

**ST. JOHNS COUNTY, FLORIDA  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2020**



**Prepared by:  
COMPTROLLER'S OFFICE  
ST. JOHNS COUNTY, FLORIDA**

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

**Dwala Reid  
Chief Financial Clerk**

ST. JOHNS COUNTY, FLORIDA  
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**Brandon J. Patty**

Clerk of the Circuit Court and  
Comptroller



**Mark P. Miner**

Chief Deputy Clerk

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

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June 30, 2021

The Honorable Jeremiah Ray Blocker, Chair  
Board of County Commissioners  
St Johns County, Florida  
500 San Sebastian View  
St. Augustine, FL 32084

Dear Chairman Blocker:

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 Comprehensive Annual Financial Report of St. Johns County, Florida, for the fiscal year ended September 30, 2020.

This report has been prepared by the Comptroller's Office, which is a department of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rests with the Clerk of the Circuit Court as Chief Financial Officer of St. Johns County. It is our belief that the data contained in this report is accurate in all material respects and is shown in a manner that fairly presents the financial position of the County at September 30, 2020 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 James Moore and Company, 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, James Moore and Company 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, 2020.

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

## **GOVERNMENT PROFILE**

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

The Board of County Commissioners of St. Johns County ("Board") is organized under Article III of the Constitution of the State of Florida, which empowers the creation of counties as a political subdivision of the State. St. Johns County is a non-chartered County and has the power of self-government as provided by general and special law through County ordinances. Under the Constitution of the State of Florida, the offices of Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board, and they maintain separate accounting records and budgets. The County School Board is a separately organized taxing entity not under the jurisdiction of the Board of County Commissioners and has specific legislative authority granted by the Constitution.

The Board of County Commissioners is composed of five members, one from each district within the County. However, each commissioner is elected Countywide. The Board serves as the taxing authority for those entities authorized by the Constitution of the State of Florida including the constitutional officers and special taxing districts that are authorized under legislation and approved by the Board. Dependent County taxing districts also come under the purview of the Board's taxing limitation.

The County is financially accountable for an organization when the County appoints a voting majority of the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the County; or the organization is fiscally dependent on the County.

The Housing Finance Authority of St. Johns County, Florida and the St. Johns County Industrial Development Authority are included as component units in the County's reporting entity either because of the significance of the operational relationship or the County is financially accountable for the component unit.

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

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

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

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

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

## **2020 ECONOMIC CONDITION AND OUTLOOK**

St. Johns County continues to be one of the fastest-growing counties in Florida and in the nation. As of July 2019, the county population has grown to 254,261 and is ranked as the eighth fastest-growing county in the United States by percentage of population growth. Looking forward, economic growth projections show anticipated continued momentum for the next several years.

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

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



For the ninth 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
- *Architectural Digest* – as 25 Best Small Towns in America
- *Southern Living* – as No. 1 Foodie Town
- *MSN.com* – as No. 15 World's Most Beautiful Ancient City
- *Country Living* – as 20 Small Towns that Leave a Big Impression
- *College Ranker* – as No. 1 Best College Town to Live in Forever

St. Johns County Commission's philosophy is to be a pro-business community, encouraging a balance in economic growth, environmental stewardship and quality of life. Historically, the county's primary economic sectors have been agriculture, tourism and retail, which correlate to the state's economic drivers. As growth continues, the county has made a concerted effort to diversify its economic base and promote high-wage job creation for local residents through the expansion of existing businesses and attraction of new businesses to the county. Leading industry sectors for employment provided within the county include education and health services (22%), followed by trade, transportation and utilities (21%), and hospitality and leisure (20%).

Economic development initiatives within St. Johns County allow for a proactive, sustained effort to attract and retain businesses. The county maintains a competitive business incentive program to attract new business development and enhance existing business expansion within the county.

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

Additionally, the county contracts with the St. Johns County Chamber of Commerce to provide support for businesses interested in locating and expanding into the county. The county also contracts with the University of North Florida Small Business Development Center (SBDC) to provide technical assistance to entrepreneurs and small businesses.

St. Johns County started and ended 2020 with one of the lowest unemployment rankings in Florida, but COVID-19 greatly impacted those rates throughout the year. In December 2020, St. Johns County's unemployment rate was 3.6%, which was tied for the lowest in the state. In comparison, the unemployment rate for St. Johns County was 2.2% the previous year. The unemployment rate was highest in April 2020, which was reported at 11.6%.

St. Johns County continued to have a high rate of single-family residential permits being issued. In the region in 2020, more than 12,500 residential permits were issued, with St. Johns County issuing more than 5,000 of those permits. St. Johns County issued 951 more single family permits in 2020 than the previous year.

Additionally, 1,124 commercial permits were issued in 2020, which is slightly lower from 2019. Commercial valuation for permitted projects in FY20 was \$265,798,831, a decrease from the previous fiscal year. The total building market valuation for permits issued in FY20 was \$1,607,338,466.

The PGA TOUR, the leading global platform in professional golf, continued work on constructing its expansive new Global Home within St. Johns County in 2020. The PGA TOUR is investing \$86 million to consolidate its corporate headquarters into a single location in Ponte Vedra Beach. The project is scheduled to be complete in early 2021 and will create 300 new jobs throughout a 10-year period. Once complete, the new location will become the largest corporate headquarters in St. Johns County.

While construction continued as planned for The PGA TOUR Global Home, plans for THE PLAYERS Championship in 2020 were impacted by COVID-19. The first day of the tournament was played as planned while the remaining days were played without fans.

Medical development continues to flourish in the county. Encompass Health Rehabilitation Hospital of St. Augustine was announced, which will bring a 40-bed rehabilitation facility to the southern part of the county along S.R. 207. Also, Ascension St. Vincent's St. Johns County announced its plans to build a hospital near I-95 and C.R. 210. Plans are still underway for a Flagler Health+ Village in Durbin Park with longer-term plans for a hospital, outpatient surgical centers, cancer center and more in the area. Finally, Baptist Health has future projects planned in the county and recently completed Baptist HealthPlace at Nocatee, a 12-acre health and wellness center.

Construction started on the link, a technology innovation hub, co-working space and activity center for all age groups that will operate under the theme of learn, play, make and do. The building, located in Nocatee, will be constructed to green standards and will also include high-tech components.

## FINANCIAL PLAN

### Goals and Objectives

Promote Economic Development. The Board has made this goal a top priority. The goal continues to be twofold: attract new business and industry to the County and help existing businesses and industries prosper. St. Johns County continues to be one of the fastest-growing counties in Florida and in the nation, ranking as the eighth fastest-growing county in the United States by percentage of population growth. COVID-19 greatly impacted the unemployment rates throughout the county, state and nation. In December 2020, St. Johns County's unemployment rate was 3.6%. That same month, Florida's unemployment rate was 6.1% and the national rate was 6.7%.

The PGA TOUR, the leading global platform in professional golf, continued work on constructing its expansive new Global Home within St. Johns County in 2020. Once complete in 2021, the project will bring 300 new jobs. Also, medical development continued to flourish in the county. St. Johns County and St. Augustine received numerous top rankings, including Nocatee named as the "Best Place to Live in Florida" by Newsweek Magazine and St. Augustine named the "Best College Town to Live in Forever" by College Ranker.

Promote the County's Health, Safety, and Welfare. The transition to a professional firefighter force began in 1997 with over 200 positions added since that time. The County Sheriff's budget requests have also been consistently addressed by the Board. A new 800-Megahertz emergency radio communications system was completed. A new fire station was opened during 2015 in Nocatee. In FY 2019, a combined fire station and Sheriff south sector station was opened, with another northwest fire station that opened in 2020. In addition, the Board, working with the Sheriff's Office, approved the construction of a public safety training facility that will benefit regional public safety organizations.

Address the County's Long-term Financial Stability. The Board continues to prioritize the following objectives: County debt restructuring, consideration of new revenue sources, maintaining equitable

employee compensation, continued effective and efficient delivery of County services, and contracting for lower cost. The Commission continues to approve refinancing opportunities on older bonds to take advantage of a low interest rate environment.

Address the County's Deferred and Emerging Infrastructure Needs. Several years of budget reductions have resulted in deferred infrastructure needs which the Board continued to address in 2020.

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

Emphasize Community Redevelopment. The Board has emphasized other communities in the County in need of redevelopment or economic revitalization, such as Hastings and Armstrong, in addition to the Community Redevelopment Agency of St. Johns County (the CRA), as formed in 2002 and 2003, which constitutes West Augustine, Vilano Beach, and Flagler Estates. In February 2015, the Board created a Tax Increment Financing (TIF) area as part of the Durbin Creek National LLC commercial intensive development, to finance transportation infrastructure within the tax increment district in accordance with the County's development agreement.

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

### ***The Plan***

The Plan is a set of guidelines for the management of funds or financial resources. It provides for the effective planning of government expenditures and services, revenues, and the long-term financing of capital improvements and infrastructure. It helps ensure that the County is able to meet its short-term and long-term objectives and helps prevent financial problems or emergencies from unnecessarily changing previous policy decisions.

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

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

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

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

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

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

## AWARDS AND ACKNOWLEDGEMENTS

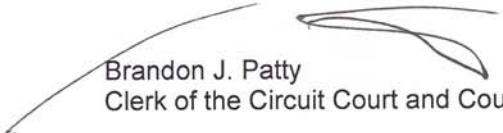
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Johns County for its Comprehensive Annual Financial Report for the year ended September 30, 2019. This was the twenty eighth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely,



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

## **MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

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

## **CONSTITUTIONAL OFFICERS**

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

## **COUNTY ADMINISTRATION**

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

## **COMPTROLLER'S OFFICE**

Dwala Reid, Chief Financial Clerk

## **OFFICE OF MANAGEMENT AND BUDGET**

Jesse Dunn, Director  
Wade Schroeder, Assistant Director

## **OFFICE OF ECONOMIC DEVELOPMENT**

Jennifer Zuberer, Economic Development Specialist



Government Finance Officers Association

Certificate of  
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Presented to

**St. Johns County  
Florida**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

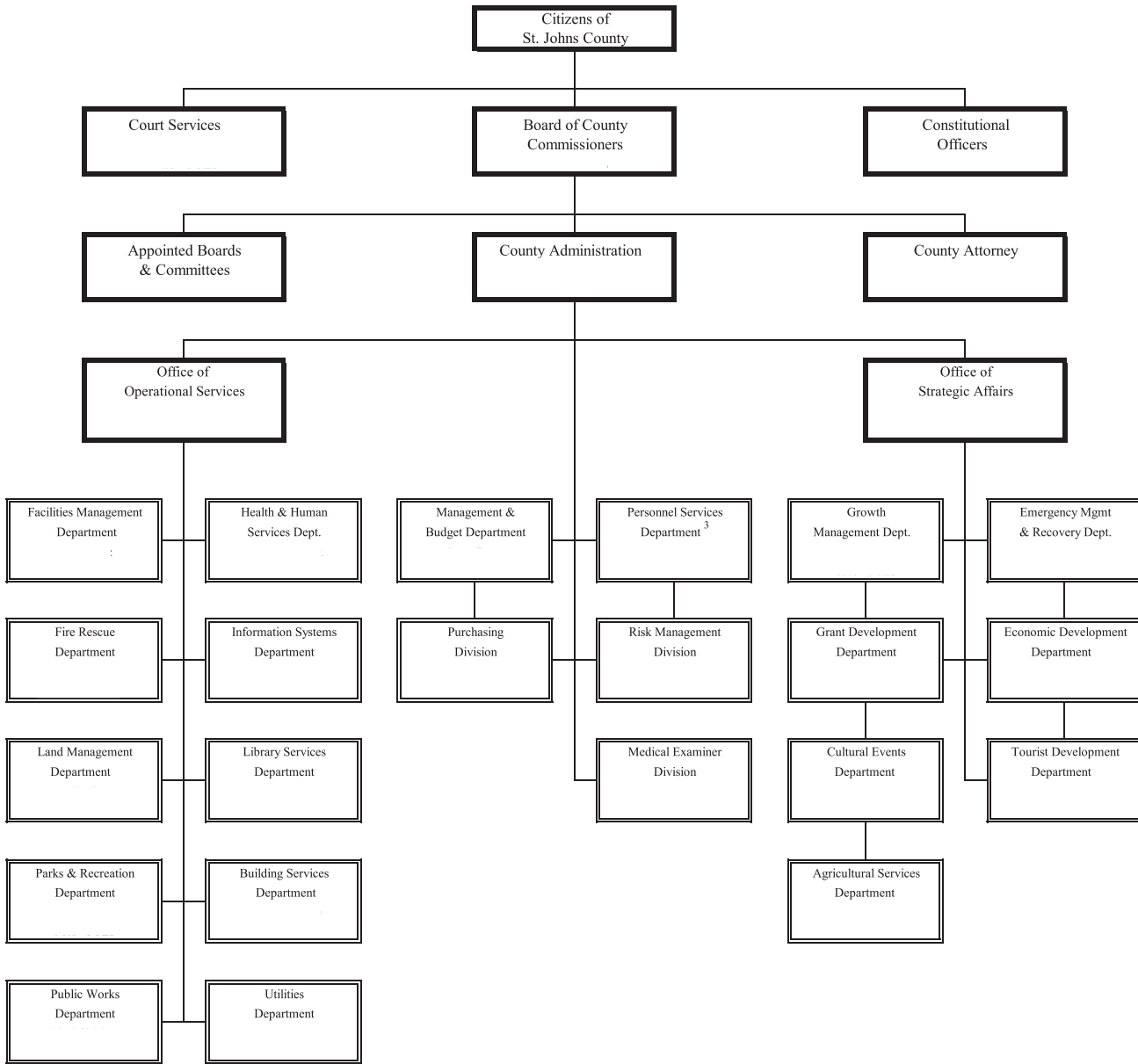
September 30, 2019

*Christopher P. Morrill*

Executive Director/CEO



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



## INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners,  
St. Johns County, Florida:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Johns County, Florida, (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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, as of September 30, 2020, and the respective changes in financial position where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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*

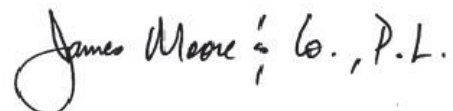
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, statistical section, and schedule of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Daytona Beach, Florida  
June 30, 2021

## MANAGEMENT'S DISCUSSION and ANALYSIS

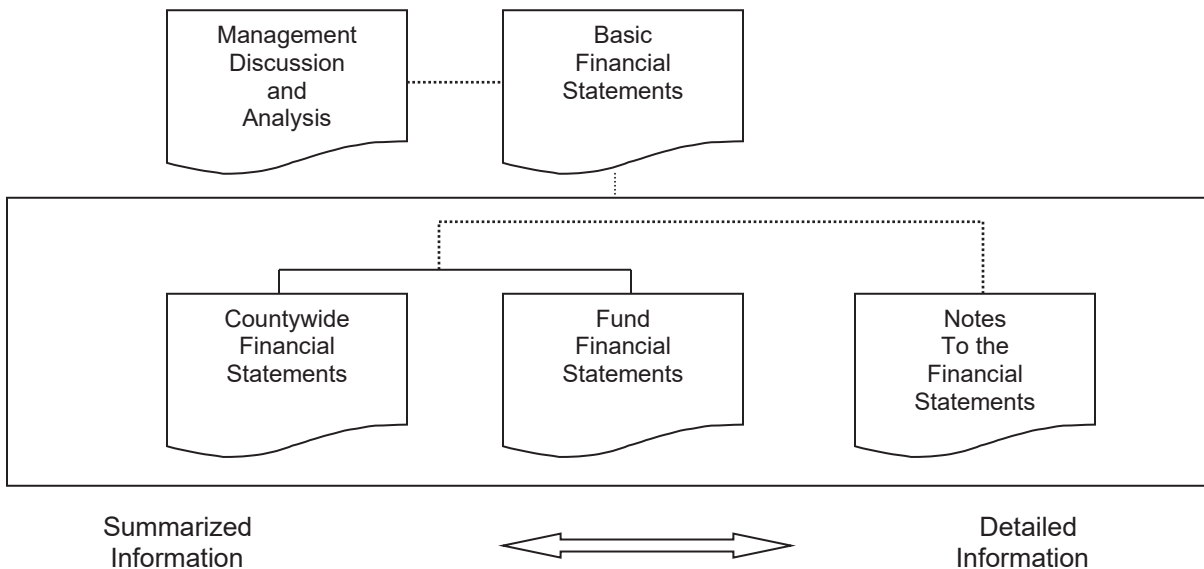
This section of St. Johns County, Florida's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial performance during our most recent fiscal year, which ended September 30, 2020. It is designed to provide an objective and easy to read overview analysis of the County's financial activities; significant financial issues; material deviations from the Financial Plan (budget); changes in the County's financial position and individual fund concerns. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter in the front of this report and the County's financial statements.

### 1. Financial Highlights.

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, which are reported as net position, by \$1,925,479,144 as of September 30, 2020.
- Unrestricted net position of \$102,155,368 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 \$196,013,525.
- The net change in total governmental fund balance increased by \$76,863,839. This is primarily attributed to grants related to CARES and beach renourishment of approximately \$52 million and other financing sources adding \$16 million of additional debt.

### 2. Overview of the Financial Statements.

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



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

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

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

The countywide financial statements are grouped into three categories:

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

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

The County maintains 67 individual governmental funds. The General Fund, Transportation Trust, Fire District and the St. Johns County Community Redevelopment Agency are presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. All other governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements in a separate section of this report.

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

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

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

ST. JOHNS COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION and ANALYSIS  
For the year ended September 30, 2020

**3. Financial Analysis of the County as a Whole.**

At the end of fiscal year 2020, the financial position of the County has showing significant improvement since the prior year. Even though the economy was weakened by the COVID-19 pandemic, the County was able to offset this weakness through the CARES grant funding provided by the Federal government.

