverdale, Spuds and Flagler Estates.

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 2024 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 businesses and industries to the County and help existing businesses and industries prosper. FY 2023 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 Board 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 2022 report noted St. Johns County as having the State's second-lowest unemployment rate at 2.2%. The Silverleaf Development is listed as the nation's third best-selling master-planned community by RCLCO and John Burns Real Estate Consulting. The Nocatee Development also remains in the top 50 master-planned communities in 2022, ranked at 41.

The St. Johns County School District has earned an overall rating of “A” by the Florida Department of Education, its 15th 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 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. In FY 2022, Ascension St. Vincent’s St. Johns County opened a hospital and medical offices off CR 210, which will bring 450 new jobs to the county once all phases of the project are complete.

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 35% decline in County taxable property values from FY 2009 to 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. The County was able to roll-back millage rates in FY 2021. 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 2021, the County issued refunding bonds to refund and reduce annual debt service, following similar refunding opportunities in FY 2019, FY 2015, FY 2014, and FY 2012 for governmental funds. For Enterprise Funds (utility services), recent County refunding bonds were issued in FY 2021, 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 Board continues 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. 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, in addition to additional capacity to levy local option gas taxes and up the one-cent discretionary sales tax for infrastructure. The discretionary sales tax, which could generate an estimated \$65 million per year, requires approval through a voter referendum.

Short-term

For the eleventh consecutive year, the FY 2023 County budget continues to specifically address deferred maintenance/renewal & replacement projects, funding \$9.7 million Countywide. Another \$8.6 million (not including carryforwards) in the FY 2023 budget addresses capital, vehicle, and computer hardware/software replacements. The FY 2023 budget for pavement management totals approximately \$11.0 million with the goal of increasing funding to \$14.0 million annually by FY 2027.

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 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. 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.

Short-term: In FY 2023, the budget included \$15.8 million to close on the purchase of a \$17.5 million parcel of 31 acres on the San Sebastian River for future development of a public boat ramp and related uses. The County will complete the \$7.9 million St. Johns Golf Club reconstruction in FY 2023. Additionally, the budget includes \$5.4 million for renovations and expansion to the Ponte Vedra Concert Hall through a U.S. Small Business Administration grant.

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, 2021. This was the thirtieth 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 thirty 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 second consecutive year, the County received the Popular Annual Financial Reporting Award from GFOA for the year ended September 30, 2021. For the first time ever, the County was awarded GFOA's prestigious Triple Crown designation as a result of receiving all 3 awards that the GFOA issues in one fiscal year. St Johns County is one of only 317 governmental entities nationwide to receive the Triple Crown designation from GFOA.

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 goes to the staff of the Comptroller's Office, the Office of Management and Budget, and the Department of Economic Development. Each member of these departments has our sincere appreciation for their contributions made in the presentation of this report.

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

Sincerely,



Brandon J. Patty
Clerk of the Circuit Court and County Comptroller

Clerk of the Circuit Court and County Comptroller | St. Johns County, Florida
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MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Christian Whitehurst, Chair
Sarah S. Arnold, Vice-Chair
Roy Alaimo
Krista Joseph
Henry Dean

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
Brad Bradley – Deputy County Administrator
Joy Andrews, Deputy County Administrator-Director of Economic Development
Sarah Taylor, Assistant County Administrator

COMPTROLLER'S OFFICE

Dwala Anderson, Chief Financial Clerk

OFFICE OF MANAGEMENT AND BUDGET

Jesse Dunn, Director
Wade Schroeder, Assistant Director



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

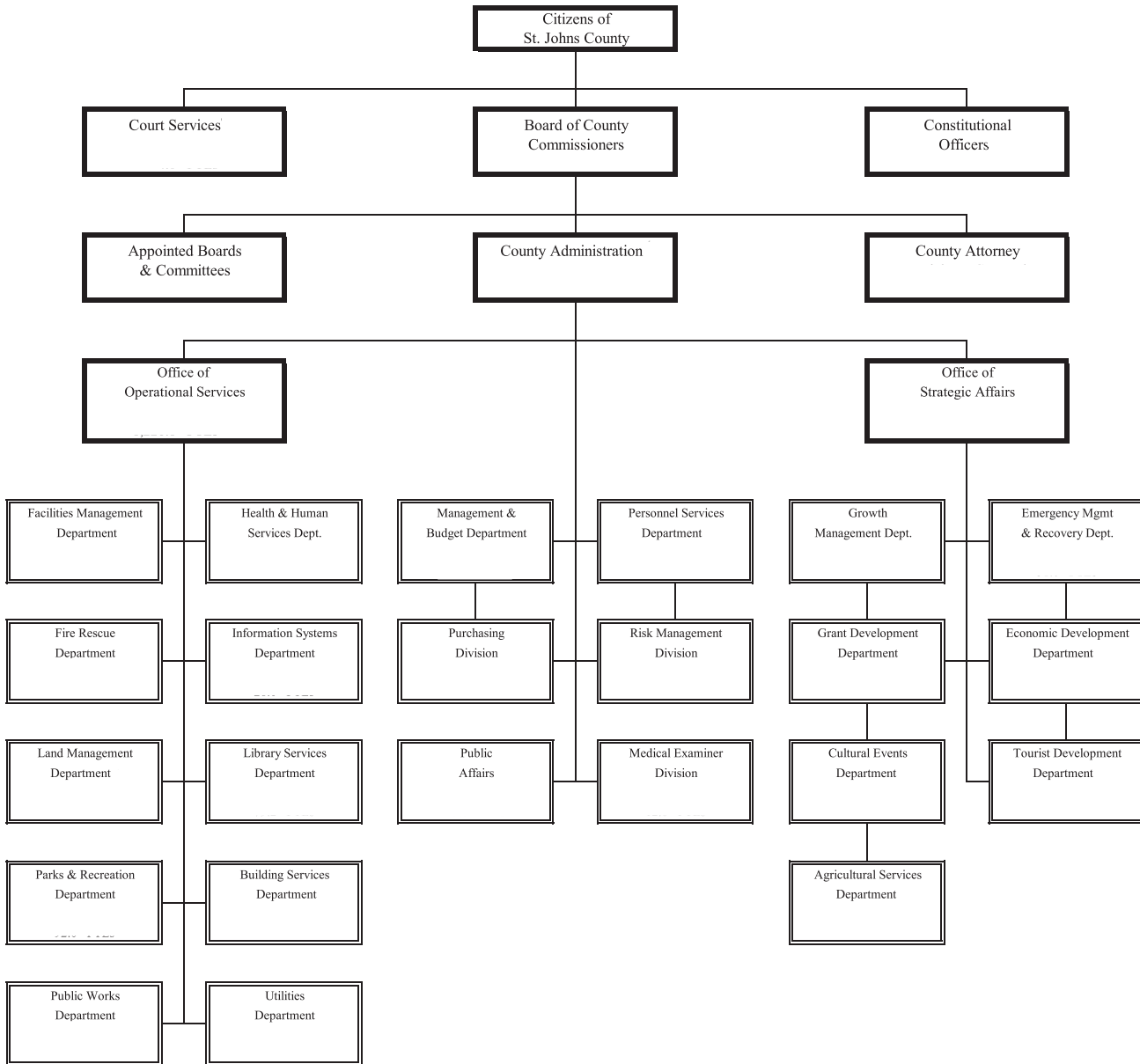
September 30, 2021

Christopher P. Morrell

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis-of-Matter

As discussed in Note 11 to the financial statements, in the year ended September 30, 2022, the County adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 87, *Leases*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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.

Supplementary 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 combining and individual fund financial statements and schedules, 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 financial statements and schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the 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 financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, 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 21, 2023

MANAGEMENT'S DISCUSSION and ANALYSIS

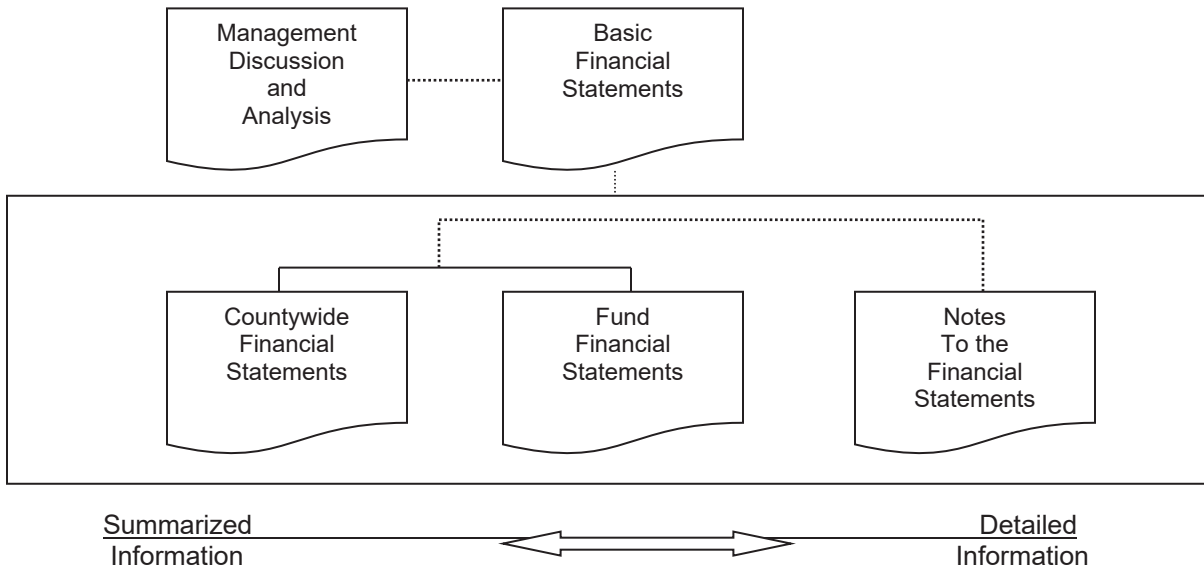
This section of St. Johns County, Florida's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial performance during our most recent fiscal year, which ended September 30, 2022. It is designed to provide an objective and easy to read overview analysis 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 \$2,206,899,729 as of September 30, 2022.
- Unrestricted net position of \$183,049,122 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 \$158,806,842.
- The net change in total governmental fund balance increased by \$67,952,961. 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 and solid waste 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 fund and solid waste fund 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, 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, 2022

3. Financial Analysis of the County as a Whole.

At the end of fiscal year 2022, 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, 2022 and 2021
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Cash and investments	\$ 539,843	\$ 421,659	\$ 155,696	\$ 134,891	\$ 695,539	\$ 556,550
Other current assets	37,672	17,891	8,888	14,984	46,560	32,875
Other noncurrent assets	6,653	14,386	2,509	12,706	9,162	27,092
Capital assets	1,562,607	1,504,900	618,768	601,195	2,181,375	2,106,095
TOTAL ASSETS	2,146,775	1,958,836	785,861	763,776	2,932,636	2,722,612
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	6,229	7,309	3,055	3,352	9,284	10,661
Pension related	65,406	54,369	3,050	2,601	68,456	56,970
OPEB related	9,575	1,180	789	104	10,364	1,284
TOTAL DEFERRED OUTFLOWS OF RESOURCES	81,210	62,858	6,894	6,057	88,104	68,915
LIABILITIES						
Current liabilities	174,415	103,875	25,371	24,339	199,786	128,214
Non-current liabilities	389,134	254,524	197,307	197,049	586,441	451,573
TOTAL LIABILITIES	563,549	358,399	222,678	221,388	786,227	579,787
DEFERRED INFLOWS OF RESOURCES						
Bond refunding gains	-	-	65	83	65	83
Pension related	11,113	140,243	518	6,773	11,631	147,016
OPEB related	9,404	15,142	937	1,405	10,341	16,547
Lease related	5,211	-	365	-	5,576	-
TOTAL DEFERRED INFLOWS OF RESOURCES	25,728	155,385	1,885	8,261	27,613	163,646
NET POSITION						
Net investment of capital assets	1,398,850	1,334,917	438,784	414,035	1,837,634	1,748,952
Restricted	177,715	140,400	8,502	9,379	186,217	149,779
Unrestricted	62,143	32,593	120,906	116,770	183,049	149,363
TOTAL NET POSITION	\$ 1,638,708	\$ 1,507,910	\$ 568,192	\$ 540,184	\$ 2,206,900	\$ 2,048,094

- This year, total net position for Governmental activities increased by 8.6 percent or \$130.8 million dollars. Total assets increased by \$151.3 million. An exceptionally strong surge in the economy produced significant receipts. The County experienced growth in nearly all revenue categories as a result of the strong economy – taxes and shared revenues with the state, capital contributions from developers and increases in fees charged for services all reported significant increases. The County did experience a significant loss with investments. Even with the losses, the County is invested in stable investments. The largest component of the governmental investments are in U.S. Treasuries, which suffered a loss in market value due to the Federal Reserve's efforts to contain inflation with higher interest rates. The County has significant reserves on hand, and no sale of these investments will be expected. Therefore, the investment losses are not expected to be permanent. 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) and the inclusion of new deferred inflows related to lease receivables, created by the implementation of a new accounting standard for leases. Liabilities have increased by approximately \$168.5 million in fiscal year 2022. As with deferred inflows and outflows, the effects of the County's participation in the FRS accounted for most of the increase in liabilities. Like all other government entities, investments of the FRS suffered significant losses, which weakened the FRS net position and increased the participants' liability for pensions in 2022. 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 net overall decline in debt balances related to capital acquisition.
- Ending net position for Business-type activities improved by \$28 million. The County's Water and Sewer operations continues to be self-sufficient. Scheduled rate changes and an increased user base is the primary factor for the increase in net position. For assets, this provided an increase in cash and investments in fiscal year 2022. 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. The County's Solid Waste operations reported a net loss for 2022. Revenues and rates remained constant when compared with 2021. However, the expenses associated with the service contractors, for residential collections and other operations of the Solid Waste fund, experienced significant cost increases for 2022. The County continues to monitor the Solid Waste operations and assess operations in light of the inflationary pressures being experienced. Finally, as discussed above, participation in the Florida Retirement System explains the largest variances that occurred with liabilities, deferred outflows and deferred inflows for all Business Type Activities. One of the County's proprietary funds that made up Business Type Activities, the Convention Center, was closed in 2022. The fund had originally been established to account for special assessments collected from various private enterprises, associated with the Convention Center, to pay off the debt incurred to finance the Convention Center acquisition. That debt has now been paid in full, eliminating the need for a special fund. The Convention Center and its operations were transferred to the General Fund and to Governmental Activities.
- Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$1.6 billion. The greatest portion of net position (\$1.4 billion) reflects the County's investment in capital assets net of the related debt used to acquire them. Additionally, \$177.2 million of net position is subject to restrictions regarding how it may be used during County operations, leaving \$62.6 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 \$568.2 million. Similar to Governmental Activities above, the greatest portion of net position, \$445.4 million, reflects the County's investment in capital assets, net of the related debt used to acquire them. Additionally, \$8.5 million of net position is subject to restrictions regarding how it may be used during County operations, leaving \$114.2 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. The County believes that fiscal year 2022 and 2021 is more reflective of historical averages for grants received. Fiscal year 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, 2022