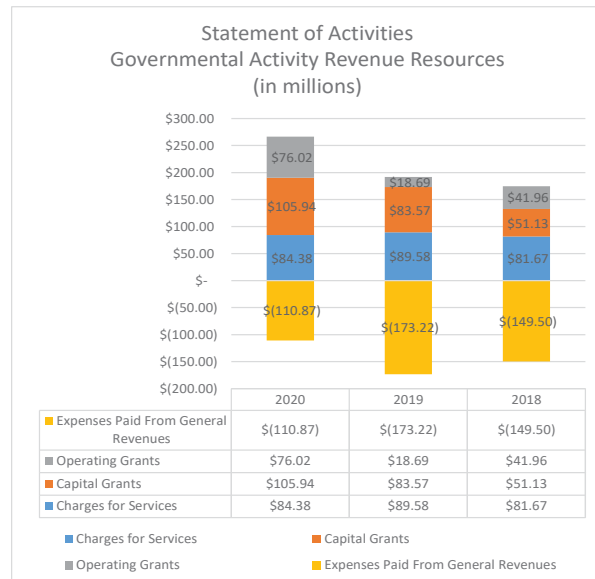
Summary Statement of Net Position  
September 30, 2020 and 2019  
(In Thousands)

|   | Governmental        |                     | Business-Type     |                   | Total               |                     |
|---|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
|   | 2020                | 2019                | 2020              | 2019              | 2020                | 2019                |
| <b>ASSETS</b>                               |                     |                     |                   |                   |                     |                     |
| Cash and investments                        | \$ 300,164          | \$ 262,646          | \$ 128,201        | \$ 115,678        | \$ 428,365          | \$ 378,324          |
| Other current assets                        | 49,769              | 2,887               | 15,269            | 14,728            | 65,038              | 17,615              |
| Other noncurrent assets                     | 10,729              | 2,501               | 1,040             | 126               | 11,769              | 2,627               |
| Capital assets                              | 1,490,921           | 1,381,518           | 583,756           | 548,204           | 2,074,677           | 1,929,722           |
| <b>TOTAL ASSETS</b>                         | <b>1,851,583</b>    | <b>1,649,552</b>    | <b>728,266</b>    | <b>678,736</b>    | <b>2,579,849</b>    | <b>2,328,288</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                     |                     |                   |                   |                     |                     |
| Bond refunding losses                       | 7,709               | 8,299               | 3,323             | 3,624             | 11,032              | 11,923              |
| Pension related                             | 87,705              | 73,735              | 4,154             | 3,539             | 91,859              | 77,274              |
| OPEB related                                | 1,318               | 672                 | 115               | 51                | 1,433               | 723                 |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <b>96,732</b>       | <b>82,706</b>       | <b>7,592</b>      | <b>7,214</b>      | <b>104,324</b>      | <b>89,920</b>       |
| <b>LIABILITIES</b>                          |                     |                     |                   |                   |                     |                     |
| Current liabilities                         | 55,965              | 50,208              | 19,257            | 18,914            | 75,222              | 69,122              |
| Non-current liabilities                     | 454,292             | 396,161             | 211,149           | 207,555           | 665,441             | 603,716             |
| <b>TOTAL LIABILITIES</b>                    | <b>510,257</b>      | <b>446,369</b>      | <b>230,406</b>    | <b>226,469</b>    | <b>740,663</b>      | <b>672,838</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                     |                     |                   |                   |                     |                     |
| Bond refunding gains                        | -                   | -                   | 100               | 119               | 100                 | 119                 |
| Pension related                             | 3,996               | 14,867              | 300               | 772               | 4,296               | 15,639              |
| OPEB related                                | 12,452              | 132                 | 1,183             | 15                | 13,635              | 147                 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <b>16,448</b>       | <b>14,999</b>       | <b>1,583</b>      | <b>906</b>        | <b>18,031</b>       | <b>15,905</b>       |
| <b>NET POSITION</b>                         |                     |                     |                   |                   |                     |                     |
| Net investment of capital assets            | 1,309,351           | 1,207,651           | 398,160           | 366,530           | 1,707,511           | 1,574,181           |
| Restricted                                  | 102,822             | 88,689              | 12,990            | 12,497            | 115,812             | 101,186             |
| Unrestricted                                | 9,437               | (25,450)            | 92,719            | 79,548            | 102,156             | 54,098              |
| <b>TOTAL NET POSITION</b>                   | <b>\$ 1,421,610</b> | <b>\$ 1,270,890</b> | <b>\$ 503,869</b> | <b>\$ 458,575</b> | <b>\$ 1,925,479</b> | <b>\$ 1,729,465</b> |

ST. JOHNS COUNTY, FLORIDA  
 MANAGEMENT'S DISCUSSION and ANALYSIS  
 For the year ended September 30, 2020

- This year, total net position for Governmental activities increased by 11.8 percent or \$150.7 million dollars. Total assets and deferred outflows increased by approximately \$216 million during the year. Total liabilities and deferred inflows increased by \$65.3 million. The increase in Net Investment in Capital Assets continues to be driven primarily from the amount of donated infrastructure from completed roads within approved subdivisions and projects throughout the County, as well as the continued acquisition of new equipment and vehicles. During fiscal year 2020, the County continued receiving federal and state grants for prior year hurricanes which helped eliminate the deficit from those storms. However, by far, the most significant reason for the increase in net position came from the federal CARES Act funding for state and local governments.
- Ending net position for Business-type activities improved by \$45.3 million. This increase indicates that the County's enterprise funds continue to be able to provide necessary services and to do so in a self-sufficient manner. Two significant factors contributed to the enterprise funds' results for this fiscal year. First, an increase in citizen population continues to add user service revenue to these activities. Also, the Utility fund continues to receive contributions from developers to offset the cost incurred with the expansion of the Utility system.
- Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$1.42 billion. The greatest portion of net position reflects the County's investment in capital assets net of the related debt used to acquire them. Additionally, \$102.8 million of net position is subject to restrictions regarding how it may be used during County operations. leaving \$9.4 million as unrestricted. Unrestricted net position, when not a deficit, can be used to meet the County's ongoing obligations to citizens and creditors. For the first time since the hurricanes that occurred a couple of years ago, the County's unrestricted net position is positive. The CARES funding allowed the County to improve its position, in addition to providing significant financial assistance during the year to local businesses and individuals struggling from the effects of the pandemic.

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



ST. JOHNS COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION and ANALYSIS  
For the year ended September 30, 2020

Summary Statement of Activities  
September 30, 2020 and 2019  
(In Thousands)

|   | Governmental<br>Activities |                     | Business-Type<br>Activities |                   | Total               |                     |
|---|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
|   | 2020                       | 2019                | 2020                        | 2019              | 2020                | 2019                |
| Revenues:                                 |                            |                     |                             |                   |                     |                     |
| Program Revenues:                         |                            |                     |                             |                   |                     |                     |
| Charges for services                      | \$ 84,387                  | \$ 89,575           | \$ 86,794                   | \$ 80,862         | \$ 171,181          | \$ 170,437          |
| Operating grants and contributions        | 76,027                     | 18,692              | -                           | -                 | 76,027              | 18,692              |
| Capital grants and contributions          | 105,939                    | 83,573              | 37,027                      | 30,790            | 142,966             | 114,363             |
| General Revenues:                         |                            |                     |                             |                   |                     |                     |
| Taxes                                     | 242,080                    | 228,220             | -                           | -                 | 242,080             | 228,220             |
| Intergovernmental                         | 6,836                      | 7,098               | -                           | -                 | 6,836               | 7,098               |
| Unrestricted earnings on investments      | 9,423                      | 8,661               | 4,382                       | 4,606             | 13,805              | 13,267              |
| Miscellaneous                             | 3,514                      | 3,994               | 41                          | 14                | 3,555               | 4,008               |
| Total Revenues                            | <u>528,206</u>             | <u>439,813</u>      | <u>128,244</u>              | <u>116,272</u>    | <u>656,450</u>      | <u>556,085</u>      |
| Expenses:                                 |                            |                     |                             |                   |                     |                     |
| General government                        | 49,217                     | 51,320              | -                           | -                 | 49,217              | 51,320              |
| Public safety                             | 185,000                    | 167,383             | -                           | -                 | 185,000             | 167,383             |
| Physical environment                      | 1,121                      | 754                 | -                           | -                 | 1,121               | 754                 |
| Transportation                            | 56,500                     | 69,898              | -                           | -                 | 56,500              | 69,898              |
| Economic environment                      | 10,478                     | 5,403               | -                           | -                 | 10,478              | 5,403               |
| Human services                            | 15,876                     | 14,465              | -                           | -                 | 15,876              | 14,465              |
| Culture and recreation                    | 42,696                     | 39,334              | -                           | -                 | 42,696              | 39,334              |
| Court related                             | 9,158                      | 8,922               | -                           | -                 | 9,158               | 8,922               |
| Interest on long term debt                | 7,176                      | 7,586               | -                           | -                 | 7,176               | 7,586               |
| Utilities                                 | -                          | -                   | 56,422                      | 54,063            | 56,422              | 54,063              |
| Solid waste                               | -                          | -                   | 26,495                      | 24,501            | 26,495              | 24,501              |
| Convention center                         | -                          | -                   | 297                         | 530               | 297                 | 530                 |
| Total Expenses                            | <u>377,222</u>             | <u>365,065</u>      | <u>83,214</u>               | <u>79,094</u>     | <u>460,436</u>      | <u>444,159</u>      |
| Increase in net position before transfers | 150,984                    | 74,748              | 45,030                      | 37,178            | 196,014             | 111,926             |
| Transfers                                 | (264)                      | (244)               | 264                         | 244               | -                   | -                   |
| Change in net position                    | <u>150,720</u>             | <u>74,504</u>       | <u>45,294</u>               | <u>37,422</u>     | <u>196,014</u>      | <u>111,926</u>      |
| Net position, beginning of year           | <u>1,270,890</u>           | <u>1,196,386</u>    | <u>458,575</u>              | <u>421,153</u>    | <u>1,729,465</u>    | <u>1,617,539</u>    |
| Net position, end of year                 | <u>\$ 1,421,610</u>        | <u>\$ 1,270,890</u> | <u>\$ 503,869</u>           | <u>\$ 458,575</u> | <u>\$ 1,925,479</u> | <u>\$ 1,729,465</u> |

The County increasingly relies upon increased charges for services, capital and operating grants, and taxes to meet governmental expenses. The County was experiencing a strong economy until the COVID-19 pandemic began in March 2020. With the pandemic, the economy suffered a significant blow which affected not only County operations, but also presented significant economic challenges to local businesses and citizens. The County was able to obtain approximately \$50 million in CARES funding from the U.S government. This funding allowed the County to make up for reduced revenues caused by the pandemic. In addition, the County was able to replenish reserves that had been depleted with the hurricanes. Finally, these funds allowed the County to provide local businesses with funding for their operations during the past year. Also, the County was able to provide significant assistance to individuals to meet their housing rent and mortgage payments. Fortunately, it does appear that the County will emerge from the pandemic with no significant adverse effects.

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

As stated above, the County continues to experience significant population growth. This growth will have a positive impact on County revenues in future years, but it will also create additional operational considerations regarding maintenance and replacement of infrastructure in the future, as well as increased need for additional County services.

Finally, program revenues were the main resources in meeting business-type expenditures. There were increases between fiscal years in expenses for the County utilities and solid waste programs, but these increases were more than offset by a corresponding increase in revenues. The primary driver of these variances between years continues to be population growth. The programs' fee structures are adequate to cover the expenses of providing these services to County citizens and to allow for future infrastructure needs.



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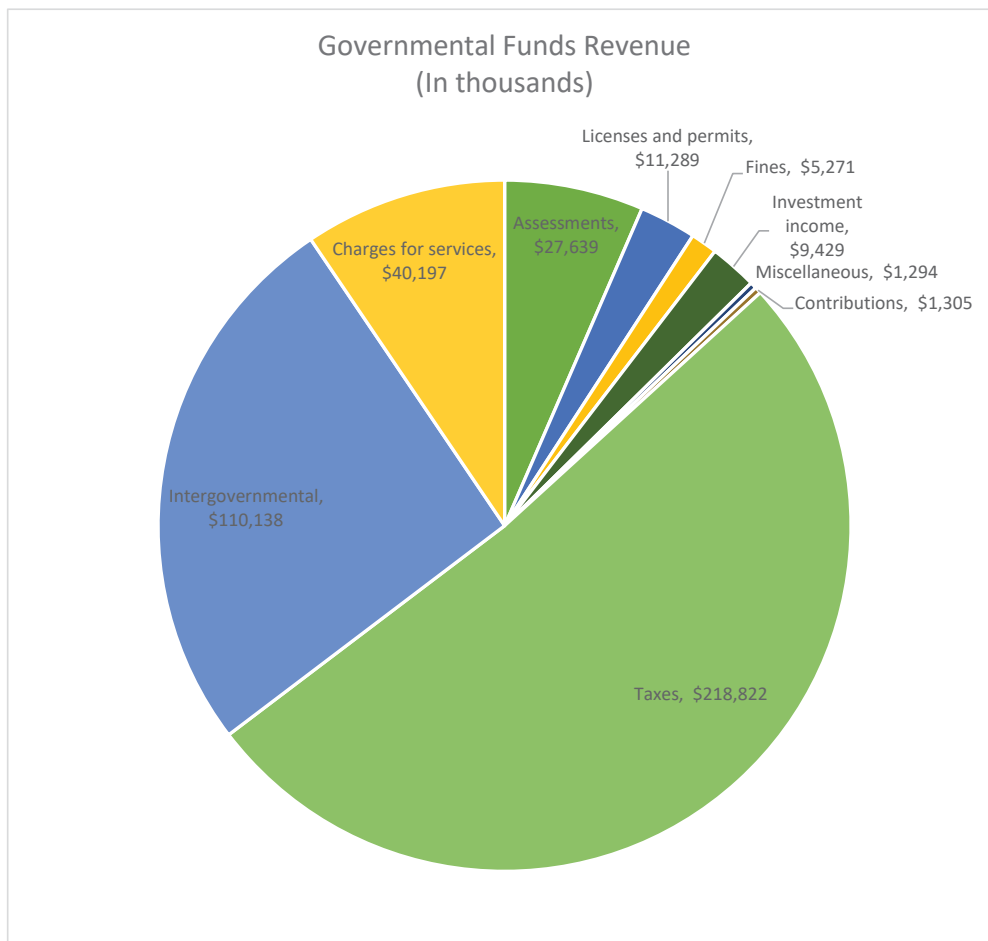


**4. Financial Analysis of the County's Funds.**

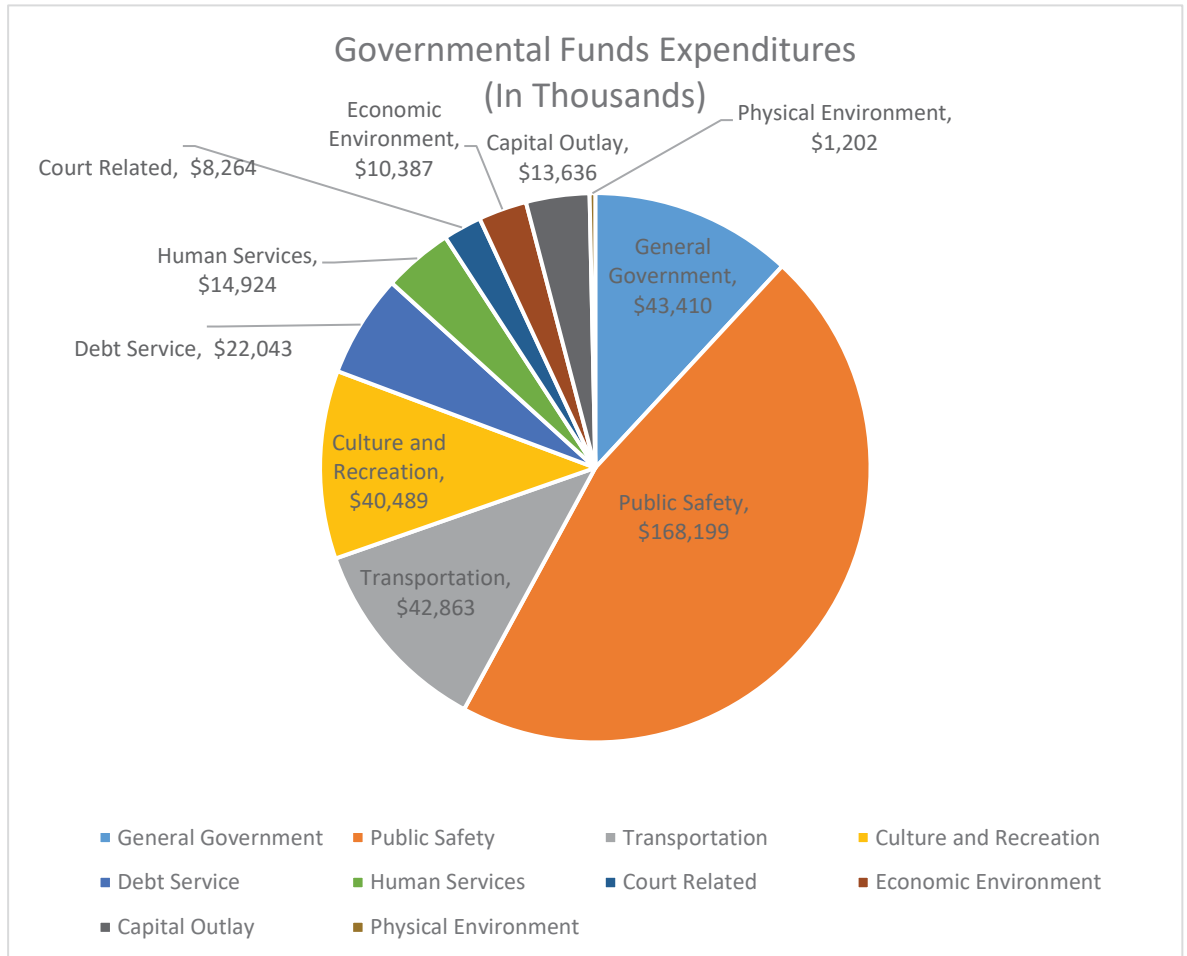
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the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

At September 30, 2020, the County's governmental funds reported combined ending fund balances of \$299.4 million, which is an increase of \$76.8 million. Fiscal year 2020 has reported stronger results when compared with the prior fiscal year balance and can be attributed primarily because the County received large grants that alleviated the effects of the pandemic, provided significant assistance for renourishing the County's beach and recovery of prior years emergency needs caused by hurricanes. The County expects FY 2021 to provide increased revenues due to a rebounding economy.

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



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

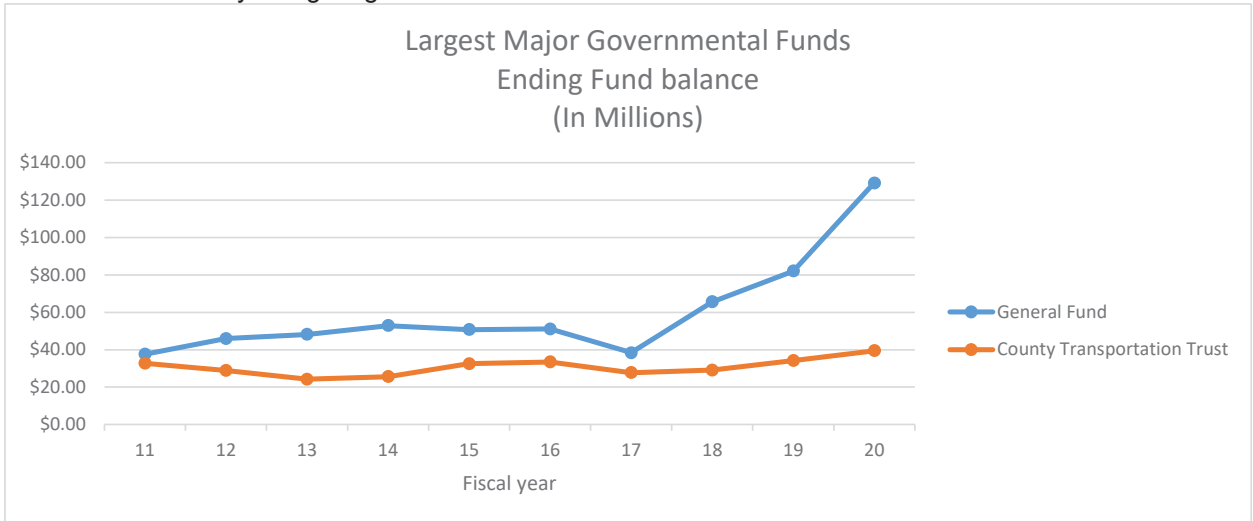


Excluding capital outlays and the County debt service requirements, the County's governmental fund expenditures increased by \$27 million over prior year expenditures. The largest increase for the year occurred in the human services and economic environment areas. These reflect the additional spending occurring from the pandemic. It also includes a large grant for housing from the U.S. Department of Housing and Urban Development. Public safety expenditures, police and fire protection, continue to increase year to year, primarily driven by salaries. Pension costs continue to be a significant expense for the County overall.

The net change in fund balances for the General Fund, Transportation Trust, and the Fire District reported a total increase of approximately \$51 million. Funding from grants is the main cause for the increase. However, an improving tax base, along with other development projects, are also increasing.

The St. Johns County Community Redevelopment Agency reported a net decrease in fund balance of \$7,918. Revenue in the CRA fund increased this year over 2019, but the CRAs had increased activity and projects which increased expenditures as well.

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



As seen in the above table, the General Fund's ending fund balance decreased significantly in fiscal year 2017 with the effects of the hurricanes and the position has been improving steadily since that year. For the first time in several years, the General Fund's ending unrestricted fund balance is now positive.

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 decreased during the year. The County opened a new fire station during this fiscal year. This is reflected in higher salary costs and operating supply expenses.

The fund balance of the St. Johns County Community Redevelopment Agency Fund decreased slightly in FY 2020 after a large increase in the prior year. The CRAs invested in several projects during the year which increased expenditures temporarily.

**5. General Fund budgetary highlights.**

An analysis of the revisions that were made to the General Fund's original budget during the current year were primarily driven by unanticipated awards of federal and state grants. The largest of these grants came from CARES funding and FEMA grants for the hurricane recovery. These variances affected the budgets for both revenues and the associated expenditures. The County also revised the budget during the year for revenue that resulted in selling surplus equipment of the County.

The expenditure categories with the largest variances between amounts budgeted by the County during fiscal year 2020 and the final amount of expenditures actually incurred during the year occurred within the Public Safety and Economic Environment expenditure categories. The primary causes for these variances are discussed below:

- For the Public Safety category, the largest difference occurred because of the uncertainty of how the CARES grant would be processed at the time of award. When the budget was approved, the requirements for receiving the CARES grant stipulated that all funding received had to be spent entirely during 2020. During the year, however, that grant's requirements were changed. The net result of those changes allowed the County to not be required to spend all the grant proceeds during the year. Consequently, the actual expenditures were significantly less than the previously budgeted amounts.
- Uncertainty over how a new grant would be processed also accounted for the primary difference between amounts budgeted and the expenditures actually incurred for the Economic Environment category. The County received a new grant from the Department of Housing and Urban Development. This grant was related to housing with disaster recovery. The County budgeted for most of the grant to be expended in fiscal year 2020. However, the level of applicants for the program and other factors caused the grant to not be actually expended entirely in 2020, but carried over to the next fiscal year.
- During this year, the difference between the County's final adopted budget and total General Fund expenditures was approximately \$60 million. The following table highlights the savings by function/programs:

| Function             | Appropriation<br>Balance in<br>Thousands | Percent |
|----------------------|--|---------|
| General Government   | \$ 2,980                                 | 4.9%    |
| Public Safety        | 31,439                                   | 52.2%   |
| Economic Environment | 23,946                                   | 39.7%   |
| Human Services       | 704                                      | 1.2%    |
| Court Related        | 215                                      | 0.4%    |
| All other functions  | 969                                      | 1.6%    |
|                      | \$ 60,253                                | 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, 2020 was \$2.075 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<br>Net of Depreciation<br>as of September 30, 2020<br>(in Thousands) |                            |                                 |                     |
|---|----------------------------|---------------------------------|---------------------|
|   | Governmental<br>Activities | Business-<br>Type<br>Activities | Total               |
| Land  | \$ 545,259                 | \$ 121,237                      | \$ 666,496          |
| Intangible Assets   | -                          | 81                              | 81                  |
| Building and Improvements   | 339,372                    | 34,919                          | 374,291             |
| Equipment   | 121,485                    | 12,848                          | 134,333             |
| Infrastructure  | 879,064                    | 569,003                         | 1,448,067           |
| Construction in Progress  | 42,256                     | 65,675                          | 107,931             |
| Less: Accumulated Depreciation  | (436,515)                  | (220,007)                       | (656,522)           |
| <b>Total</b>  | <b>\$ 1,490,921</b>        | <b>\$ 583,756</b>               | <b>\$ 2,074,677</b> |

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

ST. JOHNS COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION and ANALYSIS  
For the year ended September 30, 2020

- **Long-term Debt.** At the end of fiscal year 2020, the County had total long-term obligations outstanding of approximately \$665 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt  
(in Thousands)  
as of September 30, 2020

|  | Governmental<br>Activities | Business-<br>Type<br>Activities | Total             |
|--|----------------------------|---------------------------------|-------------------|
| Revenue Bonds and Notes  | \$ 163,676                 | \$ 137,589                      | \$ 301,265        |
| Loans, Commercial Paper, and<br>obligations under capital leases | 13,961                     | 49,188                          | 63,149            |
| Landfill Closure/Postclosure care                                | -                          | 3,849                           | 3,849             |
| Compensated absences   | 14,237                     | 1,242                           | 15,479            |
| Net Pension liability  | 269,705                    | 12,435                          | 282,140           |
| <b>Total</b>   | <b>\$ 461,579</b>          | <b>\$ 204,303</b>               | <b>\$ 665,882</b> |

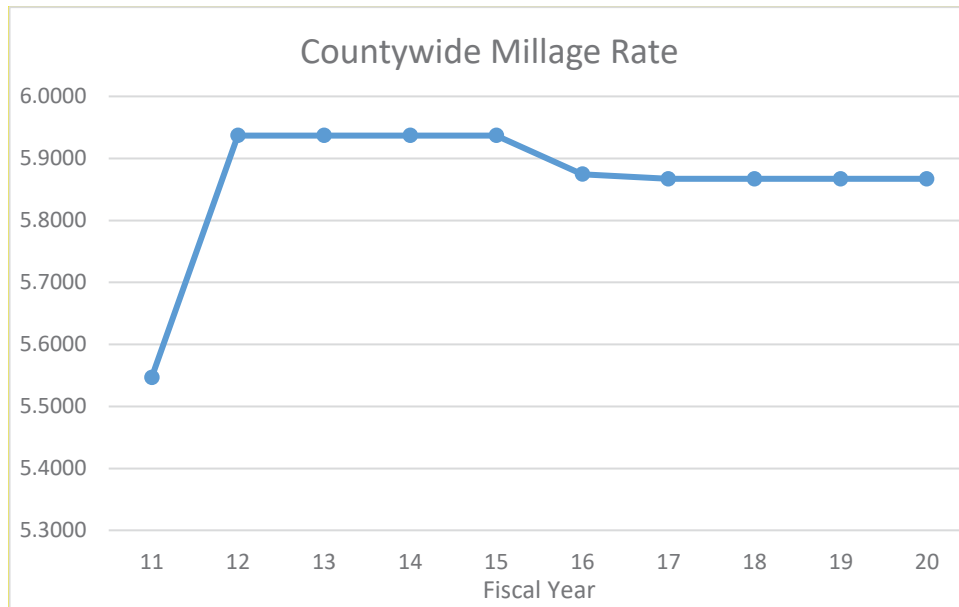
- Excluding the County's net state pension, the balances for total outstanding governmental and proprietary long-term obligations decreased by \$22.4 million from the prior fiscal year.
- Overall, however, with the inclusion of the County's net state pension, the County's outstanding debt increased \$36.8 million or 5.9% from the prior year.
- \$23.8 million was disbursed to retire principal that was due during the fiscal year on County bonds, notes and capital leases.
- \$27.1 million in notes and capital leases was issued during the fiscal year.

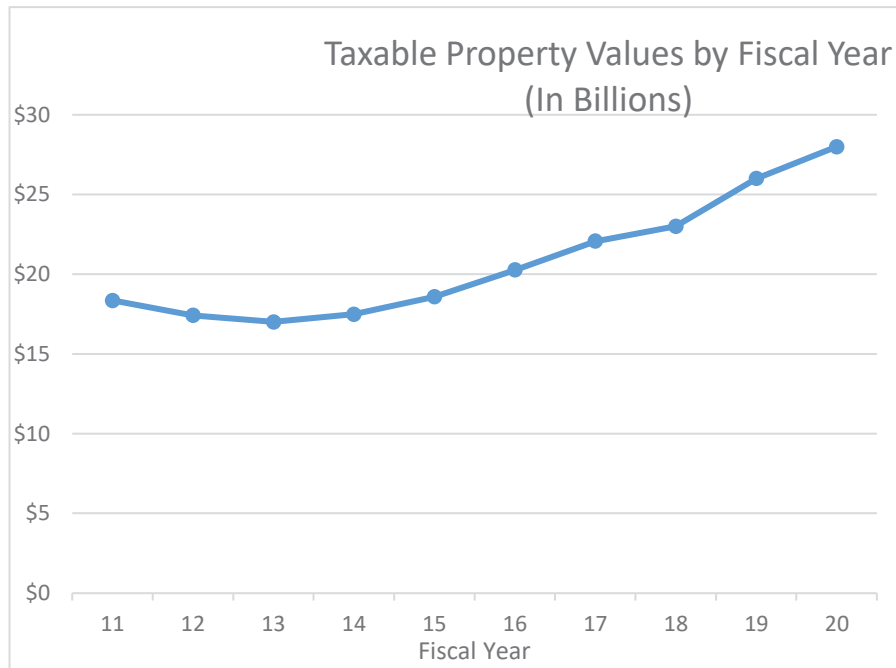
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements; Note 6, Long-Term Obligations.

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

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

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





Finally, there were a number of critical accomplishments that were achieved in fiscal year 2020:

- The County Commission was able to maintain the millage rate for 2020 at the same level as 2019.
- The County was able to successfully guide the economy through the COVID-19 pandemic. By applying for and receiving CARES funding, the County was able to provide over \$3.3 million to local businesses and individuals affected by the crisis.
- The deficit balance that has been reported for Unrestricted Net Position for Governmental Activities since 2015 has been eliminated.
- And finally, growth management issues continue to be a critical concern of county residents. Growth management through revisions of the County's Comprehensive Plan and stricter land development regulations will provide the necessary tools to help direct county staff in managing future development within the County.

**8. Requests for Information.**

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



# BASIC FINANCIAL STATEMENTS



ST. JOHNS COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

|  | Primary Government      |                          |                         | Component Units  |  |
|--|-------------------------|--------------------------|-------------------------|--|--|
|  | Governmental Activities | Business-type Activities | Total                   | Housing Finance Authority of St. Johns County, Florida | St Johns County Industrial Development Authority |
| <b>ASSETS</b>  |                         |                          |                         |  |  |
| Cash and cash equivalents                              | \$ 159,384,025          | \$ 32,363,776            | \$ 191,747,801          | \$ 67,084  | \$ 289,285                                       |
| Investments  | 140,779,956             | 80,902,550               | 221,682,506             | 2,220  | 8,160  |
| Accounts receivable, net                               | 3,886,937               | 4,753,563                | 8,640,500               | -  | -  |
| Notes receivable, less than 1 year                     | 300,000                 | 336,565                  | 636,565                 | 24,000   | -  |
| Interest receivable                                    | 465,028                 | 311,126                  | 776,154                 | -  | -  |
| Internal balances                                      | (8,180,650)             | 8,180,650                | -                       | -  | -  |
| Due from other governments                             | 53,043,763              | 206,988                  | 53,250,751              | -  | 250,000  |
| Inventories  | 253,872                 | 1,480,420                | 1,734,292               | 48,000   | -  |
| Restricted assets:                                     |                         |                          |                         |  |  |
| Cash and cash equivalents                              | -                       | 1,207,560                | 1,207,560               | -  | -  |
| Investments  | -                       | 13,728,001               | 13,728,001              | -  | -  |
| Net OPEB asset   | 9,441,286               | 874,807                  | 10,316,093              | -  | -  |
| Other assets   | 1,287,911               | 165,304                  | 1,453,215               | 110,580  | -  |
| Capital assets:  |                         |                          |                         |  |  |
| Land and construction in progress                      | 587,514,796             | 186,912,081              | 774,426,877             | -  | -  |
| Other capital assets, net                              | 903,406,099             | 396,844,195              | 1,300,250,294           | -  | -  |
| <b>TOTAL ASSETS</b>                                    | <b>1,851,583,023</b>    | <b>728,267,586</b>       | <b>2,579,850,609</b>    | <b>251,884</b>   | <b>547,445</b>                                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                         |                          |                         |  |  |
| Bond refunding losses                                  | 7,709,545               | 3,323,107                | 11,032,652              | -  | -  |
| Pension related  | 87,704,815              | 4,153,676                | 91,858,491              | -  | -  |
| OPEB related   | 1,318,056               | 115,644                  | 1,433,700               | -  | -  |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>            | <b>96,732,416</b>       | <b>7,592,427</b>         | <b>104,324,843</b>      | <b>-</b>   | <b>-</b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b> | <b>1,948,315,439</b>    | <b>735,860,013</b>       | <b>2,684,175,452</b>    | <b>251,884</b>   | <b>547,445</b>                                   |
| <b>LIABILITIES</b>                                     |                         |                          |                         |  |  |
| Accounts payable and accrued expenses                  | 25,141,931              | 7,699,946                | 32,841,877              | 2,532  | -  |
| Due to other governments                               | 4,991,856               | 9,061                    | 5,000,917               | -  | -  |
| Estimated liability for self insured losses            | 2,404,312               | -                        | 2,404,312               | -  | -  |
| Interest payable                                       | 160,686                 | 1,622,263                | 1,782,949               | -  | -  |
| Customer deposits                                      | 978,373                 | 1,945,232                | 2,923,605               | -  | -  |
| Unearned revenues                                      | 2,854,857               | 3,105                    | 2,857,962               | -  | -  |
| Due within one year:                                   |                         |                          |                         |  |  |
| Bonds, capital leases, and contracts                   | 14,642,361              | 7,395,025                | 22,037,386              | -  | -  |
| Landfill closure and post-closure costs                | -                       | 349,918                  | 349,918                 | -  | -  |
| Compensated absences                                   | 4,331,513               | 212,049                  | 4,543,562               | -  | -  |
| Net pension liability                                  | 458,955                 | 21,160                   | 480,115                 | -  | -  |
| Due in more than one year:                             |                         |                          |                         |  |  |
| Bonds, capital leases, and contracts                   | 175,141,102             | 194,206,274              | 369,347,376             | -  | -  |
| Accrued landfill closure and post-closure costs        | -                       | 3,499,180                | 3,499,180               | -  | -  |
| Compensated absences                                   | 9,905,401               | 1,029,897                | 10,935,298              | -  | -  |
| Net pension liability                                  | 269,245,865             | 12,413,364               | 281,659,229             | -  | -  |
| <b>TOTAL LIABILITIES</b>                               | <b>510,257,212</b>      | <b>230,406,474</b>       | <b>740,663,686</b>      | <b>2,532</b>   | <b>-</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |                         |                          |                         |  |  |
| Bond refunding gain                                    | -                       | 100,763                  | 100,763                 | -  | -  |
| Pension related  | 3,996,168               | 300,723                  | 4,296,891               | -  | -  |
| OPEB related   | 12,451,894              | 1,183,074                | 13,634,968              | -  | -  |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>             | <b>16,448,062</b>       | <b>1,584,560</b>         | <b>18,032,622</b>       | <b>-</b>   | <b>-</b>   |
| <b>NET POSITION</b>                                    |                         |                          |                         |  |  |
| Net investment in capital assets                       | 1,309,350,977           | 398,159,974              | 1,707,510,951           | -  | -  |
| Restricted for:  |                         |                          |                         |  |  |
| Capital Improvement Projects                           | 4,708,974               | -                        | 4,708,974               | -  | -  |
| Future development Impacts                             | 47,394,039              | -                        | 47,394,039              | -  | -  |
| Transportation   | 3,021,405               | -                        | 3,021,405               | -  | -  |
| Fire District  | 6,030,286               | -                        | 6,030,286               | -  | -  |
| Community redevelopment                                | 26,865                  | -                        | 26,865                  | -  | -  |
| Court operations and improvements                      | 8,834,607               | -                        | 8,834,607               | -  | -  |
| Building services                                      | 20,701,569              | -                        | 20,701,569              | -  | -  |
| Debt service   | 1,228,659               | 10,090,518               | 11,319,177              | -  | -  |
| Renewal and replacement                                | -                       | 2,899,811                | 2,899,811               | -  | -  |
| State Housing Initiatives Program                      | 1,061,147               | -                        | 1,061,147               | -  | -  |
| Tourist development and recreation                     | 7,094,229               | -                        | 7,094,229               | -  | -  |
| Law enforcement  | 1,770,264               | -                        | 1,770,264               | -  | -  |
| Other purposes   | 950,452                 | -                        | 950,452                 | -  | -  |
| Unrestricted   | 9,436,692               | 92,718,676               | 102,155,368             | 249,352  | 547,445  |
| <b>TOTAL NET POSITION</b>                              | <b>\$ 1,421,610,165</b> | <b>\$ 503,868,979</b>    | <b>\$ 1,925,479,144</b> | <b>\$ 249,352</b>                                      | <b>\$ 547,445</b>                                |