Summary Statement of Activities

September 30, 2022 and 2021

(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 136,056	\$ 101,082	\$ 99,921	\$ 90,677	\$ 235,977	\$ 191,759
Operating grants and contributions	91,467	39,886	-	-	91,467	39,886
Capital grants and contributions	56,699	19,508	34,447	29,096	91,146	48,604
General Revenues:						
Taxes	293,103	263,610	-	-	293,103	263,610
Intergovernmental	10,784	8,248	-	-	10,784	8,248
Franchise fees	3,757	2,247	-	-	3,757	2,247
Unrestricted loss on investments	(10,109)	(738)	(6,245)	(765)	(16,354)	(1,503)
Miscellaneous	2,413	2,502	(95)	49	2,318	2,551
Total Revenues	584,170	436,345	128,028	119,057	712,198	555,402
Expenses:						
General government	57,562	42,875	-	-	57,562	42,875
Public safety	188,209	171,149	-	-	188,209	171,149
Physical environment	1,003	1,595	-	-	1,003	1,595
Transportation	59,516	55,385	-	-	59,516	55,385
Economic environment	40,333	17,987	-	-	40,333	17,987
Human services	15,890	15,719	-	-	15,890	15,719
Culture and recreation	80,333	30,525	-	-	80,333	30,525
Court related	10,232	8,734	-	-	10,232	8,734
Interest on long term debt	5,815	6,152	-	-	5,815	6,152
Utilities	-	-	63,972	56,749	63,972	56,749
Solid waste	-	-	30,527	28,139	30,527	28,139
Convention center	-	-	-	226	-	226
Total Expenses	458,893	350,121	94,499	85,114	553,392	435,235
Increase in net position before transfers	125,277	86,224	33,529	33,943	158,806	120,167
Transfers	5,521	76	(5,521)	(76)	-	-
Change in net position	130,798	86,300	28,008	33,867	158,806	120,167
Net position, beginning of year	1,507,910	1,421,610	540,184	506,317	2,048,094	1,927,927
Net position, end of year	\$ 1,638,708	\$ 1,507,910	\$ 568,192	\$ 540,184	\$ 2,206,900	\$ 2,048,094

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. Also, grant revenue has increased from 2022 and 2021, reflecting the County's ability to seek out and obtain funding to finance capital and operating needs of the County. Investment on earnings suffered a significant decline in FY 2022. As explained further above, the majority of County investments are in U.S. Treasuries, which the market considers risk free. Because of this, the County feels that these losses will be temporary.

Pension liability continues to have a significant impact on the annual change in net position for both governmental and business-type activities. In 2022, investments in the Florida Retirement System suffered significant losses. These losses are attributable to the general economy as a whole. The effects of the pension activity is a significant factor in explaining why total government-wide expenditures were higher in fiscal year 2022 when compared to 2021. Inflationary factors in the economy also contributed to much higher expenditures in 2022 when compared with 2021.

While the effects of the pension plan and inflation contributed to increases in expenditures overall, certain other expenditure categories were affected by other factors. Some of the larger factors are as follows:

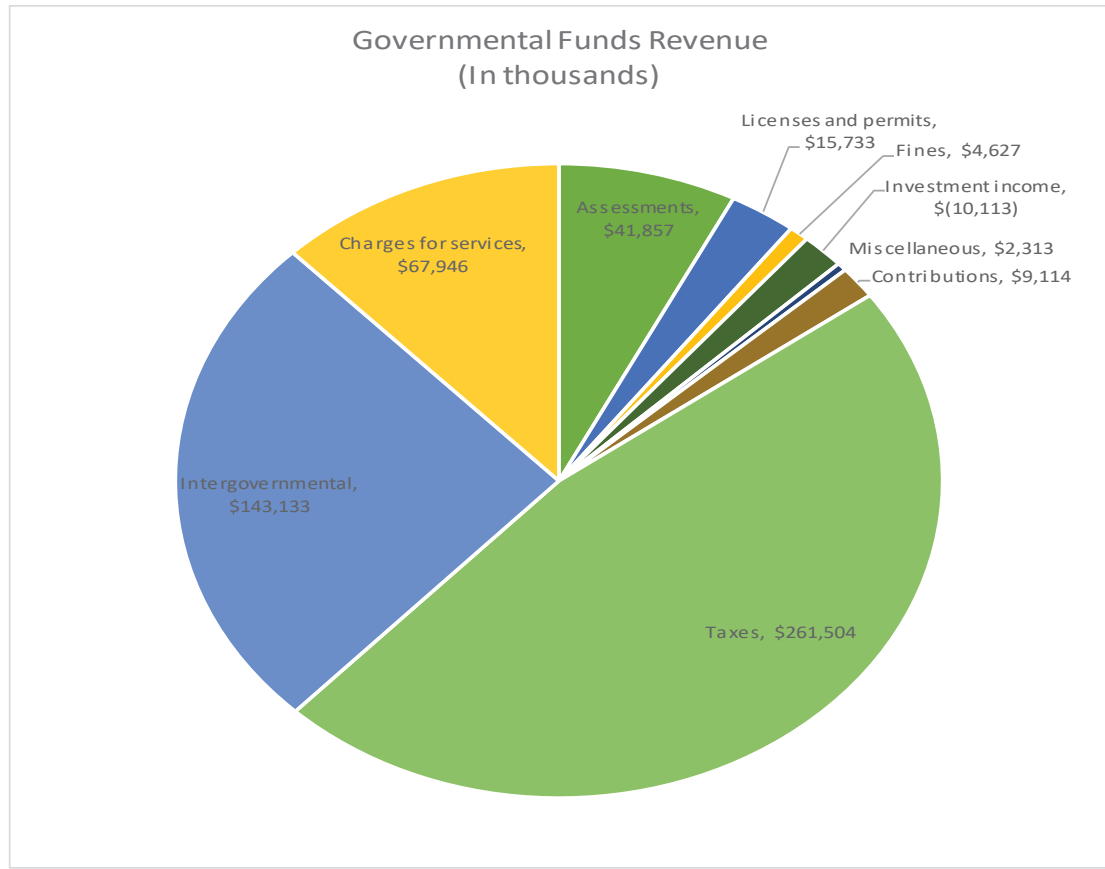
- Economic environment expenditures were significantly higher in fiscal year 2022 when compared to 2021. This is attributable to a grant from the Department of Housing and Urban Development and the Florida Department of Economic Opportunity to work on areas and needs related to affordable housing. Expenditures of over \$36 million were covered by this grant in 2022.
- Culture and recreation expenditures in 2022 continue to be affected by expenditures from previous storms and related beach renourishment projects. Approximately \$25 million was expended in these areas. Additionally, the Amphitheatre's expenditures were much higher in 2022 due to the reopening of the facility after the COVID pandemic ended. Finally, significant expenditures to renovate the golf course also occurred in 2022.

4. Financial Analysis of the County's Funds.

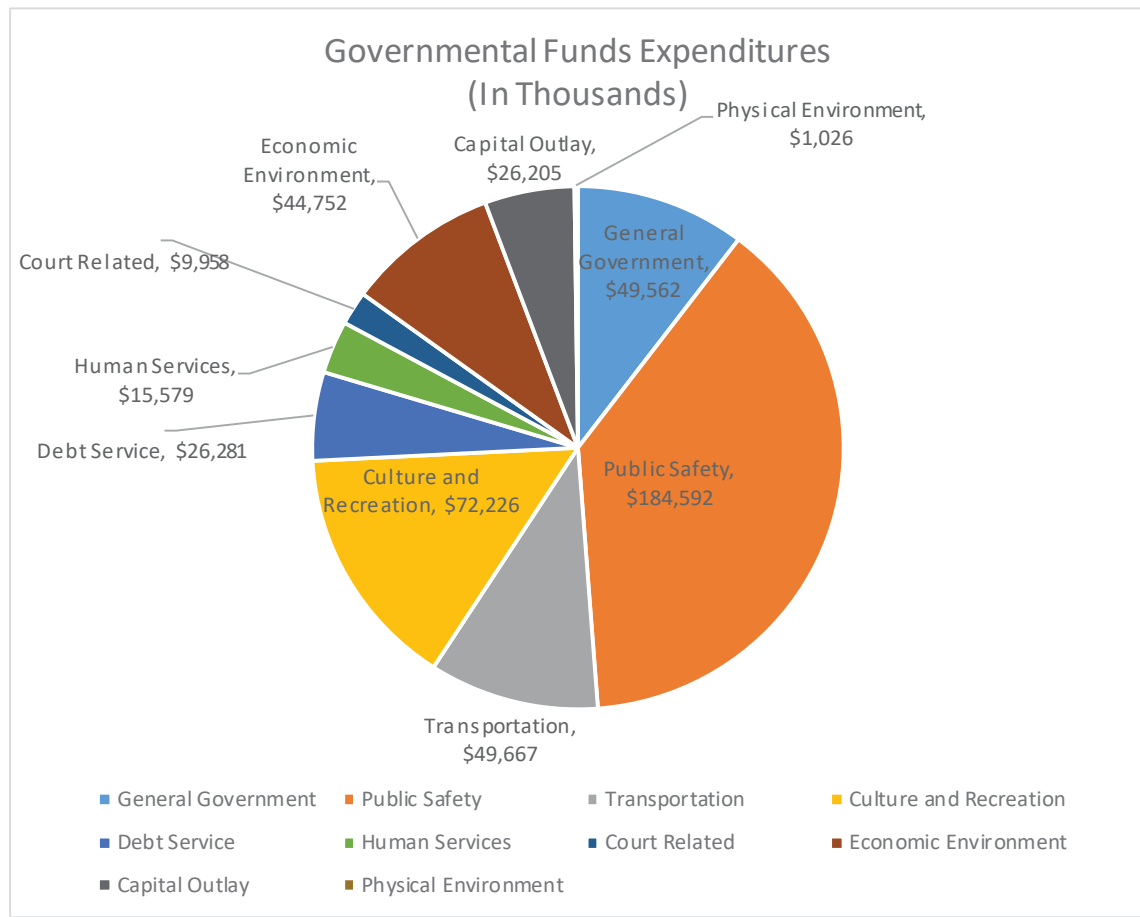
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the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

At September 30, 2022, the County's governmental funds reported combined ending fund balances of \$413.3 million, which is an increase of \$67.9 million. Fiscal year 2022 fund statements have reported stronger positive results when compared with the prior fiscal year's statements. The increase, across all categories, is reflective of population and economic growth in the County and the recovery of the local economy after the pandemic. Charges for Services, Taxes, and Special Assessment categories all reflect this change. Contributions revenue, which is primarily road infrastructure contributed by developers, increased in FY22 as well. This also reflects the strong economy and growth that the County experienced in 2022.

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. Expenditures were higher in 2022 when compared to 2021. There are numerous reasons for the increase, including population growth and the need for increased services. Grant related expenditures increased significantly, although much of the increase was recovered by federal and state grants. Inflation was significantly higher in 2022 causing large increases, across the board, for goods and services.



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 \$74.5 million over prior year expenditures. As discussed above, most of the increase came from the Economic Environment and Culture and Recreation categories and, nearly all of these increases were covered by reimbursement from federal and state grants. The County expects both of these categories to be a smaller portion of the total expenditures in future years as these programs end. Inflationary pressures in 2022 contributed significantly to the overall increase of expenditures as well. Inflation affected both the cost of goods and services and employee salaries. Debt service payments in 2022 was \$7.5 million higher than in 2021. The County took advantage of a strong financial position by paying off certain debt issues early.

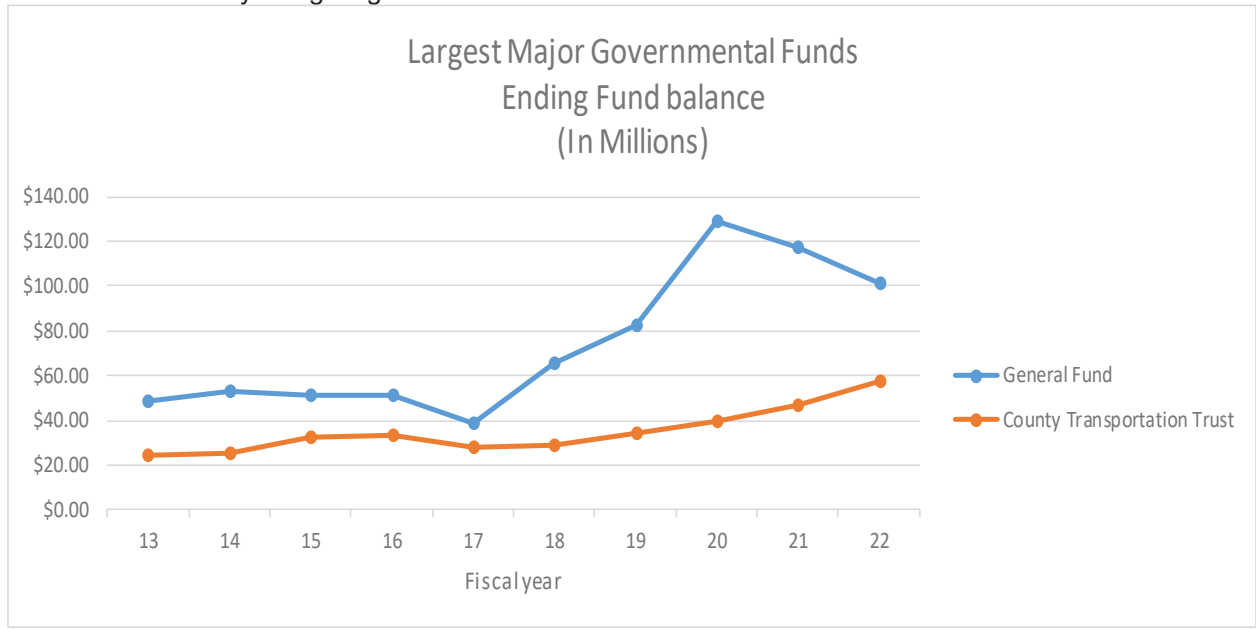
ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2022

The fund balance of the General Fund decreased this year by \$15.9 million. The County continues to cover one time expenditures for which funding through the CARES and pandemic related grants was received in prior years. The General Fund also transferred a significant amount of funding to a Capital Projects Fund for future capital investment.