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

ST. JOHNS COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

| 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 |
| <b>Primary Government:</b>                       |  |                       |                                    |                                  |                         |                          |                         |  |  |
| Governmental activities:                         |  |                       |                                    |                                  |                         |                          |                         |  |  |
| General government                               | \$ 49,217,182                                      | \$ 17,789,916         | \$ 259,639                         | \$ -                             | \$ (31,167,627)         | \$ -                     | \$ (31,167,627)         | \$ -   | \$ -   |
| Public safety                                    | 184,999,912  | 25,389,591            | 10,144,799                         | 21,268                           | (149,444,254)           | -                        | (149,444,254)           | -  | -  |
| Physical environment                             | 1,120,973  | 3,059,061             | -                                  | 588,456                          | 2,526,544               | -                        | 2,526,544               | -  | -  |
| Transportation                                   | 56,499,671   | 17,972,168            | 1,848,584                          | 104,628,480                      | 67,949,561              | -                        | 67,949,561              | -  | -  |
| Economic environment                             | 10,478,287   | 236,539               | 585,519                            | -                                | (9,656,229)             | -                        | (9,656,229)             | -  | -  |
| Human services                                   | 15,876,081   | 79,395                | 58,518,220                         | -                                | 42,721,534              | -                        | 42,721,534              | -  | -  |
| Culture and recreation                           | 42,695,502   | 13,606,892            | 4,549,246                          | 700,808                          | (23,838,556)            | -                        | (23,838,556)            | -  | -  |
| Court related                                    | 9,158,398  | 6,253,614             | 121,455                            | -                                | (2,783,329)             | -                        | (2,783,329)             | -  | -  |
| Interest on long term debt                       | 7,175,787  | -                     | -                                  | -                                | (7,175,787)             | -                        | (7,175,787)             | -  | -  |
| <b>Total governmental activities</b>             | <b>377,221,793</b>                                 | <b>84,387,176</b>     | <b>76,027,462</b>                  | <b>105,939,012</b>               | <b>(110,868,143)</b>    | <b>-</b>                 | <b>(110,868,143)</b>    | <b>-</b>   | <b>-</b>   |
| Business-type activities:                        |  |                       |                                    |                                  |                         |                          |                         |  |  |
| Utilities  | 56,422,201   | 58,535,330            | -                                  | 37,027,304                       | -                       | 39,140,433               | 39,140,433              | -  | -  |
| Solid waste                                      | 26,495,481   | 27,163,758            | -                                  | -                                | -                       | 668,277                  | 668,277                 | -  | -  |
| Convention center                                | 296,607  | 1,094,587             | -                                  | -                                | -                       | 797,980                  | 797,980                 | -  | -  |
| <b>Total business-type activities</b>            | <b>83,214,289</b>                                  | <b>86,793,675</b>     | <b>-</b>                           | <b>37,027,304</b>                | <b>-</b>                | <b>40,606,690</b>        | <b>40,606,690</b>       | <b>-</b>   | <b>-</b>   |
| <b>Total primary government</b>                  | <b>\$ 460,436,082</b>                              | <b>\$ 171,180,851</b> | <b>\$ 76,027,462</b>               | <b>\$ 142,966,316</b>            | <b>(110,868,143)</b>    | <b>40,606,690</b>        | <b>(70,261,453)</b>     | <b>-</b>   | <b>-</b>   |
| <b>Component units:</b>                          |  |                       |                                    |                                  |                         |                          |                         |  |  |
| Housing programs                                 | \$ 23,313  | \$ -                  | \$ -                               | \$ -                             | -                       | -                        | -                       | (23,313)   | -  |
| Economic development programs                    | 19,567   | 278,175               | -                                  | -                                | -                       | -                        | -                       | -  | 258,608  |
| <b>Total component units</b>                     | <b>\$ 42,880</b>                                   | <b>\$ 278,175</b>     | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>-</b>                | <b>-</b>                 | <b>-</b>                | <b>(23,313)</b>  | <b>258,608</b>                                   |
| <b>General revenues:</b>                         |  |                       |                                    |                                  |                         |                          |                         |  |  |
| Taxes:   |  |                       |                                    |                                  |                         |                          |                         |  |  |
| Property taxes                                   |  |                       |                                    |                                  | 199,692,395             | -                        | 199,692,395             | -  | -  |
| Communication services tax                       |  |                       |                                    |                                  | 2,535,730               | -                        | 2,535,730               | -  | -  |
| Tourist development tax                          |  |                       |                                    |                                  | 9,203,218               | -                        | 9,203,218               | -  | -  |
| Fuel taxes                                       |  |                       |                                    |                                  | 11,108,552              | -                        | 11,108,552              | -  | -  |
| Local government half-cent sales tax             |  |                       |                                    |                                  | 19,540,401              | -                        | 19,540,401              | -  | -  |
| Shared revenues - intergovernmental unrestricted |  |                       |                                    |                                  | 6,835,670               | -                        | 6,835,670               | -  | -  |
| Unrestricted earnings on investments             |  |                       |                                    |                                  | 9,422,776               | 4,381,668                | 13,804,444              | -  | -  |
| Franchise fees                                   |  |                       |                                    |                                  | 2,091,086               | -                        | 2,091,086               | -  | -  |
| Miscellaneous                                    |  |                       |                                    |                                  | 1,422,988               | 40,494                   | 1,463,482               | 12,371   | 3,325  |
| Transfers  |  |                       |                                    |                                  | (264,373)               | 264,373                  | -                       | -  | -  |
| <b>Total general revenues and transfers</b>      |  |                       |                                    |                                  | <b>261,588,443</b>      | <b>4,686,535</b>         | <b>266,274,978</b>      | <b>12,371</b>  | <b>3,325</b>                                     |
| Change in net position                           |  |                       |                                    |                                  | 150,720,300             | 45,293,225               | 196,013,525             | (10,942)   | 261,933  |
| Net position, beginning of the year              |  |                       |                                    |                                  | 1,270,889,865           | 458,575,754              | 1,729,465,619           | 260,294  | 285,512  |
| <b>Net position, end of the year</b>             |  |                       |                                    |                                  | <b>\$ 1,421,610,165</b> | <b>\$ 503,868,979</b>    | <b>\$ 1,925,479,144</b> | <b>\$ 249,352</b>                                      | <b>\$ 547,445</b>                                |

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

St. Johns County, Florida  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

|   | General Fund          | Transportation Trust | Fire District        | St. Johns County<br>Community<br>Redevelopment<br>Agency | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------|----------------------|--|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |                       |                      |                      |  |                                |                                |
| Equity in pooled cash and cash equivalents                | \$ 45,287,171         | \$ 6,588,954         | \$ 4,692,902         | \$ 62,334  | \$ 84,254,399                  | \$ 140,885,760                 |
| Investments   | 47,515,963            | 36,015,689           | 8,280,094            | -  | 48,968,210                     | 140,779,956                    |
| Accounts receivable (net of allowance for uncollectibles) | 1,103,100             | 1,123,413            | 24,573               | -  | 974,365                        | 3,225,451                      |
| Notes receivable  | -                     | -                    | -                    | -  | 300,000                        | 300,000                        |
| Interest receivable                                       | 157,130               | 118,414              | 27,383               | -  | 161,648                        | 464,575                        |
| Advances to other funds                                   | 7,146,896             | 10,131               | -                    | -  | -                              | 7,157,027                      |
| Due from other funds                                      | 3,350,380             | 56,542               | 52,001               | -  | 1,076,754                      | 4,535,677                      |
| Due from other governments                                | 42,226,987            | 1,106,626            | 786,710              | -  | 7,480,488                      | 51,600,811                     |
| Inventory   | -                     | 208,331              | -                    | -  | 45,541                         | 253,872                        |
| Other assets  | 1,204,992             | 22,404               | 39,195               | -  | 21,320                         | 1,287,911                      |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 147,992,619</b> | <b>\$ 45,250,504</b> | <b>\$ 13,902,858</b> | <b>\$ 62,334</b>   | <b>\$ 143,282,725</b>          | <b>\$ 350,491,040</b>          |
| <b>LIABILITIES AND FUND BALANCES</b>                      |                       |                      |                      |  |                                |                                |
| <b>LIABILITIES</b>  |                       |                      |                      |  |                                |                                |
| Accounts payable and accrued liabilities                  | \$ 13,186,393         | \$ 4,143,895         | \$ 1,754,342         | \$ 2,891   | \$ 4,253,956                   | \$ 23,341,477                  |
| Customer deposits   | 933,529               | -                    | -                    | -  | 44,844                         | 978,373                        |
| Advances from other funds                                 | -                     | -                    | -                    | -  | 14,402,881                     | 14,402,881                     |
| Due to other funds  | 1,441,634             | 58,042               | 104,421              | -  | 2,926,918                      | 4,531,015                      |
| Due to other governments                                  | 3,176,296             | 1,584,461            | 3,300                | -  | 227,799                        | 4,991,856                      |
| Unearned revenue  | 91,553                | -                    | -                    | -  | 2,763,304                      | 2,854,857                      |
| <b>TOTAL LIABILITIES</b>                                  | <b>18,829,405</b>     | <b>5,786,398</b>     | <b>1,862,063</b>     | <b>2,891</b>   | <b>24,619,702</b>              | <b>51,100,459</b>              |
| <b>FUND BALANCES</b>                                      |                       |                      |                      |  |                                |                                |
| Nonspendable  | 8,334,589             | 240,866              | 39,195               | -  | 66,861                         | 8,681,511                      |
| Restricted  | 2,856,806             | 2,913,101            | 6,030,286            | 26,865   | 90,995,438                     | 102,822,496                    |
| Committed   | -                     | -                    | -                    | -  | 6,752,545                      | 6,752,545                      |
| Assigned  | 7,894,473             | 36,310,139           | 5,971,314            | 32,578   | 32,962,687                     | 83,171,191                     |
| Unassigned  | 110,077,346           | -                    | -                    | -  | (12,114,508)                   | 97,962,838                     |
| <b>TOTAL FUND BALANCES</b>                                | <b>129,163,214</b>    | <b>39,464,106</b>    | <b>12,040,795</b>    | <b>59,443</b>  | <b>118,663,023</b>             | <b>299,390,581</b>             |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>                | <b>\$ 147,992,619</b> | <b>\$ 45,250,504</b> | <b>\$ 13,902,858</b> | <b>\$ 62,334</b>   | <b>\$ 143,282,725</b>          | <b>\$ 350,491,040</b>          |

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, 2020

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|  |                         |
|--|-------------------------|
| Total fund balances- governmental funds  | \$ 299,390,581          |
| 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.   | 1,490,920,895           |
| Net OPEB asset pertains to future periods and use and are not reported in the funds.   | 9,441,286               |
| Deferred outflows for bond refunding losses are not reported in the governmental funds.  | 7,709,545               |
| Deferred pension outflows are not reported in the governmental funds.  | 87,704,815              |
| Deferred OPEB outflows are not reported in the governmental funds.   | 1,318,056               |
| Bonds and notes payable (\$172,117,120); unamortized bond premiums (\$12,145,531); lease obligations (\$5,520,812); compensated absences for governmental funds (\$14,236,914); and net pension liabilities (\$269,704,820) are not due and payable in the current period and, therefore, are not reported in the funds. | (473,725,197)           |
| Accrued interest payable is not reported in the governmental funds.  | (160,686)               |
| Deferred pension inflows are not reported in the governmental funds  | (3,996,168)             |
| Deferred OPEB inflows are not reported in the governmental funds   | (12,451,894)            |
| 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>15,458,932</u>       |
| Net position of governmental activities  | <u>\$ 1,421,610,165</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, 2020

|   | General Fund          | Transportation Trust | Fire District        | St. Johns County<br>Community<br>Redevelopment<br>Agency | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------|----------------------|--|--------------------------------|--------------------------------|
| <b>REVENUES:</b>                                    |                       |                      |                      |  |                                |                                |
| Taxes   | \$ 137,468,416        | \$ 30,404,148        | \$ 37,960,245        | \$ 996,464   | \$ 11,992,287                  | \$ 218,821,560                 |
| Special assessments                                 | -                     | -                    | -                    | -  | 27,639,689                     | 27,639,689                     |
| Licenses and permits                                | 979,479               | 1,426,817            | 467,431              | -  | 8,414,945                      | 11,288,672                     |
| Intergovernmental                                   | 77,649,037            | 4,120,202            | 1,008,268            | -  | 27,360,132                     | 110,137,639                    |
| Charges for services                                | 23,664,573            | 3,799,308            | 56,238               | -  | 12,676,555                     | 40,196,674                     |
| Fines and forfeitures                               | 3,700,729             | -                    | -                    | -  | 1,570,158                      | 5,270,887                      |
| Contributions                                       | 45,445                | 540,051              | -                    | -  | 719,711                        | 1,305,207                      |
| Investment income                                   | 4,614,588             | 1,619,705            | 615,505              | 8,560  | 2,570,575                      | 9,428,933                      |
| Miscellaneous revenue                               | 578,238               | 195,990              | 1,131                | -  | 518,435                        | 1,293,794                      |
| <b>TOTAL REVENUES</b>                               | <b>248,700,505</b>    | <b>42,106,221</b>    | <b>40,108,818</b>    | <b>1,005,024</b>   | <b>93,462,487</b>              | <b>425,383,055</b>             |
| <b>EXPENDITURES:</b>                                |                       |                      |                      |  |                                |                                |
| Current:  |                       |                      |                      |  |                                |                                |
| General government                                  | 36,596,891            | -                    | -                    | -  | 6,812,786                      | 43,409,677                     |
| Public safety                                       | 109,589,692           | -                    | 40,707,779           | -  | 17,901,276                     | 168,198,747                    |
| Physical environment                                | 810,023               | -                    | -                    | -  | 391,891                        | 1,201,914                      |
| Transportation                                      | -                     | 35,983,144           | -                    | -  | 6,880,219                      | 42,863,363                     |
| Economic environment                                | 8,429,329             | -                    | -                    | 52,168   | 1,905,645                      | 10,387,142                     |
| Human services                                      | 7,244,005             | -                    | -                    | -  | 7,680,892                      | 14,924,897                     |
| Culture and recreation                              | 14,284,245            | -                    | -                    | -  | 26,204,616                     | 40,488,861                     |
| Court related                                       | 7,142,933             | -                    | -                    | -  | 1,121,391                      | 8,264,324                      |
| Capital outlay                                      | -                     | -                    | -                    | -  | 13,636,085                     | 13,636,085                     |
| Debt service:                                       |                       |                      |                      |  |                                |                                |
| Principal retirement                                | 2,707,787             | -                    | -                    | -  | 11,688,804                     | 14,396,591                     |
| Interest and fiscal charges                         | 186,755               | -                    | -                    | -  | 7,459,257                      | 7,646,012                      |
| <b>TOTAL EXPENDITURES</b>                           | <b>186,991,660</b>    | <b>35,983,144</b>    | <b>40,707,779</b>    | <b>52,168</b>  | <b>101,682,862</b>             | <b>365,417,613</b>             |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> | <b>61,708,845</b>     | <b>6,123,077</b>     | <b>(598,961)</b>     | <b>952,856</b>   | <b>(8,220,375)</b>             | <b>59,965,442</b>              |
| <b>OTHER FINANCING SOURCES (USES):</b>              |                       |                      |                      |  |                                |                                |
| Transfers in  | 4,520,989             | -                    | -                    | -  | 30,487,832                     | 35,008,821                     |
| Transfers out                                       | (23,950,674)          | (854,230)            | (789,087)            | (960,774)  | (8,705,508)                    | (35,260,273)                   |
| Long-term debt issued                               | 3,961,800             | -                    | -                    | -  | 12,085,000                     | 16,046,800                     |
| Capital lease issued                                | -                     | -                    | -                    | -  | 203,045                        | 203,045                        |
| Sale of capital assets                              | 891,409               | -                    | -                    | -  | 8,595                          | 900,004                        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>         | <b>(14,576,476)</b>   | <b>(854,230)</b>     | <b>(789,087)</b>     | <b>(960,774)</b>   | <b>34,078,964</b>              | <b>16,898,397</b>              |
| <b>NET CHANGE IN FUND BALANCES</b>                  | <b>47,132,369</b>     | <b>5,268,847</b>     | <b>(1,388,048)</b>   | <b>(7,918)</b>   | <b>25,858,589</b>              | <b>76,863,839</b>              |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>             | <b>82,030,845</b>     | <b>34,195,259</b>    | <b>13,428,843</b>    | <b>67,361</b>  | <b>92,804,434</b>              | <b>222,526,742</b>             |
| <b>FUND BALANCES, END OF YEAR</b>                   | <b>\$ 129,163,214</b> | <b>\$ 39,464,106</b> | <b>\$ 12,040,795</b> | <b>\$ 59,443</b>   | <b>\$ 118,663,023</b>          | <b>\$ 299,390,581</b>          |

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, 2020

Net change in fund balances - total governmental funds \$ 76,863,839

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         | \$ 43,282,549       |             |
| Capital assets contributed by developers                      | 102,725,635         |             |
| Reclassification of capital items in construction in progress | (905,663)           |             |
| Current year depreciation                                     | <u>(39,087,802)</u> | 106,014,719 |

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 for cash                        | (12,085,000)     |           |
| Principal payments                          | 14,396,591       |           |
| Amortization of bond premiums and discounts | <u>1,028,689</u> | 3,340,280 |

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 | (776,966)     |             |
| Decrease of bond refunding losses | (589,296)     |             |
| Increase in compensated absences  | (1,487,211)   |             |
| Decrease in interest payable      | <u>30,831</u> | (2,822,642) |

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                 | (59,820,051)      |              |
| Change in deferred outflows related to pensions | 13,970,111        |              |
| Change in deferred inflows related to pensions  | <u>10,870,833</u> | (34,979,107) |

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          | 12,353,125          |         |
| Change in deferred outflows related to OPEB | 1,144,702           |         |
| Change in deferred inflows related to OPEB  | <u>(12,818,227)</u> | 679,600 |

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

1,623,611

Change in net position of governmental activities \$ 150,720,300

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

ST. JOHNS COUNTY, FLORIDA  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
SEPTEMBER 30, 2020

|   | Business-type Activities - Enterprise Funds |                      |                      |                       | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|----------------------|----------------------|-----------------------|--|
|   | MAJOR FUNDS                                 |                      | NONMAJOR FUND        |                       |  |
|   | St. Johns County<br>Utilities               | Solid<br>Waste       | Convention<br>Center | Total                 |  |
| <b>ASSETS</b>                                   |   |                      |                      |                       |  |
| Current assets:                                 |   |                      |                      |                       |  |
| Equity in pooled cash and cash equivalents      | \$ 28,718,354                               | \$ 3,124,645         | \$ 520,777           | \$ 32,363,776         | \$ 18,498,265  |
| Investments                                     | 65,497,787                                  | 15,404,763           | -                    | 80,902,550            | -  |
| Accounts receivable, net                        | 3,353,758                                   | 1,134,173            | 265,632              | 4,753,563             | 661,486  |
| Unit connection fee notes receivable            | 336,565                                     | -                    | -                    | 336,565               | -  |
| Interest receivable                             | 260,396                                     | 50,714               | 16                   | 311,126               | 453  |
| Other assets                                    | 163,080                                     | 2,224                | -                    | 165,304               | -  |
| Advances to other funds                         | 3,622,927                                   | 3,622,927            | -                    | 7,245,854             | -  |
| Due from other funds                            | 1,000,000                                   | 5,229                | -                    | 1,005,229             | 504,452  |
| Due from other governments                      | 206,988                                     | -                    | -                    | 206,988               | -  |
| Inventory                                       | 1,480,420                                   | -                    | -                    | 1,480,420             | -  |
| <b>Total current assets</b>                     | <b>104,640,275</b>                          | <b>23,344,675</b>    | <b>786,425</b>       | <b>128,771,375</b>    | <b>19,664,656</b>  |
| Non-current assets:                             |   |                      |                      |                       |  |
| Restricted assets:                              |   |                      |                      |                       |  |
| Cash and cash equivalents                       | -   | -                    | 1,207,560            | 1,207,560             | -  |
| Investments                                     | 13,690,070                                  | 37,931               | -                    | 13,728,001            | -  |
| Net OPEB asset                                  | 804,750                                     | 70,057               | -                    | 874,807               | -  |
| Capital assets:                                 |   |                      |                      |                       |  |
| Land  | 119,510,100                                 | 1,727,127            | -                    | 121,237,227           | -  |
| Intangible assets                               | 80,776                                      | -                    | -                    | 80,776                | -  |
| Buildings and improvements                      | 15,375,856                                  | 8,517,638            | 11,025,952           | 34,919,446            | -  |
| Water and sewer systems                         | 569,003,091                                 | -                    | -                    | 569,003,091           | -  |
| Furniture and equipment                         | 11,100,022                                  | 1,747,814            | -                    | 12,847,836            | -  |
| Accumulated intangible asset amortization       | (24,233)                                    | -                    | -                    | (24,233)              | -  |
| Accumulated depreciation                        | (210,268,951)                               | (4,868,395)          | (4,845,375)          | (219,982,721)         | -  |
| Construction in progress                        | 65,641,734                                  | 33,120               | -                    | 65,674,854            | -  |
| <b>Total non-current assets</b>                 | <b>584,913,215</b>                          | <b>7,265,292</b>     | <b>7,388,137</b>     | <b>599,566,644</b>    | <b>-</b>   |
| <b>TOTAL ASSETS</b>                             | <b>689,553,490</b>                          | <b>30,609,967</b>    | <b>8,174,562</b>     | <b>728,338,019</b>    | <b>19,664,656</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |   |                      |                      |                       |  |
| Bond refunding losses                           | 3,323,107                                   | -                    | -                    | 3,323,107             | -  |
| Pension related                                 | 3,771,755                                   | 381,921              | -                    | 4,153,676             | -  |
| OPEB related                                    | 106,396                                     | 9,248                | -                    | 115,644               | -  |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>     | <b>7,201,258</b>                            | <b>391,169</b>       | <b>-</b>             | <b>7,592,427</b>      | <b>-</b>   |
| <b>LIABILITIES</b>                              |   |                      |                      |                       |  |
| Current liabilities:                            |   |                      |                      |                       |  |
| Accounts payable and accrued liabilities        | 5,036,573                                   | 2,072,275            | -                    | 7,108,848             | 1,800,454  |
| Unit connection fee contract payables           | 591,098                                     | -                    | -                    | 591,098               | -  |
| Estimated liability for self insured losses     | -   | -                    | -                    | -                     | 2,404,312  |
| Customer deposits                               | 1,907,301                                   | 37,931               | -                    | 1,945,232             | -  |
| Due to other funds                              | 58,072                                      | 12,361               | -                    | 70,433                | 958  |
| Due to other governments                        | 9,061                                       | -                    | -                    | 9,061                 | -  |
| Landfill closure and post-closure costs         | -   | 349,918              | -                    | 349,918               | -  |
| Unearned revenue                                | 3,105                                       | -                    | -                    | 3,105                 | -  |
| Revenue bonds and notes payable                 | 4,405,629                                   | -                    | 1,437,000            | 5,842,629             | -  |
| Interest payable                                | 1,612,203                                   | -                    | 10,060               | 1,622,263             | -  |
| State loan payable                              | 1,513,828                                   | -                    | -                    | 1,513,828             | -  |
| Capital lease payable                           | 38,568                                      | -                    | -                    | 38,568                | -  |
| Compensated absences                            | 194,574                                     | 17,475               | -                    | 212,049               | -  |
| Net Pension liability                           | 19,204                                      | 1,956                | -                    | 21,160                | -  |
| <b>Total current liabilities</b>                | <b>15,389,216</b>                           | <b>2,491,916</b>     | <b>1,447,060</b>     | <b>19,328,192</b>     | <b>4,205,724</b>   |
| Long-term liabilities:                          |   |                      |                      |                       |  |
| Accrued landfill closure and post-closure costs | -   | 3,499,180            | -                    | 3,499,180             | -  |
| Revenue bonds and notes payable                 | 146,570,623                                 | -                    | -                    | 146,570,623           | -  |
| State loan payable                              | 47,405,075                                  | -                    | -                    | 47,405,075            | -  |
| Capital lease payable                           | 230,576                                     | -                    | -                    | 230,576               | -  |
| Compensated absences                            | 965,092                                     | 64,805               | -                    | 1,029,897             | -  |
| Net Pension liability                           | 11,265,743                                  | 1,147,621            | -                    | 12,413,364            | -  |
| <b>Total long-term liabilities</b>              | <b>206,437,109</b>                          | <b>4,711,606</b>     | <b>-</b>             | <b>211,148,715</b>    | <b>-</b>   |
| <b>TOTAL LIABILITIES</b>                        | <b>221,826,325</b>                          | <b>7,203,522</b>     | <b>1,447,060</b>     | <b>230,476,907</b>    | <b>4,205,724</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |   |                      |                      |                       |  |
| Pension related                                 | 278,898                                     | 21,825               | -                    | 300,723               | -  |
| Bond refunding gain                             | 100,763                                     | -                    | -                    | 100,763               | -  |
| OPEB related                                    | 1,088,611                                   | 94,463               | -                    | 1,183,074             | -  |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>      | <b>1,468,272</b>                            | <b>116,288</b>       | <b>-</b>             | <b>1,584,560</b>      | <b>-</b>   |
| <b>NET POSITION</b>                             |   |                      |                      |                       |  |
| Net investment in capital assets                | 386,259,090                                 | 7,157,307            | 4,743,577            | 398,159,974           | -  |
| Restricted for:                                 |   |                      |                      |                       |  |
| Debt service                                    | 8,882,958                                   | -                    | 1,207,560            | 10,090,518            | -  |
| Renewal and replacement reserve                 | 2,899,811                                   | -                    | -                    | 2,899,811             | -  |
| Unrestricted                                    | 75,418,292                                  | 16,524,019           | 776,365              | 92,718,676            | 15,458,932   |
| <b>TOTAL NET POSITION</b>                       | <b>\$ 473,460,151</b>                       | <b>\$ 23,681,326</b> | <b>\$ 6,727,502</b>  | <b>\$ 503,868,979</b> | <b>\$ 15,458,932</b>   |

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, 2020

|  | Business-type Activities - Enterprise Funds |                |                      |                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|----------------|----------------------|----------------|--|
|  | MAJOR FUNDS                                 |                | NONMAJOR FUND        | Totals         |  |
|  | St. Johns County<br>Utilities               | Solid<br>Waste | Convention<br>Center |                |  |
| OPERATING REVENUES:                                  |   |                |                      |                |  |
| Charges for services                                 | \$ 55,177,444                               | \$ 27,087,918  | \$ 466,949           | \$ 82,732,311  | \$ 30,715,752  |
| Special assessment revenue                           | 25,854                                      | -              | 627,638              | 653,492        | -  |
| Other operating revenue                              | 3,332,032                                   | 75,840         | -                    | 3,407,872      | 110,785  |
| Total operating revenues                             | 58,535,330                                  | 27,163,758     | 1,094,587            | 86,793,675     | 30,826,537   |
| OPERATING EXPENSES:                                  |   |                |                      |                |  |
| Contractual services                                 | 9,241,403                                   | 24,336,247     | -                    | 33,577,650     | 28,053,651   |
| Salaries and benefits                                | 14,812,900                                  | 1,425,374      | -                    | 16,238,274     | 1,337,581  |
| Operating and maintenance expenses                   | 8,624,645                                   | 357,257        | -                    | 8,981,902      | 44,670   |
| Amortization of intangible assets                    | 4,039                                       | -              | -                    | 4,039          | -  |
| Depreciation   | 17,400,281                                  | 376,603        | 220,742              | 17,997,626     | -  |
| Total operating expenses                             | 50,083,268                                  | 26,495,481     | 220,742              | 76,799,491     | 29,435,902   |
| OPERATING INCOME                                     | 8,452,062                                   | 668,277        | 873,845              | 9,994,184      | 1,390,635  |
| NON-OPERATING REVENUES (EXPENSES):                   |   |                |                      |                |  |
| Investment income                                    | 3,561,352                                   | 805,159        | 15,157               | 4,381,668      | 195,897  |
| Interest expense                                     | (6,338,933)                                 | -              | (75,865)             | (6,414,798)    | -  |
| Donations  | -   | -              | -                    | -              | 50,000   |
| Gain from asset disposition                          | 8,637                                       | 31,857         | -                    | 40,494         | -  |
| Total non-operating revenues (expenses)              | (2,768,944)                                 | 837,016        | (60,708)             | (1,992,636)    | 245,897  |
| INCOME BEFORE CAPITAL CONTRIBUTIONS<br>AND TRANSFERS | 5,683,118                                   | 1,505,293      | 813,137              | 8,001,548      | 1,636,532  |
| Capital contributions - other                        | 29,170,435                                  | -              | -                    | 29,170,435     | -  |
| Capital contributions - unit connection fees         | 7,856,869                                   | -              | -                    | 7,856,869      | -  |
| Transfer in  | -   | -              | 264,373              | 264,373        | -  |
| Transfer out   | -   | -              | -                    | -              | (12,921)   |
| INCREASE IN NET POSITION                             | 42,710,422                                  | 1,505,293      | 1,077,510            | 45,293,225     | 1,623,611  |
| NET POSITION, BEGINNING OF YEAR                      | 430,749,729                                 | 22,176,033     | 5,649,992            | 458,575,754    | 13,835,321   |
| NET POSITION, END OF YEAR                            | \$ 473,460,151                              | \$ 23,681,326  | \$ 6,727,502         | \$ 503,868,979 | \$ 15,458,932  |

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, 2020

|   | Business-type Activities - Enterprise Funds |                |                      |               | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|----------------|----------------------|---------------|--|
|   | MAJOR FUNDS                                 |                | NONMAJOR FUND        |               |  |
|   | St. Johns County<br>Utilities               | Solid<br>Waste | Convention<br>Center | Totals        |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |                |                      |               |  |
| Receipts from customers   | \$ 57,749,781                               | \$ 27,070,880  | \$ 1,065,926         | \$ 85,886,587 | \$ 6,170,943   |
| Receipts from interfund services  | -   | -              | -                    | -             | 24,518,746   |
| Payments to suppliers   | (16,076,999)                                | (27,208,798)   | -                    | (43,285,797)  | (27,806,657)   |
| Payments to employees   | (13,273,071)                                | (1,276,616)    | -                    | (14,549,687)  | (1,337,581)  |
| Net cash provided (used) by operating activities  | 28,399,711                                  | (1,414,534)    | 1,065,926            | 28,051,103    | 1,545,451  |
| <b>NONCAPITAL FINANCING ACTIVITIES:</b>   |   |                |                      |               |  |
| Donations   | -   | -              | -                    | -             | 50,000   |
| Transfers in  | -   | -              | 264,373              | 264,373       | -  |
| Transfers out   | -   | -              | -                    | -             | (12,921)   |
| Receipt of amount due from other funds  | 3,478                                       | 4,114          | -                    | 7,592         | -  |
| Receipt of advances to other funds  | 794,637                                     | 794,637        | -                    | 1,589,274     | -  |
| Loans to other funds  | (1,000,000)                                 | -              | -                    | (1,000,000)   | -  |
| Repayment of amounts due to other funds   | -   | (12,302)       | -                    | (12,302)      | -  |
| Net cash provided by (used in) noncapital financing activities                          | (201,885)                                   | 786,449        | 264,373              | 848,937       | 37,079   |
| <b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>  |   |                |                      |               |  |
| Acquisition and construction of capital assets  | (24,629,081)                                | (259,011)      | -                    | (24,888,092)  | -  |
| Sale of capital assets  | 16,361                                      | 31,867         | -                    | 48,228        | -  |
| Proceeds from capital contributions   | 266,749                                     | -              | -                    | 266,749       | -  |
| Proceeds from prior State Revolving Loans   | 10,506,791                                  | -              | -                    | 10,506,791    | -  |
| Principal payments on revenue bonds   | (4,273,689)                                 | -              | (1,397,000)          | (5,670,689)   | -  |
| Principal payments on State Revolving Loan  | (611,932)                                   | -              | -                    | (611,932)     | -  |
| Principal payments on capital lease   | (37,600)                                    | -              | -                    | (37,600)      | -  |
| Interest paid on revenue bonds, loans and lease obligations                             | (7,992,532)                                 | -              | (44,845)             | (8,037,377)   | -  |
| Impact and developer fees   | 7,562,526                                   | -              | -                    | 7,562,526     | -  |
| Net cash used in capital and related financing activities                               | (19,192,407)                                | (227,144)      | (1,441,845)          | (20,861,396)  | -  |
| <b>INVESTING ACTIVITIES:</b>  |   |                |                      |               |  |
| Investment purchases  | (27,889,007)                                | (4,563,904)    | -                    | (32,452,911)  | -  |
| Proceeds from sale of investments   | 20,456,164                                  | 4,862,673      | -                    | 25,318,837    | -  |
| Investment income received  | 1,654,106                                   | 442,854        | 16,861               | 2,113,821     | 230,538  |
| Net cash provided by (used in) investing activities                                     | (5,778,737)                                 | 741,623        | 16,861               | (5,020,253)   | 230,538  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | 3,226,682                                   | (113,606)      | (94,685)             | 3,018,391     | 1,813,068  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                     | 25,491,672                                  | 3,238,251      | 1,823,022            | 30,552,945    | 16,685,197   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | \$ 28,718,354                               | \$ 3,124,645   | \$ 1,728,337         | \$ 33,571,336 | \$ 18,498,265  |
| <b>NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                    |   |                |                      |               |  |
| Accretion of interest on capital appreciation bonds                                     | \$ 1,834,871                                | \$ -           | \$ -                 | \$ 1,834,871  | \$ -   |
| Capitalized interest on state revolving loans   | 380,048                                     | -              | -                    | 380,048       | -  |
| Unrealized gain on Investments  | 1,977,243                                   | 394,330        | -                    | 2,371,573     | -  |
| Capital assets contributed by developers  | 28,696,698                                  | -              | -                    | 28,696,698    | -  |
| Accounts receivables written off  | 52,909                                      | -              | -                    | 52,909        | -  |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b> |   |                |                      |               |  |
| Operating income  | \$ 8,452,062                                | \$ 668,277     | \$ 873,845           | \$ 9,994,184  | \$ 1,390,635   |
| Adjustments to reconcile operating income to cash provided by operating activities:     |   |                |                      |               |  |
| Depreciation  | 17,400,281                                  | 376,603        | 220,742              | 17,997,626    | -  |
| Amortization of intangible assets   | 4,039                                       | -              | -                    | 4,039         | -  |
| Prior year construction in progress written off   | 22,713                                      | -              | -                    | 22,713        | -  |
| Bad debt expense  | 239,157                                     | -              | -                    | 239,157       | -  |
| Change in accounts receivable   | (840,155)                                   | (94,078)       | (28,661)             | (962,894)     | (100,706)  |
| Change in due from other funds  | -   | -              | -                    | -             | (38,928)   |
| Change in prepaid expense   | -   | -              | -                    | -             | 2,786  |
| Change in inventory   | (4,043)                                     | -              | -                    | (4,043)       | -  |
| Change in deferred outflows   | (654,597)                                   | (68,410)       | -                    | (723,007)     | -  |
| Change in other assets  | (38,642)                                    | (292)          | -                    | (38,934)      | -  |
| Change in accounts payable and accrued liabilities                                      | 1,569,864                                   | (2,235,274)    | -                    | (665,410)     | 50,560   |
| Change in customer deposits   | 54,606                                      | 1,200          | -                    | 55,806        | -  |
| Change in unearned revenue  | -   | -              | -                    | -             | -  |
| Change in estimated liability for self insured losses                                   | -   | -              | -                    | -             | 241,101  |
| Change in due to other funds  | -   | -              | -                    | -             | 3  |
| Change in due to other governments  | 9,061                                       | -              | -                    | 9,061         | -  |
| Change in deferred inflows  | 689,532                                     | 50,947         | -                    | 740,479       | -  |
| Change in accrued landfill closure and post-closure costs                               | -   | (279,728)      | -                    | (279,728)     | -  |
| Change in pension liability   | 2,420,641                                   | 260,674        | -                    | 2,681,315     | -  |
| Change in OPEB liability  | (1,074,949)                                 | (93,297)       | -                    | (1,168,246)   | -  |
| Change in accrued compensated absences  | 150,141                                     | (1,156)        | -                    | 148,985       | -  |
| Net cash provided by operating activities   | \$ 28,399,711                               | \$ (1,414,534) | \$ 1,065,926         | \$ 28,051,103 | \$ 1,545,451   |

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

ST. JOHNS COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2020

|  | Agency<br>Funds             | OPEB<br>Trust<br>Fund       |
|--|-----------------------------|-----------------------------|
|  | <u>                    </u> | <u>                    </u> |
| <b>ASSETS</b>                              |                             |                             |
| Equity in pooled cash and cash equivalents | \$ 16,290,611               | \$ -                        |
| Accounts receivable                        | 36,749                      | 1,393                       |
| Due from other governments                 | 4,380                       | -                           |
| Due from other funds                       | 2,154                       | 600                         |
| Investments:                               |                             |                             |
| Money market funds                         | -                           | 15,490                      |
| Taxable bonds - fixed income funds         | -                           | 12,686,467                  |
| Stocks - equity funds                      | -                           | 25,141,812                  |
|  | <u>                    </u> | <u>                    </u> |
| <b>TOTAL ASSETS</b>                        | <u>16,333,894</u>           | <u>37,845,762</u>           |
| <b>LIABILITIES</b>                         |                             |                             |
| Accounts payable                           | 1,180                       | 8,521                       |
| Due to other funds                         | 1,439,335                   | 6,371                       |
| Assets held for others                     | 14,893,379                  | -                           |
|  | <u>                    </u> | <u>                    </u> |
| <b>TOTAL LIABILITIES</b>                   | <u>16,333,894</u>           | <u>14,892</u>               |
| <b>NET POSITION RESTRICTED FOR OPEB</b>    | <u>\$ -</u>                 | <u>\$ 37,830,870</u>        |

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

ST. JOHNS COUNTY, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
OTHER POSTEMPLOYMENT BENEFITS TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

ADDITIONS

Contributions:

|          |            |
|----------|------------|
| Employer | \$ 839,650 |
|----------|------------|

Investment income:

|          |       |
|----------|-------|
| Interest | 7,622 |
|----------|-------|

|           |           |
|-----------|-----------|
| Dividends | 1,405,439 |
|-----------|-----------|

|   |           |
|---|-----------|
| Net increase in fair value of investments | 2,200,128 |
|---|-----------|

|                           |           |
|---------------------------|-----------|
| Total investment earnings | 3,613,189 |
|---------------------------|-----------|

|                         |          |
|-------------------------|----------|
| Less investment expense | (75,080) |
|-------------------------|----------|

|                       |           |
|-----------------------|-----------|
| Net investment income | 3,538,109 |
|-----------------------|-----------|

|                 |           |
|-----------------|-----------|
| TOTAL ADDITIONS | 4,377,759 |
|-----------------|-----------|

DEDUCTIONS

|          |           |
|----------|-----------|
| Benefits | 1,951,826 |
|----------|-----------|

|                         |        |
|-------------------------|--------|
| Administrative services | 17,970 |
|-------------------------|--------|

|                  |           |
|------------------|-----------|
| TOTAL DEDUCTIONS | 1,969,796 |
|------------------|-----------|

|                              |           |
|------------------------------|-----------|
| NET INCREASE IN NET POSITION | 2,407,963 |
|------------------------------|-----------|

|   |            |
|---|------------|
| NET POSITION RESTRICTED FOR OPEB, BEGINNING | 35,422,907 |
|---|------------|

|  |               |
|--|---------------|
| NET POSITION RESTRICTED FOR OPEB, ENDING | \$ 37,830,870 |
|--|---------------|

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

## 1. REPORTING ENTITY

St. Johns County ("County") is a political subdivision of the State of Florida established in 1821. The County is organized under Article III of the Constitution of the State of Florida that empowers the creation of political subdivisions of the State. It is governed by an elected Board of County Commissioners ("Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers that are legally separate entities: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

For the purpose of these financial statements the financial reporting entity includes St. Johns County (the primary government) and its component units as required by accounting principles generally accepted in the United States of America ("Generally Accepted Accounting Principles").