The Transportation Trust, and the Fire District funds continue to be self-funding in line with prior years.

The COVID Pandemic Related Grant Fund was established to segregate and account for various federal and state funding resources received by the County to assist residents with pandemic recovery. It is expected that activity in this fund will decline in future years and it is expected that this fund will be closed in the future.

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 has decreased since fiscal year 2020. 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 County has taken advantage of this funding over the past couple of years, spending on one-time projects to improve the County's ability to serve the residents of St. Johns County in the future. Even with the increases in spending on these special projects in 2021 and 2022, the fund balance of the General Fund remains stronger when compared to prior years.

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 continues to report increased fund balance in 2022. The increase was approximately \$3 million in 2022. The property tax base of the County is expanding with revenues from taxes increasing year over year. With the increase in population, the County expects higher expenditures in the future, both in higher personnel costs and additional fire stations to meet the needs of the expanding population.

The COVID Pandemic Related Grants is still reported as a major fund this year. However, activity in this fund is beginning to decline as the County moves beyond the effects of the pandemic. This decline is expected to continue into the future, and the need for this separate fund should stop and the fund is expected to be discontinued.

5. General Fund budgetary highlights.

An analysis of the revisions that were made to the General Fund's original budget during the current year for revenue indicates that very little change occurred between the original budget and final budget of the General Fund in 2022. Nonetheless, the largest increase can be explained by receiving unanticipated awards of federal and state grants.

The expenditure categories with the largest variances between amounts originally budgeted by the County during fiscal year 2022 and the final amount of budgeted expenditures during 2022 occurred within the Public Safety and Economic Environment expenditure categories. The primary causes for these variances are discussed below:

- For the Public Safety category, the largest difference occurred with an increase of budget for the St. Johns County Sheriff. This increase mainly occurred within two categories. First, higher salary costs for personnel were incurred due to a need to increase the number of staff and higher salary wages for law enforcement personnel that were needed to remain competitive in the employee market. Also, capital outlay budgets increased significantly between the original and final budgets as the Sheriff acquired new vehicles and continued to fund construction on the new training facility and other projects.
- For the Economic Environment category, 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 more progress on spending and completing the program in fiscal year 2022. However, the projects were not completed within the fiscal year as expected. The County has received an extension of time from the grantor and these projects are expected to be completed in 2023.

- During this year, the difference between the County's final adopted budget and total General Fund expenditures was approximately \$52 million. The following table highlights the savings (excess) by function/programs:

Function	Appropriation Balance in Thousands	Percent
General Government	\$ 9,167	17.6%
Public Safety	2,020	3.9%
Physical Environment	73	0.1%
Economic Environment	37,330	71.5%
Human Services	1,826	3.5%
Culture and Rec	2,069	4.0%
Court Related	97	0.2%
Debt service	(394)	-0.8%
	\$ 52,188	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, 2022 was \$2.181 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, 2022
(in Thousands)

	Governmental Activities	Business- Type Activities	Total
Land	\$ 567,600	\$ 127,208	\$ 694,808
Intangible Assets	-	81	81
Building and Improvements	378,217	23,855	402,072
Equipment	138,816	14,500	153,316
Infrastructure	952,282	669,596	1,621,878
Construction in Progress	43,190	37,607	80,797
Right to Use Leased Assets	939	199	1,138
Less: Accumulated Depreciation/Amortization	(518,438)	(254,279)	(772,717)
Total	\$ 1,562,606	\$ 618,767	\$ 2,181,373

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

- **Long-term Debt.** At the end of fiscal year 2022, the County had total long-term obligations outstanding of approximately \$619 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt
(in Thousands)
as of September 30, 2022

	Governmental Activities	Business- Type Activities	Total
Revenue Bonds and Notes	\$ 157,479	\$ 136,116	\$ 293,595
Loans, Commercial Paper, Financed Purchases, and Leases	8,361	57,013	65,374
Landfill Closure/Postclosure care	-	3,134	3,134
Compensated absences	15,669	1,156	16,825
Net Pension liability	230,319	10,741	241,060
Total	<u>\$ 411,828</u>	<u>\$ 208,160</u>	<u>\$ 619,988</u>

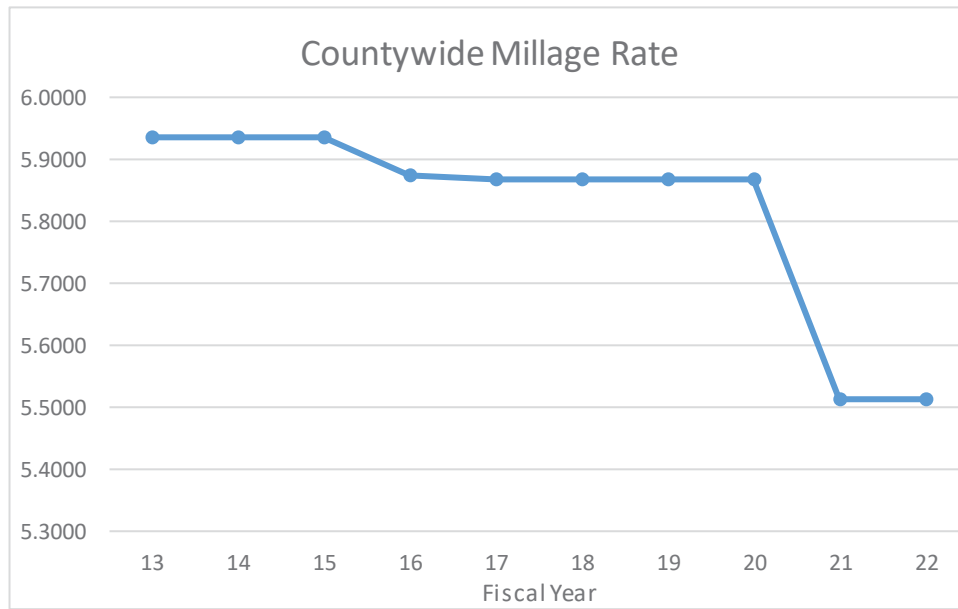
- Excluding the County's net state pension, the balances for total outstanding governmental and proprietary long-term obligations decreased by \$16 million from the prior fiscal year.
- Overall, however, with the inclusion of the County's net state pension, the County's outstanding debt increased \$137.1 million or 28% from the prior year. The large pension increase was caused by the overall economic conditions and that effect on the pension investments.
- \$83.4 million was disbursed to retire principal that was due during the fiscal year on County bonds, notes, and leases, which includes a current refunding with new debt for \$51.8 million.
- \$67.1 million in notes and leases was issued during the fiscal year, which includes \$51.8 million of debt used to refund existing notes.

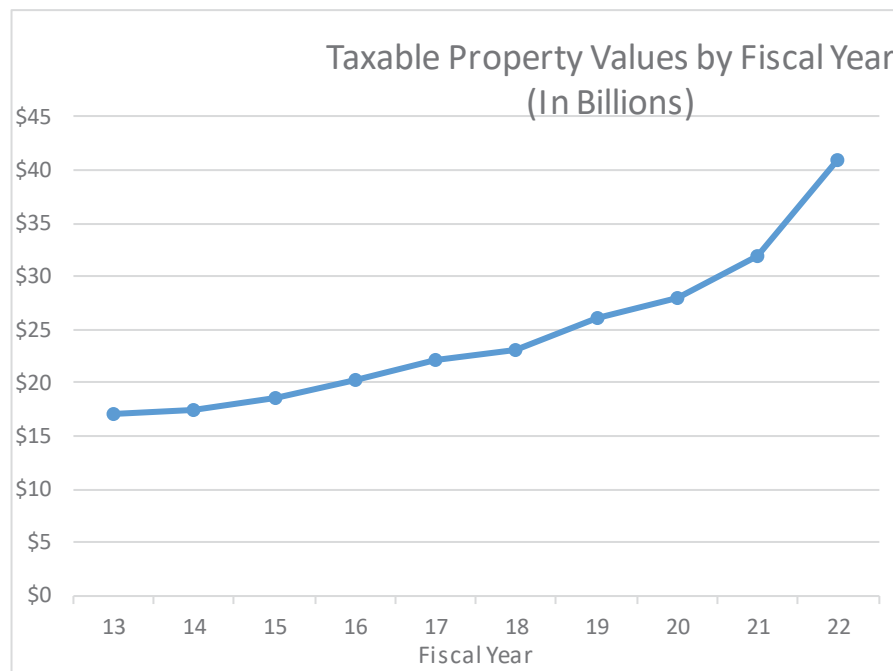
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements; Notes 6 and 7.

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

St. Johns County primarily relies on property taxes, inter-governmental resources, impact fees, and service charges for governmental activities. The County maintained the 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 2022:

- The County Commission was able to avoid an increase in the millage rate for 2022.
- The County continued its program to develop affordable housing in the County funded entirely through federal grants. The County has been able to secure an extension of time to complete this program through 2023.
- The County continued to secure funding to address beach renourishment projects for the County to repair beaches destroyed by hurricanes and other storms.
- The County was able to pay down debt service notes and bonds with extra principal payments beyond what was scheduled by the bond and note issues during 2022. Additionally, \$51.8 million of debt was refinanced to take advantage of savings through lower interest rates.
- 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. For information on the County's component units, see the separately issued financial statements for the Housing Finance Authority of St. Johns County, Florida and the St. Johns County Industrial Development Authority.

BASIC FINANCIAL STATEMENTS



ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	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	\$ 307,851,065	\$ 34,094,965	\$ 341,946,030	\$ 347,014	\$ 73,201
Investments	231,991,507	110,781,256	342,772,763	-	597,860
Accounts receivable, net	3,648,400	7,666,282	11,314,682	14,375	-
Notes receivable, less than 1 year	300,000	362,113	662,113	134,580	-
Interest receivable	671,175	351,804	1,022,979	-	-
Leases receivable, less than 1 year	157,827	15,135	172,962	-	-
Internal balances	(492,253)	492,253	-	-	-
Due from other governments	33,386,875	-	33,386,875	-	-
Inventories	577,947	1,823,984	2,401,931	-	-
Restricted assets:					
Investments	-	10,819,463	10,819,463	-	-
Leases receivable, due in more than 1 year	5,053,056	349,622	5,402,678	-	-
Net OPEB asset	339,243	136,599	475,842	-	-
Other assets	682,973	198,693	881,666	-	-
Capital assets:					
Land and construction in progress	610,816,833	164,815,108	775,631,941	-	-
Other capital assets, net	951,790,095	453,953,059	1,405,743,154	-	-
TOTAL ASSETS	2,146,774,743	785,860,336	2,932,635,079	495,969	671,061
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	6,229,529	3,054,983	9,284,512	-	-
Pension related	65,405,971	3,050,102	68,456,073	-	-
OPEB related	9,574,959	788,872	10,363,831	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	81,210,459	6,893,957	88,104,416	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,227,985,202	792,754,293	3,020,739,495	495,969	671,061
LIABILITIES					
Accounts payable and accrued expenses	82,480,057	10,841,117	93,321,174	2,223	399
Due to other governments	6,636,961	-	6,636,961	-	-
Estimated liability for self insured losses	2,761,689	-	2,761,689	-	-
Interest payable	116,180	1,355,323	1,471,503	-	-
Customer deposits	1,259,069	2,318,232	3,577,301	-	-
Unearned revenues	58,467,292	3,105	58,470,397	-	-
Due within one year:					
Bonds, leases, and contracts	16,494,755	10,115,643	26,610,398	-	-
Landfill closure and post-closure costs	-	338,826	338,826	-	-
Compensated absences	6,199,400	399,100	6,598,500	-	-
Net pension liability	-	-	-	-	-
Due in more than one year:					
Bonds, leases, and contracts	149,345,194	183,013,940	332,359,134	-	-
Accrued landfill closure and post-closure costs	-	2,795,319	2,795,319	-	-
Compensated absences	9,469,636	756,857	10,226,493	-	-
Net pension liability	230,319,228	10,740,568	241,059,796	-	-
TOTAL LIABILITIES	563,549,461	222,678,030	786,227,491	2,223	399
DEFERRED INFLOWS OF RESOURCES					
Bond refunding gain	-	65,199	65,199	-	-
Pension related	11,112,839	518,229	11,631,068	-	-
OPEB related	9,403,668	936,700	10,340,368	-	-
Lease related	5,210,883	364,757	5,575,640	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	25,727,390	1,884,885	27,612,275	-	-
NET POSITION					
Net investment in capital assets	1,398,849,891	438,783,530	1,837,633,421	-	-
Restricted for:					
Capital Improvement Projects	2,556,804	-	2,556,804	-	-
Future development Impacts	97,690,847	-	97,690,847	-	-
Transportation	13,025,799	-	13,025,799	-	-
Fire District	6,631,613	-	6,631,613	-	-
Community redevelopment	297,786	-	297,786	-	-
Court operations and improvements	11,359,249	-	11,359,249	-	-
Building services	27,186,639	-	27,186,639	-	-
Debt service	-	5,457,788	5,457,788	-	-
Renewal and replacement	-	3,043,443	3,043,443	-	-
State Housing Initiatives Program	644,986	-	644,986	-	-
Tourist development and recreation	13,407,876	-	13,407,876	-	-
Law enforcement	1,932,259	-	1,932,259	-	-
OPEB Plan	510,534	-	510,534	-	-
Other purposes	2,471,563	-	2,471,563	-	-
Unrestricted	62,142,505	120,906,617	183,049,122	493,746	670,662
TOTAL NET POSITION	\$ 1,638,708,351	\$ 568,191,378	\$ 2,206,899,729	\$ 493,746	\$ 670,662