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

The County is financially accountable for an organization when the County appoints a voting majority for the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the County; or the organization is fiscally dependent on the County.

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

### **Blended Component Units**

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

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

### **Discretely Presented Component Units**

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

- The Housing Finance Authority of St. Johns County, Florida ("HFA") was created as a Florida public corporation in accordance with Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes (1979), following the adoption of an approving ordinance (No. 80-7, dated February 26, 1980) by the Board. The purpose of the HFA is to encourage the investment of private capital and stimulate the construction of residential housing for low to moderate income families through the use of public financing. The HFA is authorized to

## 1. REPORTING ENTITY – (continued)

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

- The St. Johns County Industrial Development Authority (“IDA”) was created as a Florida public corporation in accordance with Florida Finance Authority Law, Part III of Chapter 159, Florida Statutes (1979), following the adoption of an approving ordinance (No. 80-9, dated January 22, 1980) by the Board. The purpose of the IDA is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

Separately issued financial statements are available as follows:

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

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

At September 30, 2020, 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.

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

### **Enterprise Funds**

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

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

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### Other Funds

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

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

### C. Basis of Accounting

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenue, to which the County does not yet have legal entitlement, are not recognized as revenue until the related commitment arises. Generally, the County considers a 60-day availability period of revenue recognition 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, 2019, 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 <sup>st</sup> |

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **G. Inventories**

Inventories, consisting primarily of expendable items (materials and supplies), are determined by physical count at the fiscal year end and valued at cost on the basis of the “first-in first-out” method of accounting.

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

### **H. Pensions**

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

### **I. Deferred Outflows and Inflows**

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

### **J. Restricted Assets**

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

### **K. Capital Assets**

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. Generally, capital assets costing more than \$1,000 and having a useful life of more than one year are capitalized. However, varying asset capitalization thresholds are established for the various types of infrastructure assets.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

### L. Accrual for Landfill Closure and Post-Closure Costs

Based on the consulting engineer's cost estimates, a portion of the estimated closure and post-closure cost for the Tillman Ridge Landfill is recognized as expense each year to match the flow of revenues. The estimated closure and post-closure cost accrued at September 30, 2020 is based on the current estimate to perform long-term care annually over the next 11 years.

### M. Unearned Revenue

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

### N. Long-Term Obligations

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

### O. Accrued Compensated Absences

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### P. Postemployment Benefits Other Than Pensions (OPEB)

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

### Q. Net Position

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

### R. Fund Balances

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

Fund balance classifications are described below:

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund, which is the only fund that can report a positive unassigned fund balance.

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

### S. Use of Estimates

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

## 3. CASH AND INVESTMENTS

### A. Pooled Cash and Cash Equivalents

Pooled cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less when acquired. This includes cash in banks, cash in bank deposit accounts for construction projects and debt service reserve obligations, petty cash, repurchase agreements, balances in the State Pool administered by the SBA (“PRIME”), the Florida Local Government 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 \$73,258,935 is reported at amortized cost. There were no redemption fees or maximum transaction amounts. Florida statutes do provide for situations in which a participant’s access to 100% of the account value is limited. The maximum amount of time provided to limit access is 17 days. The fair value of the position in the pool is substantially the same as the value of the pooled shares held at September 30, 2020.

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 \$4,102,734.

### 3. CASH AND INVESTMENTS (continued)

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 \$47,532,273 and is substantially equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions under normal conditions. However, the Board of Trustees can suspend the right of withdrawal or postpone the date of payment under certain emergency situations.

PALM Term Portfolio is measured at Net Asset Value (NAV) and the position in this pool of \$20,129,852 reflects fair value. The objectives of this pool are to generate investment income while maintaining safety and liquidity. There are no restrictions or terms and conditions on redeeming this investment and the County has no unfunded commitments related to this investment. There are provisions in the investment document that allows the fund to charge a penalty for premature redemption.

First American is an external investment pool that has characteristics consistent with GASB's requirements to measure its investments at amortized cost. Therefore, First American is reported at amortized cost. The fair value of the County's position in this pool of \$1,744,225 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 invests in an institutional money market fund. The County's position in this account at September 30, 2020 was \$783,201 (Tax Collector).

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

- Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
  - PRIME, PALM Portfolio, First American, and the institutional money market fund are rated by Standard and Poor's and have a rating at September 30, 2020 of AAAM. FLGIT is rated by Fitch and has a rating of AAAM.
  - The PALM Term Portfolio is rated by Fitch Ratings and has a rating at September 30, 2020 of AAAf.

### 3. CASH AND INVESTMENTS (continued)

- Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment.
  - The weighted average maturity (WAM) of the Florida PRIME at September 30, 2020 was 48 days.
  - The weighted average maturity (WAM) of FLGIT's Day-to-Day Fund at September 30, 2020 was 27.33 days.
  - The weighted average maturity (WAM) of PALM's Portfolio Funds at September 30, 2020 was 51 days.
  - The weighted average maturity (WAM) of First American Funds at September 30, 2020 was 40 days.
  - The weighted average maturity (WAM) of the institutional money market fund at September 30, 2020 was 25 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, 2020, 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, 2020, the Housing Finance Authority's and the Industrial Development Authority's cash on deposit were entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

#### B. Investments

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

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

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



### 3. CASH AND INVESTMENTS (continued)

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

#### 1. Fair Value Measurements

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

The County has the following recurring fair value measurements as of September 30, 2020:

- Level One
  - Fixed Income and U. S. Treasury securities – valued daily based on institutional bond quotes provided by FT Interactive
  - Domestic equities – valued daily based on market closing price by FT Interactive Data
  - International equity – valued based on various market factors provided by FT Interactive Data and Extel Financial Ltd.
  - Other Growth - valued daily based on market closing price by FT Interactive Data
- Level Two
  - Federal Instrumentalities – valued daily based on institutional bond quotes provided by FT Interactive
  - Commercial paper – valued daily by institutional bond quotes provided by FT Interactive
  - Supranational Agencies – valued daily based on various market factors provided by Standard & Poor's and Bloomberg
  - Municipal Obligations – valued daily based on various market and industry inputs provided by FT Interactive Data and Bloomberg
  - Corporate notes/Asset backed securities – valued daily based on various market and industry inputs provided by FT Interactive Data

ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**3. CASH AND INVESTMENTS (continued)**

As of September 30, 2020, the County's investment portfolios had the following investments for which fair value levels are determined on a recurring basis:

| Surplus Fund Investments                | Quoted Prices                                    |   |   | Total Investments |
|---|--|---|---|-------------------|
|   | in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |                   |
| U.S. Treasury Bond Notes                | \$ 122,187,520                                   | \$ -  | \$ -                                      | \$ 122,187,520    |
| Federal Instrumentalities - Bonds/Notes |  |   |   |                   |
| FANNIE MAE Notes                        | -  | 14,415,676                                    | -   | 14,415,676        |
| FHLMC Notes                             | -  | 23,426,813                                    | -   | 23,426,813        |
| FNMA Notes                              | -  | 2,679,674                                     | -   | 2,679,674         |
| FHLB Notes                              | -  | 4,652,518                                     | -   | 4,652,518         |
|   | -  | 45,174,681                                    | -   | 45,174,681        |
| Corporate Notes                         | -  | 45,137,176                                    | -   | 45,137,176        |
| Supranational Agencies                  | -  | 9,865,607                                     | -   | 9,865,607         |
| Municipal Bonds                         | -  | 3,395,064                                     | -   | 3,395,064         |
| Asset Backed Securities                 | -  | 9,650,459                                     | -   | 9,650,459         |
| Total Investments                       | \$ 122,187,520                                   | \$ 113,222,987                                | \$ -                                      | \$ 235,410,507    |

The County had one cash equivalent account measured at net asset value. The PALM Term Investment portfolio which is valued at \$20,129,852.



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ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

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**3. CASH AND INVESTMENTS (continued)**

As of September 30, 2020, 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<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total<br>Investments |
|--|---|---|--|----------------------|
| Domestic Equity                        | \$ 16,321,630   | \$ -  | \$ -   | \$ 16,321,630        |
| International Equity                   | 8,820,182   | -   | -  | 8,820,182            |
| Fixed Income                           | 12,686,467  | -   | -  | 12,686,467           |
| <b>Total investments at fair value</b> | <b>\$ 37,828,279</b>  | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 37,828,279</b> |

**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.

**3. CASH AND INVESTMENTS (continued)**

Weighted average maturities of County investments are as follows:

| <u>Surplus Fund Investments</u>         | <u>Weighted Average<br/>Maturity (Years)</u> |
|---|--|
| U.S. Treasury Bond Notes                | 1.81   |
| Federal Instrumentalities - Bonds/Notes |  |
| FANNIE MAE Notes                        | 2.9  |
| FHLB Notes                              | 3.62   |
| FHLMC                                   | 2.67   |
| Corporate Notes                         | 2.58   |
| Supranational Agencies                  | 2.59   |
| Municipal Bonds                         | 3.63   |
| Asset Backed Securities                 | 3.86   |

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, 2020, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 33.6% and had a duration of 6 years. Duration is not a characteristic applicable to equity-oriented mutual funds (including Domestic and International Equity, REIT and inflation Hedged asset classes) and thus is not relevant to this disclosure.

Interest receivable on the County’s investment portfolios amounted to \$771,509 as of September 30, 2020.

**3. Credit Risk**

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

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

### 3. CASH AND INVESTMENTS (continued)

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

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

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

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



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ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**3. CASH AND INVESTMENTS (continued)**

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

| Investment Type                         | Fair Value     | Exempt        | AAA           | BB<br>or Greater |
|---|----------------|---------------|---------------|------------------|
| <b>Surplus Fund</b>                     |                |               |               |                  |
| Federal Instrumentalities-Bond Notes    | \$ 45,174,679  | \$ -          | \$ -          | \$ 45,174,679    |
| Corporate Notes                         | 45,137,179     | -             | 1,713,619     | 43,423,560       |
| Municipal Bonds                         | 3,395,063      | -             | 1,140,555     | 2,254,508        |
| Supranational Agencies                  | 9,865,608      | -             | 9,865,608     | -                |
| Asset Backed Securities                 | 9,650,459      | -             | 9,650,459     | -                |
| Subtotal - Surplus Fund                 | 113,222,988    | -             | 22,370,241    | 90,852,747       |
| <b>OPEB Trust Fund</b>                  |                |               |               |                  |
| Investment Assets:                      |                |               |               |                  |
| Taxable Bonds-Fixed Income Mutual Funds | 12,686,467     | -             | -             | 12,686,467 *     |
| Stocks-Equity Mutual Funds              | 25,141,812     | 25,141,812    | -             | -                |
| Subtotal - OPEB Trust Fund              | 37,828,279     | 25,141,812    | -             | 12,686,467       |
| Total investments                       | \$ 151,051,267 | \$ 25,141,812 | \$ 22,370,241 | \$ 103,539,214   |

\* 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.

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

**3. CASH AND INVESTMENTS (continued)**

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

As of September 30, 2020, 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<br>Allocation<br>Permitted by<br>Policy | Trust Fund<br>Allocation<br>Permitted by<br>Policy | Trust Fund<br>Allocation<br>Target |
|--|--|--|------------------------------------|
| Investment Assets                          |  |  |                                    |
| Domestic Equity                            |  | 26-46%   | 36%                                |
| International Equity                       |  | 13-33%   | 23%                                |
| REIT                                       |  | 0-12%  | 6%                                 |
| Fixed Income                               |  | 20-60%   | 35%                                |
| Liquidity Assets                           |  |  |                                    |
| Cash Equivalents                           |  | 0% - 100%  | 100%                               |
| United States Treasury Securities          | 100%   |  |                                    |
| United States Government Agency Securities | 50%  |  |                                    |
| Federal Instrumentalities                  | 1 80%  |  |                                    |
| Certificates of Deposit                    | 50%  |  |                                    |
| Repurchase Agreements                      | 50%  |  |                                    |
| Commercial Paper                           | 35%  |  |                                    |
| Mortgage-Backed Securities                 | 1 25%  |  |                                    |
| Bankers' Acceptances                       | 35%  |  |                                    |
| State and/or Local Government Debt         | 20%  |  |                                    |
| Money Market Mutual Funds                  | 50%  |  |                                    |
| Intergovernmental Investment Pool          | 25%  |  |                                    |
| Guaranteed Investment Contracts            | 2 100%   |  |                                    |

Notes:

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

### **3. CASH AND INVESTMENTS (continued)**

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

#### *Equity*

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

#### *Fixed Income*

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

### **6. Foreign Currency Risk**

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

### **4. ACCOUNTS AND NOTES RECEIVABLE**

Accounts receivable of approximately \$1 million in the General Fund consist primarily of ambulance service accounts of \$2.3 million and are reported net of an allowance for doubtful accounts of \$1.3 million at September 30, 2020. The allowance represents 56% of the gross ambulance service accounts receivable at September 30, 2020. The balance of the receivable consists of restitution, returned checks, and miscellaneous service fees.

Accounts receivable of the Non-major Governmental Funds consist primarily of Tourist Development Tax receivables, cultural event receivables, returned checks, and other miscellaneous fees. 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 and their related allowance for doubtful accounts at September 30, 2020:

|                                 | Balance      | Allowance  | Net          |
|---------------------------------|--------------|------------|--------------|
| St. Johns County Utilities Fund | \$ 3,615,114 | \$ 261,356 | \$ 3,353,758 |
| Solid Waste Fund                | 1,135,173    | 1,000      | 1,134,173    |
| Convention Center               | 482,954      | 217,322    | 265,632      |
|                                 | \$ 5,233,241 | \$ 479,678 | \$ 4,753,563 |

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 \$336,565 of unit connection fee notes receivable. All of this amount is due during the next fiscal year. Water and sewer unit connection fees are non-refundable fees charged to new customers of the utility system as a capacity charge. The related notes receivable bear interest at 5.00% and are generally due in annual or monthly installments of principal and interest, with maturities of two to twenty years.

None of the above notes receivable are collateralized. At September 30, 2020, the County considers these to be fully collectible. Therefore, an allowance for doubtful accounts was not considered necessary.



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**5. CAPITAL ASSET ACTIVITY**

Capital asset activity for the year ended September 30, 2020, is as follows:

Primary Government

|   | Beginning Balance<br>October 1, 2019 | Additions             | Dispositions/<br>Reclassifications | Ending Balance<br>September 30, 2020 |
|---|--------------------------------------|-----------------------|------------------------------------|--------------------------------------|
| <b>Governmental activities:</b>             |                                      |                       |                                    |                                      |
| Capital assets not being depreciated:       |                                      |                       |                                    |                                      |
| Land  | \$ 530,664,408                       | \$ 15,194,893         | \$ 600,000                         | \$ 545,259,301                       |
| Construction in progress                    | 26,673,596                           | 26,183,463            | 10,601,564                         | 42,255,495                           |
| Total capital assets not being depreciated  | <u>557,338,004</u>                   | <u>41,378,356</u>     | <u>11,201,564</u>                  | <u>587,514,796</u>                   |
| Other capital assets:                       |                                      |                       |                                    |                                      |
| Buildings and other improvements            | 334,339,957                          | 5,412,982             | 381,118                            | 339,371,821                          |
| Equipment                                   | 109,742,294                          | 16,294,779            | 4,551,591                          | 121,485,482                          |
| Infrastructure                              | 782,281,279                          | 96,782,813            | -                                  | 879,064,092                          |
| Total other capital assets                  | <u>1,226,363,530</u>                 | <u>118,490,574</u>    | <u>4,932,709</u>                   | <u>1,339,921,395</u>                 |
| Less accumulated depreciation for:          |                                      |                       |                                    |                                      |
| Buildings and other improvements            | 105,333,428                          | 4,855,091             | 369,355                            | 109,819,164                          |
| Equipment                                   | 76,525,494                           | 10,072,500            | 4,386,388                          | 82,211,606                           |
| Infrastructure                              | 220,324,315                          | 24,160,211            | -                                  | 244,484,526                          |
| Total accumulated depreciation              | <u>402,183,237</u>                   | <u>39,087,802</u>     | <u>4,755,743</u>                   | <u>436,515,296</u>                   |
| Other capital assets, net                   | <u>824,180,293</u>                   | <u>79,402,772</u>     | <u>176,966</u>                     | <u>903,406,099</u>                   |
| Governmental activities capital assets, net | <u>\$ 1,381,518,297</u>              | <u>\$ 120,781,128</u> | <u>\$ 11,378,530</u>               | <u>\$ 1,490,920,895</u>              |



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ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**5. CAPITAL ASSET ACTIVITY (continued)**

Primary Government

|   | Beginning Balance<br>October 1, 2019 | Additions            | Disposals            | Ending Balance<br>September 30, 2020 |
|---|--------------------------------------|----------------------|----------------------|--------------------------------------|
| <b>Business-type activities:</b>                    |                                      |                      |                      |                                      |
| Capital assets not being depreciated:               |                                      |                      |                      |                                      |
| Land  | \$ 118,589,927                       | \$ 2,647,300         | \$ -                 | \$ 121,237,227                       |
| Construction in progress                            | 56,819,394                           | 22,073,493           | 13,218,033           | 65,674,854                           |
| Total capital assets not being depreciated          | <u>175,409,321</u>                   | <u>24,720,793</u>    | <u>13,218,033</u>    | <u>186,912,081</u>                   |
| Other capital assets:                               |                                      |                      |                      |                                      |
| Intangible assets                                   | 80,776                               | -                    | -                    | 80,776                               |
| Buildings and other improvements                    | 34,919,446                           | -                    | -                    | 34,919,446                           |
| Equipment and systems                               | 540,100,233                          | 42,059,317           | 308,623              | 581,850,927                          |
| Total other assets                                  | <u>575,100,455</u>                   | <u>42,059,317</u>    | <u>308,623</u>       | <u>616,851,149</u>                   |
| Less accumulated amortization and depreciation for: |                                      |                      |                      |                                      |
| Intangible assets                                   | 20,194                               | 4,039                | -                    | 24,233                               |
| Buildings and other improvements                    | 13,918,630                           | 691,756              | -                    | 14,610,386                           |
| Equipment and systems                               | 188,367,354                          | 17,305,870           | 300,889              | 205,372,335                          |
| Total accumulated depreciation                      | <u>202,306,178</u>                   | <u>18,001,665</u>    | <u>300,889</u>       | <u>220,006,954</u>                   |
| Other capital assets, net                           | <u>372,794,277</u>                   | <u>24,057,652</u>    | <u>7,734</u>         | <u>396,844,195</u>                   |
| Business-type activities capital assets, net        | <u>\$ 548,203,598</u>                | <u>\$ 48,778,445</u> | <u>\$ 13,225,767</u> | <u>\$ 583,756,276</u>                |

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

|  |                      |
|--|----------------------|
| <b>Governmental activities:</b>                      |                      |
| General government                                   | \$ 2,226,819         |
| Public safety  | 10,011,500           |
| Physical environment                                 | 129,832              |
| Transportation                                       | 23,296,857           |
| Economic environment                                 | 27,307               |
| Human services                                       | 456,985              |
| Culture and recreation                               | 2,801,289            |
| Court related  | 137,213              |
| Total depreciation expense - Governmental activities | <u>\$ 39,087,802</u> |

**5. CAPITAL ASSET ACTIVITY** (concluded)

**Business-type activities:**

|   | Depreciation         | Amortization    | Total                |
|---|----------------------|-----------------|----------------------|
| St. Johns County Utility                              | \$ 17,400,281        | \$ 4,039        | \$ 17,404,320        |
| Solid Waste   | 376,603              | -               | 376,603              |
| Convention Center                                     | 220,742              | -               | 220,742              |
| Total depreciation expense - Business-type activities | <u>\$ 17,997,626</u> | <u>\$ 4,039</u> | <u>\$ 18,001,665</u> |

**6. LONG-TERM OBLIGATIONS**

A. Long-term obligations at September 30, 2020 are comprised of the following:

Governmental Activities Long-Term Obligations

Revenue Bonds and Notes Payable:

\$52,315,000 – 2015 Sales Tax Revenue and Refunding Bonds: secured by a lien upon and pledge of local government half-cent sales tax to refund a portion of the outstanding Sales Tax Revenue Refunding Bonds, Series 2006, which included funding of various capital improvements within the County, paying the costs of additional County-wide capital improvements, funding the debt service reserve account surety bond and paying certain costs of issuance; due in annual installments of \$1,785,000 to \$6,290,000 through October 1, 2036, plus interest at 5.0% payable semiannually, plus unamortized premium of \$5,441,199. The approximate balance of the pledge, which equals the remaining principal and interest is \$66,067,750. During fiscal year 2020, \$19,540,401 was recognized in sales tax revenues and \$3,926,525 was paid for debt service.

\$ 45,490,000

**6. LONG-TERM OBLIGATIONS (continued)**

\$24,755,000 – 2015 Transportation Improvement Revenue Refunding Bonds - secured by a lien upon and pledge of gas tax revenues for the cost of refunding a portion of the County's outstanding Transportation Improvement Revenue Bonds, Series 2006, and to pay certain costs of issuance; due in annual installments of \$740,000 to \$3,610,000 through October 1, 2035, plus interest at 3.125% to 5.0%, payable semiannually plus unamortized premium of \$1,485,005. The approximate balance of the pledge, which equals the remaining principal and interest is \$31,225,231. During fiscal year 2020, \$9,663,796 was recognized in gas tax revenues and \$1,661,494 was paid for debt service. 22,110,000

\$15,300,000 – 2014 Capital Improvement Revenue Refunding Bonds - secured by a lien upon and a pledge of State Revenue Sharing Funds to advance refund a portion of the Series 2005, St Johns County, Florida, Capital Improvement Revenue and Refunding Bonds and to pay certain costs of issuance; due in annual installments of \$665,000 to \$1,020,000 through July 1, 2035 plus interest at 3.0% to 5.0%, payable semiannually plus unamortized premium of \$698,350. The approximate balance of the pledge, which equals the remaining principal and interest, is \$16,624,661. During fiscal year 2020, \$6,835,670 was recognized as State Revenue Sharing Revenues and \$1,163,906 was paid for debt service. 12,335,000

\$4,500,000 – 2014 Taxable Capital Improvement Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of a new health and human services building, and to pay certain costs of issuance; due in annual installments of \$300,000 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 \$3,295,695. During fiscal year 2020, \$62,808,000 was recognized as the average legally available amount of non-ad valorem revenues, and \$412,293 was paid for debt service. 2,775,000

\$13,137,000 – 2012 Capital Improvement Revenue Bonds- secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of an intergovernmental communications center and to pay certain costs of issuance; due in annual installments of \$1,206,000 to \$1,255,000 through October 1, 2023, plus interest at 1.9999%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$3,839,613. During fiscal year 2020, \$62,808,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,279,455 was paid for debt service. 3,691,000

**6. LONG-TERM OBLIGATIONS** (continued)

\$41,030,000 - 2012 Sales Tax Revenue Refunding Bonds – secured by a lien upon and pledge of local government half-cent sales tax to refund the outstanding Sales Tax Revenue Refunding Bonds, Series 2004, which included funding of capital improvements for the Vilano Beach CRA, funding for the debt service reserve account surety bond, and for paying certain costs of issuance; due in annual installments of \$2,080,000 to \$3,085,000 through October 1, 2034, plus interest at 2.5% to 5%, payable semiannually, plus unamortized premium of \$2,271,246. The approximate balance of the pledge, which equals the remaining principal and interest is \$50,126,975. During fiscal year 2020, \$19,540,401 was recognized in sales tax revenue and \$3,638,419 was paid for debt service. 37,455,000

\$25,050,000 - 2012 Transportation Improvement Revenue Refunding Bonds – secured by a lien upon and pledge of gas tax revenues for the refunding of a portion of the County’s outstanding Transportation Improvement Revenue Bonds, Series 2003, and for paying certain costs of issuance; due in annual installments of \$1,235,000 to \$1,920,000 through October 1, 2032, plus interest at 3.0% to 5.0%, payable semiannually, plus unamortized premium of \$973,739. The approximate balance of the pledge, which equals the remaining principal and interest is \$24,176,162. During fiscal year 2020, \$9,663,796 was recognized in gas tax revenues, and \$2,017,375 was paid on debt service. 18,570,000

\$10,840,000 – 2019 Special Obligation Refunding Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues to refund the outstanding Sales Tax Revenue and Refunding Bonds, Series 2009; due in annual installments of \$980,000 to \$1,380,000 through October 1, 2028, plus interest at 5%, payable semiannually, plus unamortized premium of \$1,275,989. The approximate balance of the pledge, which equals the remaining principal and interest is \$11,591,500. During fiscal year 2020, \$62,808,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,450,000 was paid for debt service. 9,365,000

\$12,085,000 – 2020 Taxable Special Obligation Revenue Notes – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues which provided funding for beach renourishment projects in the County; due in annual installments of \$200,000 to \$1,305,000 through October 1, 2031, plus interest at 2.26% to 2.71% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is \$13,851,320. During fiscal year 2020, \$62,808,000 was recognized as the average legally available amount of non-ad valorem revenues and \$291,326 was paid for debt service. 11,885,000

ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**6. LONG-TERM OBLIGATIONS (continued)**

|   |                             |
|---|-----------------------------|
| <p>\$4,701,000 - 2011 St. Johns County Community Redevelopment Agency Revenue Refunding Note - Flagler Estates Project - secured by a lien upon and pledge of tax increment financing revenues within the Flagler Estate Road and Water Control District to refund the outstanding Series 2007 note and pay certain costs of issuance; due in one remaining installment of \$504,000, plus interest at 1.8% through August 1, 2021; payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$513,072. During fiscal year 2020, \$153,354 was recognized in tax increment financing revenues and \$516,855 was paid for debt service.</p>                                  | 504,000                     |
| <p>Pooled Commercial Paper Loan – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction of various capital improvements; due in annual installments of \$393,000 to \$1,746,000 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 \$2,666,360. During fiscal year 2020, \$62,808,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,864,193 was paid for debt service.</p> | 2,543,000                   |
| <p>Bank Equipment Loan – secured by equipment of the Sheriff’s office; payments of \$341,797 due quarterly, including interest at 2.12%; maturing in June 2023</p>  | 3,641,467                   |
| <p>\$5,134,778 Obligations under the State Revolving Loan Trust Fund – secured by a lien upon and pledge of revenues received within the Municipal Service Benefit Unit (“MSBU”) for the construction (\$5,134,778) and capitalized interest (\$134,100) of capital projects within the Ponte Vedra Municipal Service District; due in annual installments of \$171,250 to \$335,070, plus interest of 2.95%. The approximate balance of the pledge, which equal the remaining principal and interest, is \$1,911,545. During fiscal year 2020, \$346,218 was recognized in MSBU revenues and \$347,554 was paid for debt service.</p>  | <u>1,752,653</u>            |
| <p>Total revenue bonds, notes payable and other loans</p>   | 172,117,120                 |
| <p>Obligations under capital leases</p>   | 5,520,812                   |
| <p>Original issue premiums</p>  | 12,145,531                  |
| <p>Accrued compensated absences</p>   | 14,236,914                  |
| <p>Net pension liability</p>  | <u>269,704,820</u>          |
| <p><b>Total Governmental Activities Long-Term Obligations</b></p>   | <u><b>\$473,725,197</b></u> |

**6. LONG-TERM OBLIGATIONS (continued)**

**Business-type Activities Long-Term Obligations**

Revenue Bonds:

\$28,270,000 – 2014 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and pledge of County water and sewer net revenues to advance refund a portion of the County’s outstanding Water and Sewer Revenue Refunding Bonds, Series 2006; due in annual installments of \$1,040,000 to \$2,160,000 through June 1, 2036, plus interest at 4% to 5%, payable semiannually, plus unamortized premium of \$3,368,187. The approximate balance of the pledge, which equals the remaining principal and interest, is \$36,232,250. During fiscal year 2020, \$33,298,506 was recognized in net revenues and \$2,261,250 was paid in debt service. \$ 24,540,000

\$8,081,000 – 2014 Taxable Capital Improvement Revenue Refunding Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues to refund the outstanding Series 2004 Convention Center bonds and pay certain costs of issuance; due in one final installment of \$1,437,000 in December 2020; plus interest at 2.1%. The approximate balance of the pledge, which equals the remaining principal and interest, is \$1,452,089. During fiscal year 2020, \$62,808,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,441,845 was paid in debt service. 1,437,000

\$55,440,274 – 2013 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and a pledge of County water and sewer net revenues for the current refunding of the outstanding Water and Sewer Revenue Refunding Bonds, Series 1998 and the advance refunding of a portion of the outstanding Water and Sewer Revenue Bonds, Series 2004, to construct various County utility projects, to fund the debt service reserve account, to pay certain cost of issuance, and to pay capitalized interest on the Series 2013 bonds; due in annual installments of \$830,000 to \$3,337,000 through June 2042; plus interest at 3% to 5%, payable semiannually and annually for capital appreciation bonds where interest is due at maturity plus accreted interest on capital appreciation bonds of \$9,769,949, and unamortized premium of \$2,358,359. The approximate balance of the pledge, which equals the remaining principal and interest is \$87,504,112. During fiscal year 2020, accrued interest on the capital appreciation bonds was \$1,439,959, \$33,298,506 was recognized in net revenues, and \$1,745,238 was paid for debt service 50,690,274



**6. LONG-TERM OBLIGATIONS** (continued)

|  |                   |
|--|-------------------|
| <p>\$14,680,398 – 1991A St. Johns County Utilities Water and Sewer Revenue Bonds – secured by a lien upon and pledge of County water and sewer net revenues for the acquisition of St. Augustine Shores Utility, construction of various County utility capital improvements, to fund the debt service reserve account surety bond, and to pay certain cost of issuance; due in one final installment of \$460,629, plus interest at 7.05%, through June 1, 2021; payable annually for capital appreciation bonds where interest is due at maturity, including accreted interest on capital appreciation bonds of \$3,001,096; less unamortized discount of \$3,957. The approximate balance of the pledge, which equals the remaining principal and interest is \$3,625,000. During fiscal year 2020, accrued interest on the capital appreciation bonds was \$394,912; \$33,298,506 was recognized in net revenues, and \$3,625,000 was paid for debt service.</p> | 460,629           |
| <p>\$54,960,000 – 2016 St. Johns County Water and Sewer Revenue and Refunding Bonds – secured by a lien upon and pledge of county water and sewer net revenue for the purpose of refunding the outstanding Ponte Vedra Utility System Revenue Bonds, Series 2006 and 2007, and to refund the St. Johns County Utilities Water and Sewer Revenue Bonds, Series 2006, to provide for the construction of various county utility capital improvements, and to provide payment for certain costs of issuance; due in annual principal installments of \$2,075,000 to \$3,710,000, plus interest at 1.75% to 5.0%, payable semiannually, plus unamortized premium of \$9,101,715. The approximate amount of the pledge, which equals remaining principal and interest is \$69,435,125. During fiscal year 2020, \$33,298,506 was recognized in net revenues and \$ 4,346,062 was paid for debt service.</p>   | <u>47,690,000</u> |
| <p>Total Revenue Bonds</p>   | 124,817,903       |
| <p>\$8,503,771 Obligations under St. Johns County Utilities State Revolving Loan Trust Fund – secured by a subordinated lien upon and pledge of County water and sewer net revenues for construction costs of \$8,184,068, loan service fee of \$163,681, and capitalized interest of \$156,022 for County utility projects; due in semiannual installments of \$272,496 through July 15, 2034, plus interest and grant assessment rate that is an average of approximately 2.61%. The approximate balance of the pledge, which equals the remaining principal and interest is \$7,653,562. During fiscal year 2020, \$17,838,119 was recognized in net revenues available for subordinated debt and \$544,993 was paid for debt service.</p>  | 6,355,657         |

**6. LONG-TERM OBLIGATIONS** (continued)

\$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 for construction costs of \$5,585,560 for Ponte Vedra Utility capital projects and capitalized interest of \$238,196; due in semiannual installments of \$171,060 through April, 2036, plus interest of 2.12%. The approximate balance of the pledge, which equals the remaining principal and interest, is \$5,473,931. During fiscal year 2020, \$17,838,119 was recognized in net revenues available for subordinated debt and \$342,121 was paid for debt service. 4,621,652

\$36,306,590 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for eventual construction costs of \$35,791,390 for Utility capital projects and capitalized interest of \$515,200; All authorized borrowings had not occurred as of September 30, 2020, but based on the borrowings at year end, this loan will be due in semiannual installments of \$1,042,897 beginning April 2021 through April 2038, plus interest and grant assessment rate at 1.38%. The approximate balance of the pledge, which equals the remaining principal and interest is \$37,659,303. During fiscal year 2020, \$17,838,119 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt. 33,839,713

\$7,907,830 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for eventual construction costs of \$7,824,930 for Utility capital projects and capitalized interest of \$82,900; All authorized borrowings had not occurred as of September 30, 2020, but based on the borrowings at year end, this loan will be due in semiannual installments of \$60,905 beginning March 2022 through September 2041, plus interest and grant assessment rate at 1.27%. The approximate balance of the pledge, which equals the remaining principal and interest as of September 30, 2020 is \$2,436,200. During fiscal year 2020, \$17,838,119 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt. 2,145,434

ST. JOHNS COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**6. LONG-TERM OBLIGATIONS** (continued)

\$3,350,990 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for eventual construction costs of \$3,326,290 for Utility capital projects and capitalized interest of \$24,700; All authorized borrowings had not occurred as of September 30, 2020, but based on the borrowings at year end, this loan will be due in semiannual installments of \$55,540 beginning June 2021 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, 2020 is \$2,221,600. During fiscal year 2020, \$17,838,119 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.

|   |                             |
|---|-----------------------------|
|   | <u>1,956,447</u>            |
| Total Revenue Bonds and Loans                               | 173,736,806                 |
| Obligations under capital leases                            | 269,144                     |
| Accreted interest on capital appreciation bonds             | 12,771,045                  |
| Original issue premiums                                     | 14,828,261                  |
| Original issue discount                                     | ( 3,957)                    |
| Landfill closure/post-closure care                          | 3,849,098                   |
| Accrued compensated absences                                | 1,241,946                   |
| Net pension liability                                       | <u>12,434,524</u>           |
| <b>Total Business-type Activities Long-Term Obligations</b> | <u><b>\$219,126,867</b></u> |

**6. LONG-TERM OBLIGATIONS (continued)**

B. Debt service requirements to maturity on the County's revenue bonds, notes payable, and loans at September 30, 2020 are as follows:

| Ending<br>Sept. 30 | Governmental Activities |                      | Business-Type Activities |                       | Totals                |                       |
|--------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                    | Interest                | Principal            | Interest                 | Principal             | Interest              | Principal             |
| 2021               | \$ 7,051,023            | \$ 13,038,428        | \$ 8,044,932             | \$ 7,356,457          | \$ 15,095,955         | \$ 20,394,885         |
| 2022               | 6,542,071               | 12,488,440           | 5,752,794                | 9,403,753             | 12,294,865            | 21,892,193            |
| 2023               | 6,062,751               | 12,603,529           | 5,763,511                | 9,420,474             | 11,826,262            | 22,024,003            |
| 2024               | 5,584,396               | 10,350,400           | 5,669,874                | 9,516,761             | 11,254,270            | 19,867,161            |
| 2025               | 5,142,195               | 10,790,070           | 5,565,608                | 9,634,177             | 10,707,803            | 20,424,247            |
| 2026-30            | 19,184,738              | 55,296,253           | 26,605,724               | 50,020,699            | 45,790,462            | 105,316,952           |
| 2031-35            | 7,763,985               | 52,225,000           | 19,694,669               | 52,561,612            | 27,458,654            | 104,786,612           |
| 2036-40            | 201,375                 | 5,325,000            | 2,584,573                | 22,347,038            | 2,785,948             | 27,672,038            |
| 2041-45            | -                       | -                    | 251,013                  | 3,475,835             | 251,013               | 3,475,835             |
|                    | <u>\$ 57,532,534</u>    | <u>\$172,117,120</u> | <u>\$ 79,932,698</u>     | <u>\$ 173,736,806</u> | <u>\$ 137,465,232</u> | <u>\$ 345,853,926</u> |