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	\$ 57,561,622	\$ 25,988,053	\$ 5,187,201	\$ 2,318,547	\$ (24,067,821)	\$ -	\$ (24,067,821)	\$ -	\$ -	-
Public safety	188,209,496	33,701,506	7,818,295	566,450	(146,123,245)	-	(146,123,245)	-	-	-
Physical environment	1,002,616	4,115,113	116,800	981,176	4,210,473	-	4,210,473	-	-	-
Transportation	59,516,106	24,157,821	2,062,271	51,300,668	18,004,654	-	18,004,654	-	-	-
Economic environment	40,333,448	267,914	37,004,305	-	(3,061,229)	-	(3,061,229)	-	-	-
Human services	15,890,296	112,535	8,532,157	-	(7,245,604)	-	(7,245,604)	-	-	-
Culture and recreation	80,332,852	37,551,001	30,629,609	1,532,036	(10,620,206)	-	(10,620,206)	-	-	-
Court related	10,232,210	10,162,409	116,035	-	46,234	-	46,234	-	-	-
Interest on long term debt	5,814,967	-	-	-	(5,814,967)	-	(5,814,967)	-	-	-
Total governmental activities	458,893,613	136,056,352	91,466,673	56,698,877	(174,671,711)	-	(174,671,711)	-	-	-
Business-type activities:										
Utilities	63,971,680	70,718,646	-	34,447,415	-	41,194,381	41,194,381	-	-	-
Solid waste	30,527,733	29,202,206	-	-	-	(1,325,527)	(1,325,527)	-	-	-
Total business-type activities	94,499,413	99,920,852	-	34,447,415	-	39,868,854	39,868,854	-	-	-
Total primary government	\$ 553,393,026	\$ 235,977,204	\$ 91,466,673	\$ 91,146,292	(174,671,711)	39,868,854	(134,802,857)	-	-	-
Component units:										
Housing programs	\$ 34,412	\$ -	\$ -	\$ -	-	-	-	(34,412)	-	-
Economic development programs	15,339	32,000	-	-	-	-	-	-	16,661	-
Total component units	\$ 49,751	\$ 32,000	\$ -	\$ -	-	-	-	(34,412)	16,661	-
General revenues:										
Taxes:										
Property taxes					227,979,182	-	227,979,182	-	-	-
Communication services tax					2,628,727	-	2,628,727	-	-	-
Tourist development tax					22,200,250	-	22,200,250	-	-	-
Fuel taxes					12,085,974	-	12,085,974	-	-	-
Local government half-cent sales tax					28,208,935	-	28,208,935	-	-	-
Shared revenues - intergovernmental unrestricted					10,784,221	-	10,784,221	-	-	-
Unrestricted loss on investments					(10,108,934)	(6,244,635)	(16,353,569)	-	-	-
Franchise fees					3,757,336	-	3,757,336	-	-	-
Miscellaneous					2,413,343	(94,700)	2,318,643	121,751	1,066	-
Transfers					5,521,370	(5,521,370)	-	-	-	-
Total general revenues and transfers					305,470,404	(11,860,705)	293,609,699	121,751	1,066	-
Change in net position					130,798,693	28,008,149	158,806,842	87,339	17,727	-
Net position, beginning of the year					1,507,909,658	540,183,229	2,048,092,887	406,407	652,935	-
Net position, end of the year					\$ 1,638,708,351	\$ 568,191,378	\$ 2,206,899,729	\$ 493,746	\$ 670,662	-

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

St. Johns County, Florida
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 14,460,398	\$ 19,587,224	\$ 13,014,553	\$ 48,544,586	\$ 199,217,309	\$ 294,824,070
Investments	117,085,347	47,361,557	6,257,522	-	57,417,721	228,122,147
Accounts receivable (net of allowance for uncollectibles)	1,258,776	111,230	20,307	-	1,412,127	2,802,440
Notes receivable	-	-	-	-	300,000	300,000
Leases receivable	1,909,414	1,602,958	-	-	1,698,511	5,210,883
Interest receivable	338,740	137,022	18,104	-	166,116	659,982
Advances to other funds	2,371,285	-	-	-	-	2,371,285
Due from other funds	8,383,598	43,920	-	-	630	8,428,148
Due from other governments	17,883,265	2,341,460	-	-	13,162,150	33,386,875
Inventory	-	544,696	-	-	33,251	577,947
Other assets	387,610	26,972	53,442	-	145,386	613,410
TOTAL ASSETS	\$ 164,078,433	\$ 71,757,039	\$ 19,363,928	\$ 48,544,586	\$ 273,553,201	\$ 577,297,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 53,121,826	\$ 9,979,088	\$ 2,635,756	\$ 269,305	\$ 10,739,037	\$ 76,745,012
Accounts payable - retainage	2,544,894	36,352	7,177	-	1,092,201	3,680,624
Customer deposits	1,227,425	-	-	-	31,644	1,259,069
Advances from other funds	-	-	-	-	4,780,285	4,780,285
Due to other funds	311,872	71,407	173,007	-	6,635,577	7,191,863
Due to other governments	3,555,148	2,625,354	-	-	456,459	6,636,961
Unearned revenue	31,938	-	-	48,204,529	10,230,825	58,467,292
TOTAL LIABILITIES	60,793,103	12,712,201	2,815,940	48,473,834	33,966,028	158,761,106
DEFERRED INFLOWS OF RESOURCES						
Lease Related	1,909,414	1,602,958	-	-	1,698,511	5,210,883
FUND BALANCES						
Nonspendable	2,758,295	571,668	53,442	-	178,637	3,562,042
Restricted	109,501	12,148,978	6,631,613	-	158,048,185	176,938,277
Assigned	42,817,435	44,721,234	9,862,933	70,752	86,687,052	184,159,406
Unassigned	55,690,685	-	-	-	(7,025,212)	48,665,473
TOTAL FUND BALANCES	101,375,916	57,441,880	16,547,988	70,752	237,888,662	413,325,198
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 164,078,433	\$ 71,757,039	\$ 19,363,928	\$ 48,544,586	\$ 273,553,201	\$ 577,297,187

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, 2022

Total fund balances- governmental funds	\$ 413,325,198
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.	1,562,606,928
Net OPEB asset pertains to future periods and use and are not reported in the funds.	339,243
Deferred outflows for bond refunding losses are not reported in the governmental funds.	6,229,529
Deferred pension outflows are not reported in the governmental funds.	65,405,971
Deferred OPEB outflows are not reported in the governmental funds.	9,574,959
Bonds and notes payable (\$157,531,085); unamortized bond premiums (\$7,414,034); right to use lease obligations (\$894,830); compensated absences for governmental funds (\$15,669,036); and net pension liabilities (\$230,319,228) are not due and payable in the current period and, therefore, are not reported in the funds.	(411,828,213)
Accrued interest payable is not reported in the governmental funds.	(116,180)
Deferred pension inflows are not reported in the governmental funds	(11,112,839)
Deferred OPEB inflows are not reported in the governmental funds	(9,403,668)
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>13,687,423</u>
Net position of governmental activities	<u>\$ 1,638,708,351</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, 2022

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 156,425,028	\$ 34,938,734	\$ 43,313,763	\$ -	\$ 26,826,306	\$ 261,503,831
Special assessments	-	-	-	-	41,857,411	41,857,411
Licenses and permits	2,600,518	1,482,165	1,344,444	-	10,305,458	15,732,585
Intergovernmental	75,082,037	6,872,093	1,202,654	5,476,295	54,499,827	143,132,906
Charges for services	31,012,933	4,032,460	54,362	-	32,846,054	67,945,809
Fines and forfeitures	2,354,760	-	-	-	2,271,833	4,626,593
Contributions	238,346	6,388,602	-	-	2,486,862	9,113,810
Investment income (loss)	(5,663,950)	(2,348,630)	(159,463)	63,388	(2,003,998)	(10,112,653)
Miscellaneous revenue	1,583,421	111,048	31,772	-	586,534	2,312,775
TOTAL REVENUES	263,633,093	51,476,472	45,787,532	5,539,683	169,676,287	536,113,067
EXPENDITURES:						
Current:						
General government	42,314,456	-	-	-	7,247,945	49,562,401
Public safety	125,663,411	-	44,405,343	-	14,523,698	184,592,452
Physical environment	846,664	-	-	-	180,317	1,026,981
Transportation	-	39,744,903	-	-	9,921,651	49,666,554
Economic environment	41,128,960	-	-	2,978,691	643,529	44,751,180
Human services	7,071,802	-	-	345,885	8,161,289	15,578,976
Culture and recreation	16,696,327	-	-	-	55,530,040	72,226,367
Court related	8,594,827	-	-	-	1,363,093	9,957,920
Capital outlay	-	-	-	-	26,204,907	26,204,907
Debt service:						
Principal retirement	3,753,676	-	-	-	16,732,713	20,486,389
Interest and fiscal charges	165,985	-	-	-	5,628,637	5,794,622
TOTAL EXPENDITURES	246,236,108	39,744,903	44,405,343	3,324,576	146,137,819	479,848,749
EXCESS OF REVENUES OVER EXPENDITURES	17,396,985	11,731,569	1,382,189	2,215,107	23,538,468	56,264,318
OTHER FINANCING SOURCES (USES):						
Transfers in	8,787,716	100,000	3,000,000	-	57,814,454	69,702,170
Transfers out	(46,380,774)	(854,084)	(1,286,458)	(2,151,719)	(19,721,717)	(70,394,752)
Payment to refunded note escrow agent	-	-	-	-	(51,745,131)	(51,745,131)
Refunding note issued	-	-	-	-	51,800,000	51,800,000
Long-term debt issued	2,700,346	-	-	-	7,635,000	10,335,346
Leases (as lessee)	755,646	-	-	-	77,444	833,090
Sale of capital assets	799,017	1,980	-	-	356,923	1,157,920
TOTAL OTHER FINANCING SOURCES (USES)	(33,338,049)	(752,104)	1,713,542	(2,151,719)	46,216,973	11,688,643
NET CHANGE IN FUND BALANCES	(15,941,064)	10,979,465	3,095,731	63,388	69,755,441	67,952,961
FUND BALANCES, BEGINNING OF YEAR	117,316,980	46,462,415	13,452,257	7,364	168,133,221	345,372,237
FUND BALANCES, END OF YEAR	\$ 101,375,916	\$ 57,441,880	\$ 16,547,988	\$ 70,752	\$ 237,888,662	\$ 413,325,198

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, 2022

Net change in fund balances - total governmental funds \$ 67,952,961

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	\$ 67,205,278	
Capital assets contributed by developers	40,759,450	
Capital assets transferred to St. Johns County Utilities Fund	(1,235,885)	
Capital assets transferred in with close of Convention Center Fund	5,959,836	
Reclassification of capital items in construction in progress	(8,452,578)	
Current year depreciation and amortization	<u>(45,534,149)</u>	58,701,952

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	(62,968,436)	
Principal payments	72,782,304	
Amortization of bond premiums and discounts	<u>973,815</u>	10,787,683

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	(1,626,768)	
Decrease in bond refunding losses	(1,079,789)	
Increase in compensated absences	(609,742)	
Decrease in interest payable	<u>28,760</u>	(3,287,539)

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	(146,112,597)	
Change in deferred outflows related to pensions	11,037,110	
Change in deferred inflows related to pensions	<u>129,129,828</u>	(5,945,659)

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	(14,046,426)	
Change in deferred outflows related to OPEB	8,394,881	
Change in deferred inflows related to OPEB	<u>5,738,621</u>	87,076

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.

2,502,219

Change in net position of governmental activities \$ 130,798,693

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	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	\$ 31,376,838	\$ 2,718,127	\$ -	\$ 34,094,965	\$ 13,026,995
Investments	89,486,043	21,295,213	-	110,781,256	3,869,360
Accounts receivable, net	6,636,810	1,029,472	-	7,666,282	845,960
Unit connection fee notes receivable	362,113	-	-	362,113	-
Interest receivable	290,066	61,738	-	351,804	11,193
Leases receivable	15,135	-	-	15,135	-
Other assets	196,021	2,672	-	198,693	69,563
Advances to other funds	1,204,500	1,204,500	-	2,409,000	-
Due from other funds	-	-	-	-	681,838
Inventory	1,823,984	-	-	1,823,984	-
Total current assets	131,391,510	26,311,722	-	157,703,232	18,504,909
Non-current assets:					
Restricted assets:					
Investments	10,775,032	44,431	-	10,819,463	-
Leases receivable	349,622	-	-	349,622	-
Net OPEB asset	135,423	1,176	-	136,599	-
Capital assets:					
Land	125,480,674	1,727,127	-	127,207,801	-
Intangible assets	80,776	-	-	80,776	-
Buildings and improvements	15,337,488	8,517,638	-	23,855,126	-
Water and sewer systems	670,146,421	-	-	670,146,421	-
Furniture and equipment	12,302,809	1,846,101	-	14,148,910	-
Accumulated intangible asset amortization	(32,309)	-	-	(32,309)	-
Accumulated depreciation	(248,798,164)	(5,447,701)	-	(254,245,865)	-
Construction in progress	37,607,307	-	-	37,607,307	-
Total non-current assets	623,385,079	6,688,772	-	630,073,851	-
TOTAL ASSETS	754,776,589	33,000,494	-	787,777,083	18,504,909
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	3,054,983	-	-	3,054,983	-
Pension related	2,770,216	279,886	-	3,050,102	-
OPEB related	717,113	71,759	-	788,872	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,542,312	351,645	-	6,893,957	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	4,293,759	4,934,536	-	9,228,295	2,054,421
Accounts payable - retainage	602,296	-	-	602,296	-
Unit connection fee contract payables	1,010,526	-	-	1,010,526	-
Estimated liability for self insured losses	-	-	-	-	2,761,689
Customer deposits	2,273,801	44,431	-	2,318,232	-
Due to other funds	83,055	1,833,692	-	1,916,747	1,376
Landfill closure and post-closure costs	-	338,826	-	338,826	-
Unearned revenue	3,105	-	-	3,105	-
Revenue bonds and notes payable	7,070,738	-	-	7,070,738	-
Interest payable	1,355,323	-	-	1,355,323	-
State loans payable	2,991,627	-	-	2,991,627	-
Financed purchase obligations	40,579	-	-	40,579	-
Right to use leases	12,699	-	-	12,699	-
Compensated absences	365,000	34,100	-	399,100	-
Net Pension liability	-	-	-	-	-
Total current liabilities	20,102,508	7,185,585	-	27,288,093	4,817,486
Long-term liabilities:					
Accrued landfill closure and post-closure costs	-	2,795,319	-	2,795,319	-
Revenue bonds and notes payable	129,045,350	-	-	129,045,350	-
State loans payable	53,642,180	-	-	53,642,180	-
Financed purchase obligations	150,438	-	-	150,438	-
Right to use leases	175,972	-	-	175,972	-
Compensated absences	712,136	44,721	-	756,857	-
Net Pension liability	9,754,984	985,584	-	10,740,568	-
Total long-term liabilities	193,481,060	3,825,624	-	197,306,684	-
TOTAL LIABILITIES	213,583,568	11,011,209	-	224,594,777	4,817,486
DEFERRED INFLOWS OF RESOURCES					
Pension related	470,675	47,554	-	518,229	-
Bond refunding gain	65,199	-	-	65,199	-
OPEB related	865,299	71,401	-	936,700	-
Lease related	364,757	-	-	364,757	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,765,930	118,955	-	1,884,885	-
NET POSITION					
Net investment in capital assets	432,140,365	6,643,165	-	438,783,530	-
Restricted for:					
Debt service	5,457,788	-	-	5,457,788	-
Renewal and replacement reserve	3,043,443	-	-	3,043,443	-
Unrestricted	105,327,807	15,578,810	-	120,906,617	13,687,423
TOTAL NET POSITION	\$ 545,969,403	\$ 22,221,975	\$ -	\$ 568,191,378	\$ 13,687,423

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, 2022

	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	\$ 66,367,908	\$ 29,202,176	\$ -	\$ 95,570,084	\$ 34,713,153
Special assessment revenue	25,593	-	-	25,593	-
Other operating revenue	4,325,145	30	-	4,325,175	1,823
Total operating revenues	70,718,646	29,202,206	-	99,920,852	34,714,976
OPERATING EXPENSES:					
Contractual services	9,887,465	27,906,117	-	37,793,582	32,019,148
Salaries and benefits	14,586,431	1,655,047	-	16,241,478	1,523,527
Operating and maintenance expenses	13,173,989	576,376	-	13,750,365	67,875
Amortization of intangible assets	4,037	-	-	4,037	-
Depreciation	21,253,835	390,193	-	21,644,028	-
Total operating expenses	58,905,757	30,527,733	-	89,433,490	33,610,550
OPERATING INCOME (LOSS)	11,812,889	(1,325,527)	-	10,487,362	1,104,426
NON-OPERATING REVENUES (EXPENSES):					
Investment loss	(5,154,037)	(1,090,598)	-	(6,244,635)	(142,208)
Interest expense and fiscal charges	(5,065,923)	-	-	(5,065,923)	-
Donations	-	-	-	-	50,000
Gain from asset disposition	(119,263)	24,563	(5,959,836)	(6,054,536)	-
Total non-operating revenues (expenses)	(10,339,223)	(1,066,035)	(5,959,836)	(17,365,094)	(92,208)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,473,666	(2,391,562)	(5,959,836)	(6,877,732)	1,012,218
Capital contributions - other	16,700,290	-	-	16,700,290	-
Capital contributions - unit connection fees	17,747,125	-	-	17,747,125	-
Capital contributions - Governmental Activities	1,235,885	-	-	1,235,885	-
Transfer in	-	-	-	-	1,562,475
Transfer out	(119,122)	(12,867)	(665,430)	(797,419)	(72,474)
INCREASE (DECREASE) IN NET POSITION	37,037,844	(2,404,429)	(6,625,266)	28,008,149	2,502,219
NET POSITION, BEGINNING OF YEAR	508,931,559	24,626,404	6,625,266	540,183,229	11,185,204
NET POSITION, END OF YEAR	\$ 545,969,403	\$ 22,221,975	\$ -	\$ 568,191,378	\$ 13,687,423

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, 2022

	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	\$ 70,129,417	\$ 29,183,507	\$ -	\$ 99,312,924	\$ 6,574,351
Receipts from interfund services	-	-	-	-	28,182,450
Payments to suppliers	(20,041,170)	(28,634,990)	-	(48,676,160)	(32,722,788)
Payments to employees	(14,462,873)	(1,628,512)	-	(16,091,385)	(1,523,527)
Net cash provided (used) by operating activities	35,625,374	(1,079,995)	-	34,545,379	510,486
NONCAPITAL FINANCING ACTIVITIES:					
Donations	-	-	-	-	50,000
Transfers in	-	-	-	-	1,673,633
Transfers out	(119,122)	(12,867)	(612,442)	(744,431)	(122,348)
Receipt of advances to other funds	1,338,525	1,338,525	-	2,677,050	-
Receipt of amount due to other funds	11,289	1,825,524	-	1,836,813	-
Net cash provided by (used in) noncapital financing activities	1,230,692	3,151,182	(612,442)	3,769,432	1,601,285
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(30,487,793)	-	-	(30,487,793)	-
Sale of capital assets	48,931	24,570	-	73,501	-
Proceeds from capital contributions	748,755	-	-	748,755	-
Proceeds from State Revolving Loans	4,100,273	-	-	4,100,273	-
Principal payments on revenue bonds	(7,087,058)	-	-	(7,087,058)	-
Principal payments on State Revolving Loan	(2,653,079)	-	-	(2,653,079)	-
Principal payments on lease	(10,299)	-	-	(10,299)	-
Principal payments on capital asset financing	(39,563)	-	-	(39,563)	-
Interest paid on revenue bonds, loans and lease obligations	(4,951,108)	-	-	(4,951,108)	-
Impact and developer fees	17,773,182	-	-	17,773,182	-
Net cash provided by (used in) capital and related financing activities	(22,557,759)	24,570	-	(22,533,189)	-
INVESTING ACTIVITIES:					
Investment purchases	(13,939,085)	(4,303,713)	-	(18,242,798)	(780,358)
Proceeds from sale of investments	3,413,543	1,007,503	-	4,421,046	182,680
Investment income received	1,083,217	224,754	-	1,307,971	96,691
Net cash used in investing activities	(9,442,325)	(3,071,456)	-	(12,513,781)	(500,987)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,855,982	(975,699)	(612,442)	3,267,841	1,610,784
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,520,856	3,693,826	612,442	30,827,124	11,416,211
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 31,376,838	\$ 2,718,127	\$ -	\$ 34,094,965	\$ 13,026,995
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Accretion of interest on capital appreciation bonds	\$ 1,511,619	\$ -	\$ -	\$ 1,511,619	\$ -
Unrealized loss on Investments	6,353,521	1,337,496	-	7,691,017	-
Capital assets contributed by developers	16,700,290	-	-	16,700,290	-
Accounts receivables written off	215,466	-	-	215,466	-
Capital assets transferred in from Governmental Activities	1,235,885	-	-	-	-
Closing of Convention Center Fund - transfer to General Fund					
Investments			17,663		
Receivables - net			237,741		
Book value capital assets			5,959,836		
Accounts payable			202,416		
Capital assets acquired through leases	18,212	-	-	18,212	-
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 11,812,889	\$ (1,325,527)	\$ -	\$ 10,487,362	\$ 1,104,426
Adjustments to reconcile operating income to cash provided by operating activities:					
Depreciation	21,253,835	390,193	-	21,644,028	-
Amortization of intangible assets	4,037	-	-	4,037	-
Prior year construction in progress written off	3,273,490	-	-	3,273,490	-
Bad debt expense	100,100	-	-	100,100	-
Change in accounts receivable	(858,792)	(21,799)	-	(880,591)	41,825
Change in other assets	(21,258)	(248)	-	(21,506)	(11,873)
Change in inventory	(414,991)	-	-	(414,991)	-
Change in deferred outflows	(1,305,296)	(113,175)	-	(1,418,471)	-
Change in accounts payable and accrued liabilities	312,724	254,775	-	567,499	(40,881)
Change in customer deposits	269,562	3,100	-	272,662	-
Change in estimated liability for self insured losses	-	-	-	-	(583,011)
Change in deferred inflows	(6,073,186)	(649,911)	-	(6,723,097)	-
Change in accrued landfill closure and post-closure costs	-	(407,024)	-	(407,024)	-
Change in pension liability	6,366,217	690,724	-	7,056,941	-
Change in OPEB liability	1,039,126	106,343	-	1,145,469	-
Change in accrued compensated absences	(133,083)	(7,446)	-	(140,529)	-
Net cash provided (used) by operating activities	\$ 35,625,374	\$ (1,079,995)	\$ -	\$ 34,545,379	\$ 510,486

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Custodial Funds	OPEB Trust Fund
ASSETS		
Equity in pooled cash and cash equivalents	\$ 14,792,389	\$ -
Accounts receivable	44,476	-
Due from other governments	15,618	-
Investments:		
Stocks - equity funds	-	20,084,084
Commodities - mutual funds	-	929,730
Real estate - mutual funds		628,939
Preferred stock-bonds mutual funds	-	10,716,543
TOTAL ASSETS	14,852,483	32,359,296
LIABILITIES		
Accounts payable	5,089	6,831
Due to individuals and other governments	5,184,203	1,195,300
Taxes collected in advance	5,006,934	-
TOTAL LIABILITIES	10,196,226	1,202,131
NET POSITION		
Restricted for:		
OPEB Benefits	-	31,157,165
Individuals, organizations, and other governments	4,656,257	-
TOTAL NET POSITION	\$ 4,656,257	\$ 31,157,165

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, 2022

	Custodial Funds	OPEB Trust Fund
ADDITIONS		
Collections - fines and fees	\$ 126,191,118	\$ -
Collections for individuals	113,242	-
Collections - other agencies	362,223,435	-
Collections - Court bonds	1,513,799	-
Collections - tax deeds	271,900	-
Collections - registry	10,407,167	-
Miscellaneous	47,203,656	40
Investment income:		
Dividends and interest	-	4,000,391
Net decrease in fair value of investments	-	(12,050,607)
Less investment expense	-	(80,445)
TOTAL ADDITIONS	547,924,317	(8,130,621)
DEDUCTIONS		
Fines and fees paid to other governments	126,268,968	-
Taxes paid to other governments	362,223,435	-
Amounts paid for court bonds	1,151,308	-
Amounts paid for tax deeds	442,066	-
Amounts paid for registry	11,359,827	-
Amounts paid to individuals	1,376,350	-
Benefits paid to participants or beneficiaries	-	4,583,832
Miscellaneous	45,841,594	-
Administrative services	-	6,000
TOTAL DEDUCTIONS	548,663,548	4,589,832
NET INCREASE IN NET POSITION	(739,231)	(12,720,453)
NET POSITION, BEGINNING OF YEAR	5,395,488	43,877,618
NET POSITION, END OF YEAR	\$ 4,656,257	\$ 31,157,165

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 establishment 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
200 San Sebastian View, Suite 200
St. Augustine, Florida 32084
www.co.st-johns.fl.us/housing/FinanceAuthority.aspx

St. Johns County Industrial Development Authority
500 San Sebastian View
St. Augustine, Florida 32084
www.co.st-johns.fl.us/ida

At September 30, 2022, 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, 2022, 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.

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. Leases

Lessee: The County is a lessee for noncancellable leases of property and equipment. The County recognizes lease liabilities and intangible right-to-use lease assets in the government-wide financials statements and proprietary funds. The County recognizes lease liabilities with an initial, individual value of \$15,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect that amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lessor: The County is a lessor for noncancellable leases of real estate and equipment. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental funds, and proprietary funds financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

M. 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, 2022 is based on the current estimate to perform long-term care annually over the next 9.25 years.

N. 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.

O. 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.

P. 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.

Q. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, 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.

R. 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, and *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.

S. 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.

T. 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 \$157,972,920 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 15 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, 2022.

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 \$4,137,086.

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 \$65,277,582 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.

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 \$1,122,157 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, PALM, 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 or Fitch and have a rating at September 30, 2022 of AAAm.



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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, 2022 was 21 days. Weighted average life (WAL) was 72 days.
 - The weighted average maturity (WAM) of FLGIT's Day-to-Day Fund at September 30, 2022 was 28.68 days.
 - The PALM's Portfolio Fund is structured to maintain a weighted average maturity of less than 60 days.
 - The weighted average maturity (WAM) of First American Funds at September 30, 2022 was 15 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, 2022, 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, 2022, 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 November 2, 2021, 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 Collateralized Bank deposits or saving accounts, Repurchase Agreements, Commercial Paper Bankers' Acceptances, Corporate Paper and Notes, Municipals debt, Asset backed securities, agency mortgage-backed securities, 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, 2022:

- 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, 2022, the County's investment portfolios had the following investments for which fair value levels are determined on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Investments
Surplus Fund Investments						
U.S. Treasury Bond Notes	\$ 142,552,769	\$	-	\$	-	\$ 142,552,769
Federal Instrumentalities - Bonds/Notes						
FNMA "Fannie Mae" Notes	-		5,529,428		-	5,529,428
FHLMC "Freddie Mac" Notes	-		16,120,436		-	16,120,436
FHLB Bonds	-		3,086,302		-	3,086,302
	-		24,736,166		-	24,736,166
Corporate Notes	-		176,579,842		-	176,579,842
Municipal Bonds	-		9,723,449		-	9,723,449
Total Investments	\$ 142,552,769	\$	211,039,457	\$	-	\$ 353,592,226

3. CASH AND INVESTMENTS (continued)

As of September 30, 2022, 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	\$ 13,958,300	\$ -	\$ -	\$ 13,958,300
International Equity	6,125,784	-	-	6,125,784
Mutual Fund Commodities	929,730			929,730
Mutual Fund Real Estate	628,939			628,939
Fixed Income	10,716,543	-	-	10,716,543
Total investments at fair value	\$ 32,359,296	\$ -	\$ -	\$ 32,359,296

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:

Surplus Fund Investments	Weighted Average Maturity (Years)
U.S. Treasury Bond Notes	2.05
Federal Instrumentalities - Bonds/Notes	1.44
Corporate Notes	2.70
Municipal Bonds	2.11

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, 2022, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 34.7% and had a average maturity of 8.4 years. Duration is not a characteristic applicable to equity-oriented mutual funds (including Domestic and International Equity, and the real estate and commodities mutual funds) and thus is not relevant to this disclosure.

Interest receivable on the County’s investment portfolios amounted to \$351,804 as of September 30, 2022.

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

3. CASH AND INVESTMENTS (continued)

- 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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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	\$ 142,552,769	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Instrumentalities-Bond Notes	-	-	24,292,073	-	-	444,093
Corporate Notes	-	58,875,223	31,928,453	64,016,562	9,818,299	11,941,305
Municipal Bonds	-	1,038,416	5,862,262	2,123,946	-	698,825
Subtotal - Surplus Fund	142,552,769	59,913,639	62,082,788	66,140,508	9,818,299	13,084,223
OPEB Trust Fund						
Investment Assets:						
Stocks-Equity Mutual Funds	20,084,084	-	-	-	-	-
Commodities Mutual Funds	929,730	-	-	-	-	-
Real Estate Mutual Funds	628,939	-	-	-	-	-
Preferred Stocks-Bond Mutual Funds	10,716,543	-	-	-	-	- *
Subtotal - OPEB Trust Fund	32,359,296	-	-	-	-	-
Total investments	\$ 174,912,065	\$ 59,913,639	\$ 62,082,788	\$ 66,140,508	\$ 9,818,299	\$ 13,084,223

* 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, 2022, 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	80%		
Federal Instrumentalities	80%		
Supranationals	25%		
Corporates	50%		
Non-negotiable Collateralized Bank deposits/savings	50%		
Repurchase Agreements	50%		
Commercial Paper	50%		
Bankers' Acceptances	10%		
Municipals	25%		
Money Market Mutual Funds	50%		
Agency Mortgage-backed securities	25%		
Asset-backed securities	25%		
Intergovernmental Investment Pool	50%		
Florida Local Government Surplus Funds Trust	75%		

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 \$1.3 million in the General Fund consist primarily of ambulance service accounts of \$2.5 million and are reported net of an allowance for doubtful accounts of \$1.4 million at September 30, 2022. The allowance represents 56% of the gross ambulance service accounts receivable at September 30, 2022. 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 gas use of other organizations affiliated with the County. Receivables of the Fire District Fund consist primarily from charges for services. 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. 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 \$2,990,138 of unbilled receivables in the Utility Fund, and their related allowance for doubtful accounts at September 30, 2022:

	Balance	Allowance	Net
St. Johns County Utilities Fund	\$ 6,765,003	\$ 128,193	\$ 6,636,810
Solid Waste Fund	1,030,472	1,000	1,029,472
	<u>\$ 7,795,475</u>	<u>\$ 129,193</u>	<u>\$ 7,666,282</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 \$362,113 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, 2022, the County considers these to be fully collectible. Therefore, an allowance for doubtful accounts was not considered necessary.



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ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2022, is as follows:

Primary Government

	Beginning Balance October 1, 2021 As restated See Note 11	Additions	Reassignment of Assets Between Governmental and Business Type Activities	Dispositions/ Reclassifications	Ending Balance September 30, 2022
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 552,027,623	\$ 15,575,163		\$ 2,765	\$ 567,600,021
Right to use leased assets	27,010	-	-	-	27,010
Construction in progress	48,493,169	50,280,077	(1,235,885)	54,347,559	43,189,802
Total capital assets not being depreciated	600,547,802	65,855,240	(1,235,885)	54,350,324	610,816,833
Other capital assets:					
Buildings and other improvements	343,248,201	25,235,289	11,025,952	1,292,230	378,217,212
Equipment	130,600,356	13,138,498		4,922,566	138,816,288
Infrastructure	903,865,959	48,797,592		381,220	952,282,331
Right to use leased assets					
Equipment	87,728	97,895	-	9,514	176,109
Infrastructure	516,635	735,195	-	516,635	735,195
Total other capital assets	1,378,318,879	88,004,469	11,025,952	7,122,165	1,470,227,135
Less accumulated depreciation for:					
Buildings and other improvements	115,276,704	7,111,272	5,066,116	618,130	126,835,962
Equipment	88,010,913	12,134,522	-	4,623,196	95,522,239
Infrastructure	270,047,320	26,214,992	-	230,921	296,031,391
Right to use leased assets					
Equipment	-	50,835	-	9,514	41,321
Infrastructure	-	22,528	-	16,401	6,127
Total accumulated depreciation	473,334,937	45,534,149	5,066,116	5,498,162	518,437,040
Other capital assets, net	904,983,942	42,470,320	5,959,836	1,624,003	951,790,095
Governmental activities capital assets, net	\$ 1,505,531,744	\$ 108,325,560	\$ 4,723,951	\$ 55,974,327	\$ 1,562,606,928

5. CAPITAL ASSET ACTIVITY (continued)

Primary Government

	Beginning Balance October 1, 2021 As restated See Note 11	Additions	Reassignment of Assets Between Governmental and Business Type Activities	Disposals	Ending Balance September 30, 2022
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 122,211,519	\$ 4,996,282	\$ -	\$ -	\$ 127,207,801
Construction in progress	38,862,963	29,182,767	-	30,438,423	37,607,307
Total capital assets not being depreciated	161,074,482	34,179,049	-	30,438,423	164,815,108
Other capital assets:					
Intangible assets	80,776	-	-	-	80,776
Buildings and other improvements	34,919,446	38,100	(11,025,952)	76,468	23,855,126
Equipment and systems	644,253,777	40,135,867	1,235,885	1,529,168	684,096,361
Right to use leased assets					
Equipment and systems	180,758	18,212	-	-	198,970
Total other assets	679,434,757	40,192,179	(9,790,067)	1,605,636	708,231,233
Less accumulated amortization and depreciation for:					
Intangible assets	28,272	4,037	-	-	32,309
Buildings and other improvements	15,219,807	717,779	-	75,764	15,861,822
Equipment and systems	223,885,582	20,911,202	(5,066,116)	1,361,672	238,368,996
Right to use leased assets					
Equipment and systems	-	15,047	-	-	15,047
Total accumulated depreciation	239,133,661	21,648,065	(5,066,116)	1,437,436	254,278,174
Other capital assets, net	440,301,096	18,544,114	(4,723,951)	168,200	453,953,059
Business-type activities capital assets, net	\$ 601,375,578	\$ 52,723,163	\$ (4,723,951)	\$ 30,606,623	\$ 618,768,167

5. CAPITAL ASSET ACTIVITY (concluded)

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

Governmental activities:

General government	\$ 2,135,246
Public safety	13,350,852
Physical environment	59,143
Transportation	25,939,070
Economic environment	27,015
Human services	462,068
Culture and recreation	3,146,887
Court related	413,868
Total depreciation expense - Governmental activities	<u>\$ 45,534,149</u>

Business-type activities:

	Depreciation	Amortization	Total
St. Johns County Utility	\$ 21,253,835	\$ 4,037	\$ 21,257,872
Solid Waste	390,193	-	390,193
Total depreciation expense - Business-type activities	<u>\$ 21,644,028</u>	<u>\$ 4,037</u>	<u>\$ 21,648,065</u>

6. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2022 are comprised of the following:

(1) Governmental Activities long-term bonds and notes, other than right to use leases and financed purchase 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 \$1,965,000 to \$6,290,000 through October 1, 2036, plus interest at 5.0% payable semiannually, plus unamortized premium of \$4,761,049. The approximate balance of the pledge, which equals the remaining principal and interest is \$58,214,450. During fiscal year 2022, \$28,208,935 was recognized in sales tax revenues and \$3,932,025 was paid for debt service.

\$41,820,000

6. LONG-TERM OBLIGATIONS (continued)

\$24,755,000 – 2015 Transportation Improvement Revenue Refunding Bonds - secured by a lien upon and pledge of gas tax revenues; due in annual installments of \$810,000 to \$3,610,000 through October 1, 2035, plus interest at 3.125% to 5.0%, payable semiannually, plus unamortized premium of \$1,287,005. The approximate balance of the pledge, which equals the remaining principal and interest is \$27,904,744. During fiscal year 2022, \$10,458,387 was recognized in gas tax revenues and \$1,659,244 was paid for debt service.

20,595,000

\$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 \$715,000 to \$1,020,000 through July 1, 2035, plus interest at 3.0% to 5.0%, payable semiannually plus unamortized premium of \$598,610. The approximate balance of the pledge, which equals the remaining principal and interest, is \$14,289,244. During fiscal year 2022, \$10,784,221 was recognized as State Revenue Sharing Revenues and \$1,166,906 was paid for debt service.

10,980,000

\$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 \$325,000 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 \$2,471,220. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues, and \$ 413,752 was paid for debt service.

2,160,000

\$13,137,000 – 2012 Capital Improvement Revenue Bonds-secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in one final installment of \$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 \$1,280,099. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,279,698 was paid for debt service.

1,255,000

6 - LONG-TERM OBLIGATIONS (continued)

\$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 \$1,085,000 to \$1,380,000 through October 1, 2028, plus interest at 5%, payable semiannually, plus unamortized premium of \$767,370. The approximate balance of the pledge, which equals the remaining principal and interest is \$8,694,000. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,449,250 was paid for debt service. 7,355,000

\$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 \$540,000 to \$1,140,000 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 \$7,973,662. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues and \$4,732,589, which includes extra principal payments, was paid for debt service. 7,245,000

\$51,800,000 2022 Special Obligation Refunding Revenue Note – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$2,765,000 to \$4,865,000 through October 2034; plus interest at 1.44% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is \$55,915,456. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues and \$679,048 was paid for debt service. 51,295,000

\$7,635,000 – 2022 Taxable Special Obligation Revenue Note – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$745,000 to \$890,000 through October 2031; plus interest at 2.24% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and estimated interest, is \$8,208,848. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues and \$380,940 was paid for debt service 7,360,000

6 - LONG-TERM OBLIGATIONS (continued)

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 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 \$416,580. During fiscal year 2022, \$73,693,000 was recognized as the average legally available amount of non-ad valorem revenues and \$425,210 was paid for debt service .

393,000

(2) Business-type Activities long term bonds and notes, other than leases and financed capital asset purchases:

\$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 \$1,145,000 to \$1,200,000 through June 1, 2024, plus interest at 5%, payable semiannually, plus unamortized premium of \$315,223. The approximate balance of the pledge, which equals the remaining principal and interest, is \$2,522,250. During fiscal year 2022, \$31,578,344 was recognized in net revenues; and \$1,256,500 was paid for debt service.

2,345,000

\$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 \$2,835,738 through June 2034; plus interest at 2.75% to 4.11%, payable annually for the capital appreciation bonds, 2013B, where interest is due at maturity; The balance of accreted interest is \$11,906,960, and unamortized premium is \$215,407. The approximate balance of the pledge, which equals the remaining principal and interest is \$51,375,000. During fiscal year 2022, accrued interest on the capital appreciation bonds was \$1,511,619; \$31,578,344 was recognized in net revenues, and \$4,210,350 was paid for debt service

28,768,216

6. LONG-TERM OBLIGATIONS (continued)

\$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 \$7,917,997. The approximate balance of the pledge, which equals the remaining principal and interest is \$60,464,250. During fiscal year 2022, \$31,578,344 was recognized in net revenues and \$4,623,562 was paid for debt service.

43,160,000

\$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 \$580,000 to \$3,280,000 through June 1, 2042, plus interest at 1.9% to 4%, plus unamortized premium of \$2,462,285. The approximate balance of the pledge, which equals the remaining principal and interest, is \$50,141,560. During fiscal year 2022, \$31,578,344 was recognized in net revenues and \$1,382,111 was paid for debt service.

39,025,000

\$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 \$6,539,909. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt and \$544,993 was paid for debt service.

5,582,845

\$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 \$4,125,549. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt and \$342,121 was paid for debt service.

4,125,549

6. LONG-TERM OBLIGATIONS (continued)

\$33,697,091 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 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 \$36,352,539. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt service and \$1,965,002 was paid for debt service.

32,576,214

\$7,824,930 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, 2022, but based on the borrowings at year end, this loan will be due in semiannual installments of \$219,863 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, 2022 is \$8,354,799. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt service and \$457,862 was paid for debt service.

7,403,286

\$3,326,290 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, 2022 is \$3,416,728. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt service and \$184,688 was paid for debt service.

3,036,476

\$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, 2022, 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, 2022 is \$1,929,544. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.

1,929,544

6. LONG-TERM OBLIGATIONS (continued)

\$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, 2022, but based on the borrowings at year end, this loan will be due in semiannual installments of \$69,155 beginning August 2023 through August 2025, 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, 2022 is \$292,736. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.

289,977

\$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, 2022, but based on the borrowings at year end, this loan will be due in Semiannual installments of \$93,240 beginning in October 2022, no stated interest rate. The approximate balance of the pledge, which equals the remaining principal as of September 30, 2022 is \$1,689,916. During fiscal year 2022, \$16,266,363 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.

1,689,916

- B. Debt service requirements to maturity on the County's revenue bonds, notes payable, and loans, other than leases and financed capital asset purchases, at September 30, 2022 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
2023	\$ 3,615,325	\$ 4,575,000	\$ 1,212,822	\$ 8,083,000	\$ 4,425,823	\$ 7,070,738	\$ 740,538	\$ 2,991,627
2024	3,393,725	4,795,000	1,045,870	6,545,000	4,362,278	7,143,333	699,840	3,316,446
2025	3,161,425	5,025,000	925,198	6,660,000	4,288,168	7,226,393	657,147	3,306,099
2026	2,917,925	5,335,000	802,095	6,780,000	4,180,351	7,354,610	614,366	3,263,609
2027	2,667,275	5,535,000	676,663	6,265,000	4,312,075	7,352,386	571,224	3,306,752
2028-32	9,625,675	25,555,000	1,774,762	29,810,000	20,210,472	38,150,183	2,182,528	17,027,316
2033-37	2,971,088	29,930,000	120,456	5,565,000	8,888,713	32,055,573	1,042,601	14,362,999
2038-42	-	-	-	-	536,965	6,945,000	223,861	9,058,959
	<u>\$ 28,352,438</u>	<u>\$ 80,750,000</u>	<u>\$ 6,557,866</u>	<u>\$ 69,708,000</u>	<u>\$ 51,204,845</u>	<u>\$ 113,298,216</u>	<u>\$ 6,732,105</u>	<u>\$ 56,633,807</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

6. LONG-TERM OBLIGATIONS (continued)

C. Long-Term obligation transactions of the County for Fiscal year 2022 are summarized as follows:

	GOVERNMENTAL ACTIVITIES				
	October 1, 2021	Additions	Deductions	September 30, 2022	Current
Public bonds:					
Capital Improvement Revenue Refunding Bonds, Series 2014	\$ 11,670,000	\$ -	\$ 690,000	\$ 10,980,000	\$ 715,000
Sales Tax Revenue Refunding Bonds, Series 2012 A and 2012B	2,180,000	-	2,180,000	\$ -	-
Sales Tax Revenue and Refunding Bonds, Series 2015	43,705,000	-	1,885,000	41,820,000	1,965,000
Transportation Improvement Revenue Bonds, Series 2015	21,370,000	-	775,000	20,595,000	810,000
Transportation Improvement Revenue Bonds, Series 2012	1,300,000	-	1,300,000	-	-
Special Obligation Refunding Revenue Bonds, Series 2019	8,385,000	-	1,030,000	7,355,000	1,085,000
Direct loans:					
Capital Improvement Revenue Bond, Series 2012	2,485,000	-	1,230,000	1,255,000	1,255,000
Taxable Capital Improvement Revenue Bond, Series 2014	2,475,000	-	315,000	2,160,000	325,000
Taxable Special Obligation Revenue Notes, Series 2020A and 2020B	11,685,000	-	4,440,000	7,245,000	1,070,000
Taxable Special Obligation Refunding Revenue Note Series 2021	51,800,000	-	51,800,000	-	-
Special Obligation Refunding Revenue Note Series 2022	-	51,800,000	505,000	51,295,000	4,295,000
Taxable Special Obligation Revenue Note Series 2022	-	7,635,000	275,000	7,360,000	745,000
Obligations State Revolving Loan Series 2005	1,454,621	-	1,454,621	-	-
Commercial Paper Program	797,000	-	404,000	393,000	393,000
Financed purchase obligations, as restated, (See Note 11)	8,301,789	2,700,346	3,929,050	7,073,085	3,770,451
Leases, as restated (See Note 11)	631,373	833,090	569,633	894,830	66,304
Original Issue Premium	8,387,849	-	973,815	7,414,034	
Accrued compensated absences	15,059,294	20,018,465	19,408,723	15,669,036	6,199,400
Net pension liability	84,206,631	146,112,597	-	230,319,228	-
Total General Long-Term Obligations	<u>\$ 275,893,557</u>	<u>\$ 229,099,498</u>	<u>\$ 93,164,842</u>	<u>\$ 411,828,213</u>	<u>\$ 22,694,155</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

6. LONG-TERM OBLIGATIONS (continued)

	BUSINESS TYPE ACTIVITIES				
	October 1, 2021	Additions	Deductions	September 30, 2022	Current
Public bonds:					
Water and Sewer Revenue Bonds					
Series 2013	32,105,274	-	3,337,058	28,768,216	2,835,738
Series 2014	3,430,000	-	1,085,000	2,345,000	1,145,000
Series 2016	45,615,000	-	2,455,000	43,160,000	2,510,000
Series 2021	39,235,000	-	210,000	39,025,000	580,000
Direct loans:					
Obligations under State Revolving Loans					
WW550100	5,974,267	-	391,422	5,582,845	401,717
DW550110	4,376,216	-	250,667	4,125,549	256,009
WW550120	34,143,659	-	1,567,445	32,576,214	1,585,919
DW550130	7,316,110	449,493	362,317	7,403,286	346,803
DW550140	3,117,704	-	81,228	3,036,476	146,588
CW550150	83,084	1,846,460	-	1,929,544	-
CW550160	159,217	130,760	-	289,977	68,111
CW550170	16,356	1,673,560	-	1,689,916	186,480
Accreted interest - Water and Sewer Bonds					
Series 2013	11,258,282	1,511,619	862,941	11,906,960	-
Original Issue Premium	12,008,416	-	1,097,504	10,910,912	
Financed purchase obligations, as restated, (See Note 11)	230,580	-	39,563	191,017	40,579
Leases, as restated (See Note 11)	180,758	18,212	10,299	188,671	12,699
Landfill closure/post-closure	3,541,170	-	407,025	3,134,145	338,826
Accrued compensated absences	1,296,486	1,545,063	1,685,592	1,155,957	399,100
Net pension liability	3,683,627	7,056,941		10,740,568	-
Total Business Type Activities Obligations	<u>\$ 207,771,206</u>	<u>\$ 14,232,108</u>	<u>\$ 13,843,061</u>	<u>\$ 208,160,253</u>	<u>\$ 10,853,569</u>

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. During the year, the County authorized the issuance of the Special Obligation Refunding Revenue Note, Series 2022 for \$51,800,000, which was used for to refund the \$51,800,000 Taxable Special Obligation Refunding Revenue Note, Series 2021 and placed the proceeds in irrevocable trusts. Per the terms of the Escrow agreement, the proceeds set aside in these trusts can only be invested in U.S. Treasuries. This refunding will result in a cash flow savings of \$ 1,065,445 over the life of the refunded maturities and a net present value debt service savings of \$1,001,512, discounted at 1.44%.

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, 2022, \$171,435,000 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.

F. 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 revenue generated by the project or by the company receiving the funds. 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.

The HFA has two notes receivable at September 30, 2022, 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, 2022. 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, 2022, 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, 2022, the aggregate principal amount payable could not be determined for these bonds.

7. RIGHT TO USE LEASES AND FINANCED PURCHASE OBLIGATIONS

A. Lessee

The County, as lessee, entered into lease agreements for equipment, land, and infrastructure. Most of these agreements do not have variable payments. However, a small number of leases, involving copiers and printers, do charge a variable fee based on a per page amount for the number of extra copies produced that exceed a set monthly number of copies.

The total of the County's leased assets are recorded at a cost of \$938,314 less accumulated amortization of \$47,448 in Governmental Activities and a cost of \$198,970, less accumulated amortization of \$15,047 for Business-Type Activities.

The future lease payments under lease agreements are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2023	\$ 79,003	\$ 22,296	\$ 101,299
2024	67,993	20,454	88,447
2025	47,604	25,656	73,260
2026	32,802	18,684	51,486
2027	23,732	18,116	41,848
2028-2032	129,377	83,521	212,898
2033-2037	118,581	70,434	189,015
2038-2042	86,029	60,744	146,773
2043-2047	97,296	50,529	147,825
2048-2052	114,925	38,740	153,665
2053-2057	136,651	24,695	161,346
2058-2062	149,508	8,089	157,597
	<u>\$ 1,083,501</u>	<u>\$ 441,958</u>	<u>\$ 1,525,459</u>

B. Lessor

The County, as lessor, has entered into lease agreements involving a compressed natural gas station, office space, cell towers, and land right-of-ways. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during fiscal year 2022 was \$261,592.

7. RIGHT TO USE LEASES AND FINANCED PURCHASE OBLIGATIONS – (continued)

C. Financed Purchase Obligations

The County has financed the purchases of various capital assets. The loans used for financing consist of:

Loan, interest at 2.38%, payable in quarterly installments of \$232,997, maturing in April 2025; collateralized by Governmental Activity vehicles. \$2,473,776

Loan, interest at 2.12%, payable in quarterly installments of \$341,797, maturing in June 2023, collateralized by Governmental Activity vehicles. 1,014,520

Loan, interest at 2.559%; payable in semi-annual installments of \$145,089; collateralized by equipment in both Governmental and Business-type Activities. 1,226,752

Loan, interest at 2.59%; payable in quarterly installments of \$193,726; collateralized by helicopter in Governmental Activities. 977,112

Loan, interest at 1.145%; payable in quarterly installments of \$227,142; collateralized by vehicles in Governmental Activities. 1,571,942

Future payments for loans used for capital asset purchases are as follows:

Year Ending Sept. 30	Governmental Activities		Business Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,770,451	\$ 115,369	\$ 40,579	\$ 4,632	\$ 3,811,030	\$ 120,001
2024	2,021,567	54,252	41,625	3,585	2,063,192	57,837
2025	922,105	21,853	42,697	2,513	964,802	24,366
2026	237,310	7,659	43,797	1,413	281,107	9,072
2027	121,652	779	22,319	286	143,971	1,065
	<u>\$ 7,073,085</u>	<u>\$ 199,912</u>	<u>\$ 191,017</u>	<u>\$ 12,429</u>	<u>\$ 7,264,102</u>	<u>\$ 212,341</u>

8. INTERFUND BALANCES AND TRANSFERS

- a. The composition of interfund transfers for the year ended September 30, 2022 is as follows:

Fund Type/Fund	Transfer In	Transfer Out
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 8,787,716	\$ 46,380,774
Transportation Trust Fund	100,000	854,084
Fire District	3,000,000	1,286,458
COVID Pandemic Related Grants	-	2,151,719
NONMAJOR GOVERNMENTAL FUNDS	57,814,454	19,721,717
MAJOR ENTERPRISE FUNDS:		
St. Johns County Utilities	-	119,122
Solid Waste	-	12,867
Convention Center		665,430
INTERNAL SERVICE FUND	1,562,475	72,474
TOTAL	\$ 71,264,645	\$ 71,264,645

- b. At September 30, 2022, interfund balances are as follows:

Fund Type/Fund	Due from other funds	Due to other funds
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 8,383,598	\$ 311,872
Transportation Trust Fund	43,920	71,407
Fire District	-	173,007
NONMAJOR GOVERNMENTAL FUNDS	630	6,635,577
MAJOR ENTERPRISE FUNDS		
St. Johns Utilities	-	83,055
Solid Waste	-	1,833,692
INTERNAL SERVICE FUNDS	681,838	1,376
TOTAL	\$ 9,109,986	\$ 9,109,986

8. INTERFUND BALANCES AND TRANSFERS (concluded)

1. Outstanding interfund balances result mainly from working capital loans made from the County's General Fund and amounts due from other funds for required contributions to the County's Health Insurance Internal Service Fund.
2. 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.

Purposes for the larger interfund transfers during fiscal year 2022 were as follows:

- Transfers out of the General fund for approximately \$35 million went to the Capital Improvement Projects fund to cover the expenses for capital projects approved by the Board of County Commissioners that started in 2022, and approximately \$4.2 million was transferred to cover public safety personnel costs of the Fire District and Beach funds.
 - Debt service funds received approximately \$10 million from the General Fund, Impact Fee Funds, the South Ponte Vedra Beach Dune & Berm Restoration Capital Project fund, various debt service funds, and other funds which used the proceeds from the underlying debt. These transfers were made to cover the debt service requirements of the debt.
 - Approximately \$1.5 million went to the Sheriff from the E911 Fund to cover the operating expenses of the E911 system.
 - \$3 million was transferred from the 2019 Capital Projects fund to the Ponte Vedra Dune and Beach Restoration Fund to cover costs of beach renourishment
 - Transfers out of the Tourist Development Fund went for various projects including \$2.5 million to the Golf Course Reconstruction Fund, \$1.7 million to the Ponte Vedra Dune and Beach Restoration Capital Project fund, and \$4.4 million to various debt service funds to cover debt service requirements for debt used to enhance tourism assets.
3. In addition, long-term advances were made as follows:

	Advances to Other Funds	Advances from Other Funds
MAJOR FUNDS		
General Fund	\$ 2,371,285	\$ -
St. Johns County Utilities	1,204,500	-
Solid Waste	1,204,500	-
NONMAJOR SPECIAL REVENUE FUNDS		
Impact Fees Police	-	3,613,500
Treasure Beach M.S.B.U.	-	1,166,785
Total	<u>\$ 4,780,285</u>	<u>\$ 4,780,285</u>

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.

9. 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, 2022, were as follows:

9. EMPLOYEE BENEFITS (continued)

	FRS	HIS
Regular Class	10.25%	1.66%
Special Risk Class	26.17%	1.66%
Special Risk Class Administrative Support	36.99%	1.66%
Senior Management Service Class	29.91%	1.66%
Elected Officials	42.11%	1.66%
DROP from FRS	16.94%	1.66%

The County's contributions for the year ended September 30, 2022, were \$23,965,138 to the FRS and \$2,510,019 to the HIS.

Pension Liabilities and Pension Expense

For the year ended September 30, 2022, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2022. 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	\$ 1,160,343,561	\$ 44,646,456	\$ 1,204,990,017
Fiduciary net position	(961,782,077)	(2,148,144)	(963,930,221)
Net pension liability	<u>\$ 198,561,484</u>	<u>\$ 42,498,312</u>	<u>\$ 241,059,796</u>
Deferred outflows - pension related	\$ 60,419,714	\$ 8,036,359	\$ 68,456,073
Deferred inflows - pension related	\$ 4,695,995	\$ 6,935,073	\$ 11,631,068
Pension expense	\$ 30,656,327	\$ 3,392,576	\$ 34,048,903
Proportion at:			
Current measurement date	0.5336%	0.4012%	
Prior measurement date	0.5274%	0.3917%	

9. EMPLOYEE BENEFITS (continued)

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

	FRS	HIS
Board of County Commissioners and Supervisor of Elections	\$ 104,081,483	\$ 24,159,891
Clerk of Courts	6,580,581	1,729,477
Property Appraiser	4,051,101	889,951
Sheriff	79,781,781	14,573,079
Tax Collector	4,066,538	1,145,914
Total	<u>\$ 198,561,484</u>	<u>\$ 42,498,312</u>

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,430,524	\$ -	\$ 1,289,924	\$ 186,996
Changes of assumptions	24,453,678	-	2,436,031	6,574,463
Net differences between projected and actual earnings on pension plan investments	13,110,988	-	61,528	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,739,425	4,695,995	3,575,652	173,614
Employer contributions subsequent to measurement date	6,685,099	-	673,224	-
Total	<u>\$ 60,419,714</u>	<u>\$ 4,695,995</u>	<u>\$ 8,036,359</u>	<u>\$ 6,935,073</u>

9. 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, 2023. 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	\$ 11,859,223	\$ 102,513
2023	4,475,045	55,280
2024	(4,004,911)	25,276
2025	34,845,913	55,948
2026	1,863,350	129,862
Thereafter	-	59,183
Total	<u>\$ 49,038,620</u>	<u>\$ 428,062</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2022, was determined by an actuarial valuation as of July 1, 2022, using the individual entry age cost allocation method. It was based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, and used the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the Pub-2010 base table, which varies by member category and sex; projected generationally with Scale MP-2018.

9. 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%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54%, 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.

9. 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
	5.70%	6.70%	7.80%	1.54%	3.54%	3.54%
County's proportionate share of the net pension liability	\$ 343,398,434	\$ 198,561,484	\$ 77,460,560	\$ 48,621,558	\$ 42,498,312	\$ 37,431,452

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, 2022 totaled \$4,590,722.

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.

9. 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 SJCEWB, 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 SJCEWB's net position. A separate stand-alone financial statement for the Trust is not prepared.

For the year ended September 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (22.32)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Participants

At October 1, 2021, the date of the latest full actuarial valuation:

Active plan members	1,959
Inactive plan members receiving benefits	305
Inactive plan members entitled, but not receiving benefits	-
Total members	<u>2,264</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, 2022, the County made no contributions towards the OPEB Plan. Retiree contributions to the plan were \$1,946,869. 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.

9. EMPLOYEE BENEFITS (continued)

Net OPEB Liability

The County's net OPEB liability was measured as of October 1, 2021, rolled forward to September 30, 2022 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, 2021 and rolled forward to the September 30, 2022 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, 2022:

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset) Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2021	<u>\$ 28,210,728</u>	<u>\$ 43,878,465</u>	<u>(15,667,737)</u>
Changes for the year:			
Service cost	769,790	-	769,790
Interest	1,734,759	-	1,734,759
Difference between expected and actual experience of total OPEB liability	2,795,497	-	2,795,497
Changes of assumptions and other inputs	1,754,381		1,754,381
Net investment income	-	(8,131,468)	8,131,468
Administrative Expense	-	(6,000)	6,000
Benefits payments	<u>(4,583,832)</u>	<u>(4,583,832)</u>	<u>-</u>
Net changes	<u>2,470,595</u>	<u>(12,721,300)</u>	<u>15,191,895</u>
Balances at September 30, 2022	<u>\$ 30,681,323</u>	<u>\$ 31,157,165</u>	<u>\$ (475,842)</u>

Plan fiduciary net position, as a percentage of the total OPEB liability was 101.55% at September 30, 2022.

9. EMPLOYEE BENEFITS (continued)

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

	OPEB Asset
Board of County Commissioners	\$ 267,585
Supervisor of Elections	2,997
Clerk of Courts	18,892
Property Appraiser	11,874
Sheriff	160,972
Tax Collector	13,522
Total	<u>\$ 475,842</u>

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the County recognized OPEB expense of \$(94,177).

At September 30, 2022, the County reported deferred outflows and inflows of resources related to OPEB from the following source:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 3,706,869	\$ -
Assumption changes	1,614,031	10,340,368
Net differences between projected and actual earnings on OPEB plan investments	5,042,931	-
	<u>\$ 10,363,831</u>	<u>\$ 10,340,368</u>

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

Year ending September 30,	
2023	\$ 147,116
2024	(33,628)
2025	220,839
2026	1,319,638
2027	(847,238)
Thereafter	(783,264)
Total	<u>\$ 23,463</u>

9. EMPLOYEE BENEFITS (continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, with various assumptions discussed below. The total OPEB liability was rolled forward from the valuation date to the County's year ended September 30, 2022 using standard actuarial techniques. There were no changes in assumption from those used in the original valuation. The various methods and assumptions used were 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	2.25%
Salary increases	3.40% to 8.20%, including inflation
Investment rate of return	6.50%
Mortality and retirement age	Retirement rates and mortality tables come from the July 1, 2021 actuarial valuation of the Florida Retirement System and are based on a statewide experience study covering the period 2013 - 2018. Mortality tables include generational projections.
Healthcare cost trend rates	Getzen Model; trend starting at 2.25% for 2022 (0% for premiums), 2.75% for 2023, 3.25% for 2024, 5.42% for 2025, and gradually decreasing to an ultimate trend rate of 3.75% .
Aging Factors	Based on 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in per capita health costs.

9. 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, 2022, 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	7.70%	5.20%	42.00%
International Equities	7.50%	5.00%	16.00%
Emerging Equities	7.50%	5.00%	7.00%
Core Fixed	4.00%	1.50%	17.50%
Interim IG Corp	5.00%	2.50%	8.74%
High Yield	5.70%	3.20%	4.38%
Emerging Debt	5.20%	2.70%	4.38%
Cash	2.60%	0.10%	0.00%
Total Portfolio	6.57%		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.

9. 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) Liability	\$ 2,839,279	\$ (475,842)	\$ (3,395,535)

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) Liability	\$ (3,960,479)	\$ (475,842)	\$ 3,734,938



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10. FUND BALANCE CLASSIFICATIONS

Balances of reported fund balances at September 30, 2022 are as follows:

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total
Nonspendable:						
Advances	\$ 2,371,285	\$ -	\$ -	\$ -	\$ -	\$ 2,371,285
Inventory	-	544,696	-	-	33,251	577,947
Prepaid Expense	387,010	26,972	53,442	-	145,386	612,810
Total Nonspendable	2,758,295	571,668	53,442	-	178,637	3,562,042
Restricted for:						
Fire rescue, Sheriff, Public safety	-	-	6,631,613	-	1,932,259	8,563,872
Transportation	-	12,148,978	-	-	876,821	13,025,799
Community Redevelopment Agency	-	-	-	-	297,786	297,786
Future development impacts	-	-	-	-	97,690,847	97,690,847
Court costs	102,746	-	-	-	-	102,746
Project Buckle Up	6,755	-	-	-	-	6,755
Capital improvement projects	-	-	-	-	2,289,660	2,289,660
Court facilities, technology, and other needs	-	-	-	-	11,256,503	11,256,503
Building services	-	-	-	-	27,186,639	27,186,639
State Housing Initiatives Program	-	-	-	-	644,986	644,986
Tourist development and recreation	-	-	-	-	13,407,876	13,407,876
Community based care	-	-	-	-	1,807,698	1,807,698
Miscellaneous	-	-	-	-	657,110	657,110
Total restricted	109,501	12,148,978	6,631,613	-	158,048,185	176,938,277
Assigned for:						
Fiscal year 2022 General Fund operations	42,817,435	-	-	-	-	42,817,435
Fire rescue, Sheriff, Public safety	-	-	9,862,933	-	594	9,863,527
Transportation	-	44,721,234	-	-	475,042	45,196,276
Community Redevelopment Agency expenditures	-	-	-	-	185,087	185,087
Future development impacts	-	-	-	-	4,547,869	4,547,869
Capital improvement projects	-	-	-	-	57,222,870	57,222,870
Court facilities, technology, and other needs	-	-	-	-	576,037	576,037
Building services	-	-	-	-	2,444,031	2,444,031
Debt service	-	-	-	-	4,581,206	4,581,206
State Housing Initiatives Program	-	-	-	-	156,709	156,709
Tourist development and recreation	-	-	-	-	16,453,095	16,453,095
Grant projects	-	-	-	70,752	-	70,752
Miscellaneous	-	-	-	-	44,512	44,512
Total assigned	42,817,435	44,721,234	9,862,933	70,752	86,687,052	184,159,406
Unassigned	55,690,685	-	-	-	(7,025,212)	48,665,473
Total fund balances	\$ 101,375,916	\$ 57,441,880	\$ 16,547,988	\$ 70,752	\$ 237,888,662	\$ 413,325,198

11. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

The County adopted the provisions of GASB Statement No. 87, *Leases*. This statement established accounting and reporting requirements for all County leases, both as lessee and lessor. This implementation resulted in the following restatements and reclassifications for beginning balances of the County's financial statements:

	Beginning Balances, As Originally Reported	Implementation Adjustment.	Beginning Balances, As Restated
GOVERNMENTAL ACTIVITIES			
ASSETS			
Lease receivable	\$ -	\$ 5,359,544	\$ 5,359,544
Capital assets:			
Right to use leased assets	\$ -	\$ 631,373	\$ 631,373
LIABILITIES			
Obligations under capital leases	\$ 5,959,718	\$ (5,959,718)	\$ -
Leases	\$ -	\$ 631,373	\$ 631,373
Financed purchase obligations	\$ 2,342,071	\$ 5,959,718	\$ 8,301,789
DEFERRED INFLOWS OF RESOURCES			
Lease related	\$ -	\$ 5,359,544	\$ 5,359,544
BUSINESS-TYPE ACTIVITIES			
ASSETS			
Lease receivable	\$ -	\$ 378,574	\$ 378,574
Capital assets:			
Right to use leased assets	\$ -	\$ 180,758	\$ 180,758
LIABILITIES			
Obligations under capital leases	\$ 230,580	\$ (230,580)	\$ -
Leases	\$ -	\$ 180,758	\$ 180,758
Financed purchase obligations	\$ -	\$ 230,580	\$ 230,580
DEFERRED INFLOWS OF RESOURCES			
Lease related	\$ -	\$ 378,574	\$ 378,574
GENERAL FUND			
ASSETS			
Lease receivable	\$ -	\$ 2,012,027	\$ 2,012,027
DEFERRED INFLOWS OF RESOURCES			
Lease related	\$ -	\$ 2,012,027	\$ 2,012,027
TRANSPORTATION TRUST FUND			
ASSETS			
Lease receivable	\$ -	\$ 1,628,164	\$ 1,628,164
DEFERRED INFLOWS OF RESOURCES			
Lease related	\$ -	\$ 1,628,164	\$ 1,628,164
NORTHWEST RECREATION FUND			
ASSETS			
Lease receivable	\$ -	\$ 1,719,353	\$ 1,719,353
DEFERRED INFLOWS OF RESOURCES			
Lease related	\$ -	\$ 1,719,353	\$ 1,719,353
ST JOHNS UTILITIES			
ASSETS			
Lease receivable	\$ -	\$ 378,574	\$ 378,574
Capital assets:			
Right to use leased assets	\$ -	\$ 180,758	\$ 180,758
LIABILITIES			
Obligations under capital leases	\$ 230,580	\$ (230,580)	\$ -
Leases	\$ -	\$ 180,758	\$ 180,758
Financed purchase obligations	\$ -	\$ 230,580	\$ 230,580

12. RISK MANAGEMENT

a. Coverage with Public Entity Risk Pools

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

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

b. Self-Insurance

St. Johns County provides health, life and accidental death and dismemberment insurance for its employees via a Self-Insurance Internal Service Fund to account for and finance its self-insured risks of loss. Under this program, the Health Insurance Internal Service Fund funds claims, premiums and operating expenses.

The County procures stop loss insurance for medical claims in excess of \$375,000. During fiscal year 2022, there were two claims that exceeded the \$375,000 stop loss deductible for a total of \$412,549 in reimbursements.

The September 30, 2022 estimated claims liability of \$2.8 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 \$6.2 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.

12. RISK MANAGEMENT - continued

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

Year Ended September 30,	Beginning Balance	Current Year		Ending Balance
		Claims/Changes in Estimates	Claim Payments	
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
2022	\$ 3,344,700	\$ 31,856,827	\$ 32,439,838	\$ 2,761,689

a. 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.

13. DEFICIT BALANCE – INDIVIDUAL FUNDS

At September 30, 2022, the following funds had deficit equity balances in the amounts shown:

Impact Fees Police	\$ 3,613,352
Treasure Beach M.S.B.U.	\$ 1,166,785
FEMA Disaster Relief	\$ 2,166,465

Deficits will be corrected by using future revenues to continue to pay down the advances from other funds and anticipated reimbursements from federal and state grants.

14. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

Accrual for Landfill Closure and Post-Closure Costs - State and Federal laws and regulations required the County to place a final cover on its Tillman Ridge Phase II landfill site when it stopped accepting waste, which occurred in 2000, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of these post-closure care costs as an operating expense annually and reports a liability based on the number of years of required long term care remaining as of each fiscal year end. The \$3,134,145 reported as landfill closure and post-closure care liability at September 30, 2022, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill.

14. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

The annual estimated cost is approximately \$338,826 and there remains approximately 9.25 years of estimated post-closure care.

The amount is estimated based on what it would cost to perform all post-closure care in 2022. 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, 2022.

15. 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.

16. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES

As of September 30, 2022, 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

16. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES - continued

entity and the amount of general County tax paid is refunded annually over an approved term once the agreed to economic growth and/or job creation criteria are met. The establishment of the Economic Development Department gave the County the ability to maintain and expand business located in the County and create new jobs by reimbursing or reducing net taxes and fees.

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

For the fiscal year ended September 30, 2022, St. Johns County reimbursed taxes totaling \$70,233 to five 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.

17. NET POSITION

A. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$185,706,652 of restricted net position, of which, \$170,437,473 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		Restricted Net Position	Unrestricted Net Position	
	Governmental	Business-Type	Governmental	Governmental	Business-Type
	Activities	Activities	Activities	Activities	Activities
Deferred Outflows - Bond refunding	\$ 6,229,529	\$ 3,054,983	\$ -	\$ -	\$ -
Deferred Outflows - Pension	-	-	-	65,045,971	3,050,102
Deferred Outflows - OPEB	-	-	9,574,959	-	788,872
Deferred Inflows - Bond refunding	-	(65,199)	-	-	-
Deferred Inflows - Pensions	-	-	-	(11,112,839)	(518,229)
Deferred Inflows - OPEB	-	-	(9,403,668)	-	(936,700)
Deferred Inflows - Leases	-	-	-	(5,210,883)	(364,757)
Net Effect	\$ 6,229,529	\$ 2,989,784	\$ 171,291	\$ 48,722,249	\$ 2,019,288

17. NET POSITION – continued

C. Net Investment in Capital Assets

	Governmental Activities	Business Type Activities
Capital Assets, Net	\$ 1,562,606,928	\$ 618,768,167
Less: Debt related to capital assets:		
Public Bonds	(80,750,000)	(113,298,216)
Direct Loans	(69,708,000)	(56,633,807)
Financed purchase obligations	(7,073,085)	(191,017)
Right to use leases	(894,830)	(188,671)
Original Issue Premium	(7,414,034)	(10,910,912)
Deferred outflow- Bond refunding	6,229,529	3,054,983
Deferred inflow - Bond refunding	-	(65,199)
Accounts payable related to capital assets	(2,997,115)	(1,149,502)
Accounts payable -retainage	(1,149,502)	(602,296)
Net investment in Capital Assets	<u>\$ 1,398,849,891</u>	<u>\$ 438,783,530</u>

18. COMMITMENTS AND CONTINGENCIES

A. Commitments

At September 30, 2022, the County had approximately \$355.3 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.

19. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2023. These statements address the following:

- Subscription-based IT Arrangements
- Conduit Debt Obligations

The County is currently evaluating the effects that these statements will have on its 2023 financial statements.