C. Long-Term obligations transactions of the County for Fiscal Year 2020 are summarized as follows:



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ST. JOHNS COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**6. LONG-TERM OBLIGATIONS (continued)**

| <b>GOVERNMENTAL ACTIVITIES</b>               |                       |                      |                      |                       |                      |
|--|-----------------------|----------------------|----------------------|-----------------------|----------------------|
|  | October 1, 2019       | Additions            | Deductions           | September 30, 2020    | Current              |
| Capital improvement revenue bonds            |                       |                      |                      |                       |                      |
| Series 2012                                  | \$ 4,873,000          | \$ -                 | \$ 1,182,000         | \$ 3,691,000          | \$ 1,206,000         |
| Capital improvement revenue refunding bonds, |                       |                      |                      |                       |                      |
| Series 2014                                  | 12,970,000            | -                    | 635,000              | 12,335,000            | 665,000              |
| Taxable capital improvement revenue bonds,   |                       |                      |                      |                       |                      |
| Series 2014                                  | 3,065,000             | -                    | 290,000              | 2,775,000             | 300,000              |
| Sales tax revenue refunding bonds,           |                       |                      |                      |                       |                      |
| Series 2012 A and 2012B                      | 39,440,000            | -                    | 1,985,000            | 37,455,000            | 2,080,000            |
| Sales tax revenue and refunding bonds,       |                       |                      |                      |                       |                      |
| Series 2015                                  | 47,195,000            | -                    | 1,705,000            | 45,490,000            | 1,785,000            |
| Transportation improvement revenue bonds,    |                       |                      |                      |                       |                      |
| Series 2015                                  | 22,815,000            | -                    | 705,000              | 22,110,000            | 740,000              |
| Transportation improvement revenue bonds,    |                       |                      |                      |                       |                      |
| Series 2012                                  | 19,750,000            | -                    | 1,180,000            | 18,570,000            | 1,235,000            |
| Special obligation refunding revenue bonds,  |                       |                      |                      |                       |                      |
| Series 2019                                  | 10,300,000            | -                    | 935,000              | 9,365,000             | 980,000              |
| Taxable special obligation revenue notes,    |                       |                      |                      |                       |                      |
| Series 2020                                  | -                     | 12,085,000           | 200,000              | 11,885,000            | 200,000              |
| Revenue bonds                                | 160,408,000           | 12,085,000           | 8,817,000            | 163,676,000           | 9,191,000            |
| Plus original issue premium                  | 13,174,220            | -                    | 1,028,689            | 12,145,531            | -                    |
| Total revenue bonds                          | <u>173,582,220</u>    | <u>12,085,000</u>    | <u>9,845,689</u>     | <u>175,821,531</u>    | <u>9,191,000</u>     |
| Obligations State Revolving Loan Series 2005 | 2,042,084             | -                    | 289,431              | 1,752,653             | 298,032              |
| Commercial Paper Program                     | 4,343,000             | -                    | 1,800,000            | 2,543,000             | 1,746,000            |
| Community Revelopment Agency refunding note, |                       |                      |                      |                       |                      |
| Series 2011                                  | 999,000               | -                    | 495,000              | 504,000               | 504,000              |
| Bank equipment loan                          | -                     | 3,961,800            | 320,333              | 3,641,467             | 1,299,396            |
| Obligations under capital leases             | 7,992,594             | 203,045              | 2,674,827            | 5,520,812             | 1,603,933            |
| Accrued compensated absences                 | 12,749,703            | 13,686,855           | 12,199,644           | 14,236,914            | 4,331,513            |
| Net pension liability                        | 209,884,769           | 59,820,051           | -                    | 269,704,820           | 458,955              |
| Net OPEB liability                           | 2,911,839             | -                    | 2,911,839            | -                     | -                    |
| Total General Long-Term Obligations          | <u>\$ 414,505,209</u> | <u>\$ 89,756,751</u> | <u>\$ 30,536,763</u> | <u>\$ 473,725,197</u> | <u>\$ 19,432,829</u> |

ST. JOHNS COUNTY, FLORIDA  
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**6. LONG-TERM OBLIGATIONS (continued)**

|   | <b>BUSINESS TYPE ACTIVITIES</b> |                      |                      |                           |                     |
|---|---------------------------------|----------------------|----------------------|---------------------------|---------------------|
|   | <u>October 1, 2019</u>          | <u>Additions</u>     | <u>Deductions</u>    | <u>September 30, 2020</u> | <u>Current</u>      |
| Water and sewer revenue bonds                       |                                 |                      |                      |                           |                     |
| Series 1991   | \$ 954,318                      | \$ -                 | \$ 493,689           | \$ 460,629                | \$ 460,629          |
| Series 2013   | 51,510,274                      | -                    | 820,000              | 50,690,274                | 830,000             |
| Series 2014   | 25,525,000                      | -                    | 985,000              | 24,540,000                | 1,040,000           |
| Series 2016   | 49,665,000                      | -                    | 1,975,000            | 47,690,000                | 2,075,000           |
| Taxable capital improvement revenue bonds           |                                 |                      |                      |                           |                     |
| Series 2014 (Convention Center)                     | 2,834,000                       | -                    | 1,397,000            | 1,437,000                 | 1,437,000           |
| Total bonds - principal                             | <u>130,488,592</u>              | <u>-</u>             | <u>5,670,689</u>     | <u>124,817,903</u>        | <u>5,842,629</u>    |
| Add accreted interest on capital appreciation bonds |                                 |                      |                      |                           |                     |
| Series 1991A  | 5,737,495                       | 394,912              | 3,131,311            | 3,001,096                 | -                   |
| Series 2013   | 8,329,990                       | 1,439,959            | -                    | 9,769,949                 | -                   |
| Plus original issue premium                         | 15,750,774                      | -                    | 922,513              | 14,828,261                | -                   |
| Less original issue discount                        | 11,430                          | -                    | 7,473                | 3,957                     | -                   |
| Total Revenue bonds                                 | <u>160,295,421</u>              | <u>1,834,871</u>     | <u>9,717,040</u>     | <u>152,413,252</u>        | <u>5,842,629</u>    |
| Obligations under State Revolving Loans             |                                 |                      |                      |                           |                     |
| WW550100  | 6,727,275                       | -                    | 371,618              | 6,355,657                 | 381,391             |
| DW550110  | 4,861,966                       | -                    | 240,314              | 4,621,652                 | 245,436             |
| WW550120  | 27,054,755                      | 6,784,958            | -                    | 33,839,713                | 843,884             |
| DW550130  | -                               | 2,145,434            | -                    | 2,145,434                 | -                   |
| DW550140  | -                               | 1,956,447            | -                    | 1,956,447                 | 43,117              |
| Obligations under capital leases                    | 306,744                         |                      | 37,600               | 269,144                   | 38,568              |
| Landfill closure/post-closure                       | 4,128,826                       | -                    | 279,728              | 3,849,098                 | 349,918             |
| Accrued compensated absences                        | 1,092,961                       | 1,072,010            | 923,025              | 1,241,946                 | 212,049             |
| Net pension liability                               | 9,753,209                       | 2,681,315            | -                    | 12,434,524                | 21,160              |
| Net OPEB liability                                  | 293,439                         | -                    | 293,439              | -                         | -                   |
| Total Business Type Activities Obligations          | <u>\$ 214,514,596</u>           | <u>\$ 16,475,035</u> | <u>\$ 11,862,764</u> | <u>\$ 219,126,867</u>     | <u>\$ 7,978,152</u> |

ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**6. LONG-TERM OBLIGATIONS (continued)**

- D. Compensated absences, net pension liability, and OPEB liability have typically been liquidated mainly in the general and enterprise funds.
- E. The County has entered into lease agreements for office facilities and equipment that are cancelable operating leases. The total expense/expenditures of such leases were \$391,522 for governmental activities and \$101,187 for business-type activities for the year ended September 30, 2020.
- F. Disclosures required for the County's capital leases are as follows:

Net book value of assets under capital leases, as of September 30, 2020, is as follows:

|  | Governmental<br>Activities | Business-Type<br>Activities |
|--|----------------------------|-----------------------------|
| Asset:                                       |                            |                             |
| Building Improvements                        | \$ 3,493,570               | \$ 550,657                  |
| Equipment                                    | 12,753,134                 | -                           |
|  | <u>16,246,704</u>          | <u>550,657</u>              |
| Less: accumulated depreciation               | (8,432,804)                | (256,973)                   |
| Net book value - assets under capital leases | <u>\$ 7,813,900</u>        | <u>\$ 293,684</u>           |

Included in depreciation expense is \$1,786,907 of expense related to governmental activities and \$36,710 of expense related to business-type activities.

The annual requirements under these capital lease obligations as of September 30, 2020 are as follows:

| Year Ending<br>September 30,       | Governmental<br>Activities | Business-Type<br>Activities |
|------------------------------------|----------------------------|-----------------------------|
| 2021                               | 1,730,959                  | 45,211                      |
| 2022                               | 1,462,417                  | 45,211                      |
| 2023                               | 1,019,873                  | 45,211                      |
| 2024                               | 1,019,873                  | 45,211                      |
| 2025                               | 244,968                    | 45,211                      |
| 2026-2028                          | 367,500                    | 67,790                      |
| Total minimum lease payment        | 5,845,590                  | 293,845                     |
| Less: amount representing interest | (324,778)                  | (24,701)                    |
| Present value of minimum payments  | <u>\$ 5,520,812</u>        | <u>\$ 269,144</u>           |

**6. LONG-TERM OBLIGATIONS (continued)**

G. In previous fiscal years, the County advance refunded several bond issues and placed the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of September 30, 2020, \$95,403,704 of the refunded bonds remains outstanding, but they are considered defeased. The amounts in escrow are sufficient to retire all outstanding bonds and interest. Since these bonds are legally defeased, they are not included in the financial statements.

H. Conduit Debt, Component Units

The Industrial Development Authority (“IDA”) has from time to time issued Industrial Development Revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

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, 2020, 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, 2020. Interest only payments are required monthly beginning March 27, 2016 at the rate of prime plus 1%, and the principal balance is receivable in full on or before March 27, 2026. The second note, issued December 8, 2005 for \$37,500, was receivable in full on or before September 15, 2012, with 3% interest. Since the original due date, the HFA has deferred payment on the loan multiple times. There is currently a lien on the property. At September 30, 20120 the outstanding balance on this note was \$24,000, which is net of a \$13,500 allowance.

Neither the HFA, the IDA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the component unit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2020, the aggregate principal amount payable could not be determined for these bonds.



ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**7. INTERFUND BALANCES AND TRANSFERS**

A. The composition of interfund transfers for the year ended September 30, 2020 is as follows:

| Fund Type/Fund  | Transfer In   | Transfer Out  |
|---|---------------|---------------|
| <b>MAJOR GOVERNMENTAL FUNDS</b>                                 |               |               |
| General Fund  | \$ 4,520,989  | \$ 23,950,674 |
| Transportation Trust Fund                                       | -             | 854,230       |
| Fire District   | -             | 789,087       |
| St. Johns County Community Redevelopment Agency                 | -             | 960,774       |
| <b>NONMAJOR GOVERNMENTAL FUNDS</b>                              |               |               |
| Special Revenue Funds:  |               |               |
| County Health Department  | 4,000         | -             |
| Court Facilities  | -             | 484,697       |
| Community Based Care  | 89,428        | -             |
| Law Enforcement Trust   | -             | 10,000        |
| Crime Prevention  | -             | 69,949        |
| Beach   | 203,686       | 843,021       |
| Tourist Development Tax   | -             | 2,798,270     |
| County Cultural Center  | 150,000       | -             |
| Impact Fees Building  | -             | 1,042,049     |
| Impact Fees Police  | 656,324       | -             |
| Impact Fees Fire/EMS  | -             | 636,792       |
| Impact Fees Roads   | -             | 1,500,000     |
| Impact Fees Parks   | -             | 382,888       |
| E-911 Communications  | -             | 815,724       |
| St. Johns County Transit System                                 | 476,489       | -             |
| Records Modernization Trust Fund                                | 165,073       | -             |
| Coastal Highway Dune and Beach M.S.T.U.                         | -             | 6,937         |
| NET Fund  | -             | 27,947        |
| Alarm Fund  | -             | 37,763        |
| Equitable Sharing Proceeds                                      | 27,947        | -             |
| Debt Service Funds:   |               |               |
| Transportation Improvement Revenue Refunding Bonds, Series 2012 | 900,000       | -             |
| Transportation Improvement Revenue Refunding Bonds, Series 2015 | 600,000       | -             |
| Sales Tax Revenue Refunding Bonds, Series 2012                  | 382,888       | -             |
| Sales Tax Revenue Refunding Bonds, Series 2015                  | 2,090,384     | -             |
| Pooled Commercial Paper Loan Program                            | 1,889,981     | -             |
| St. Johns County Community Redevelopment Agency Refunding Notes | 505,133       | -             |
| SunTrust Capital Lease Agreement                                | 240,401       | -             |
| Chase Capital Improvement Revenue Bond, Series 2012             | 1,266,150     | -             |
| TD Bank Capital Improvement Revenue Bond, Series 2014           | 408,438       | -             |
| Special Obligation Refunding Revenue Bonds, Series 2019         | 1,450,000     | -             |
| Taxable Special Obligation Revenue Notes, Series 2020           | 291,327       | -             |
| Capital Projects Funds:   |               |               |
| Beach Re-Nourishment Project                                    | 475,000       | -             |
| Sales Tax Revenue Refunding Bonds, Series 2015                  | -             | 49,471        |
| Pooled Commercial Paper Loan Notes, Series A-1                  | 1,135,183     | -             |
| Ponte Vedra Dune and Beach Restoration                          | 500,000       | -             |
| 2019 Capital Projects   | 16,580,000    | -             |
| NONMAJOR ENTERPRISE FUND: Convention Center                     | 264,373       | -             |
| INTERNAL SERVICE FUND: Health Insurance                         | -             | 12,921        |
| Total   | \$ 35,273,194 | \$ 35,273,194 |

ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**7. INTERFUND BALANCES AND TRANSFERS (continued)**

B. At September 30, 2020, interfund balances are as follows:

| Fund Type/Fund  | Due To              | Due From            |
|---|---------------------|---------------------|
| <b>MAJOR GOVERNMENTAL FUNDS</b>                         |                     |                     |
| General Fund  | \$ 3,350,380        | \$ 1,441,634        |
| Transportation Trust Fund                               | 56,542              | 58,042              |
| Fire District   | 52,001              | 104,421             |
| <b>NONMAJOR GOVERNMENTAL FUNDS</b>                      |                     |                     |
| <b>Special Revenue Funds:</b> County Health Department  | 674                 | -                   |
| Building Services                                       | -                   | 15,467              |
| Court Facilities  | 22,953              | 44,975              |
| State Housing Initiatives Program                       | -                   | 339                 |
| Community Based Care                                    | -                   | 12,327              |
| Court Technology  | 104,614             | 304                 |
| Crime Prevention Fund                                   | 5,194               | 5,194               |
| Beach   | -                   | 254,822             |
| Pier  | -                   | 729                 |
| Tourist Development Tax                                 | 765,057             | 926                 |
| Communications Surcharge                                | 7,338               | -                   |
| County Cultural Center                                  | -                   | 3,036               |
| County Golf Course                                      | -                   | 2,037               |
| Alcohol and Drug Abuse                                  | 1,269               | -                   |
| E-911 Communications                                    | -                   | 42,211              |
| Vilano Street Lighting                                  | 2                   | -                   |
| St. Augustine South Street Lighting                     | 7                   | -                   |
| Driver's Education Safety Fund                          | 3,633               | -                   |
| Summerhaven M.S.T.U.                                    | 940                 | -                   |
| St. Johns County Transit System                         | -                   | 738,565             |
| South Ponte Vedra Boulevard Dune and Beach M.S.T.U.     | -                   | 409                 |
| Court Modernization                                     | -                   | 1,911               |
| Records Modernization                                   | 165,073             | -                   |
| Teen Court  | -                   | 345                 |
| Title IV D Fund   | -                   | 13,038              |
| HIDTA Fund  | -                   | 283,513             |
| Alarm Fund  | -                   | 7,875               |
| <b>Capital Projects Fund:</b> Sheriff Training Facility | -                   | 1,498,895           |
| <b>MAJOR ENTERPRISE FUNDS</b>                           |                     |                     |
| St. Johns County Utilities                              | 1,000,000           | 58,072              |
| Solid Waste   | 5,229               | 12,361              |
| <b>INTERNAL SERVICE FUNDS</b>                           |                     |                     |
| Worker's Compensation Insurance                         | 76,297              | 958                 |
| Health Insurance  | 428,155             | -                   |
| <b>TRUST FUND</b>                                       |                     |                     |
| OPEB Trust Fund   | 600                 | 6,371               |
| <b>AGENCY FUNDS</b>                                     |                     |                     |
| Board of County Commissioners                           | 2,154               | -                   |
| Clerk of Court Agency                                   | -                   | 180,350             |
| Sheriff Agency  | -                   | 11,211              |
| Tax Collector Agency                                    | -                   | 1,247,774           |
| Total   | <u>\$ 6,048,112</u> | <u>\$ 6,048,112</u> |

**7. INTERFUND BALANCES AND TRANSFERS (concluded)**

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

|                                       | Advances To<br>Other Funds | Advances From<br>Other Funds |
|---------------------------------------|----------------------------|------------------------------|
| <b>MAJOR FUNDS</b>                    |                            |                              |
| General Fund                          | \$ 7,146,896               | \$ -                         |
| Transportation Trust Fund             | 10,131                     | -                            |
| St. Johns County Utilities            | 3,622,927                  | -                            |
| Solid Waste                           | 3,622,927                  | -                            |
| <b>NONMAJOR SPECIAL REVENUE FUNDS</b> |                            |                              |
| Tourist Development                   | -                          | 2,000,000                    |
| Impact Fees Police                    | -                          | 10,868,781                   |
| Treasure Beach M.S.B.U.               | -                          | 1,523,969                    |
| Private Roads M.S.B.U.                | -                          | 10,131                       |

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 and also to fund public service information related to COVID-19.



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## 8. EMPLOYEE BENEFITS

### A. State of Florida - Defined Benefit Retirement Plan

*Plan Description* – St. Johns County participates in the Florida Retirement System (“FRS”), a cost-sharing multiple-employer public employee retirement system, with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS is administered by the State of Florida, Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Florida Department of Management website at [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://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, 2020, were as follows:

ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**8. EMPLOYEE BENEFITS** (continued)

|   | FRS    | HIS   |
|---|--------|-------|
| Regular Class                             | 8.34%  | 1.66% |
| Special Risk Class                        | 22.79% | 1.66% |
| Special Risk Class Administrative Support | 34.18% | 1.66% |
| Senior Management Service Class           | 25.63% | 1.66% |
| Elected Officials                         | 47.52% | 1.66% |
| DROP from FRS                             | 15.32% | 1.66% |

The County's contributions for the year ended September 30, 2020, were \$18,423,658 to the FRS and \$2,186,304 to the HIS.

***Pension Liabilities and Pension Expense***

For the year ended September 30, 2020, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. 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             | \$ 1,116,163,380      | \$ 47,480,857        | \$ 1,163,644,237      |
| Fiduciary net position              | (880,078,136)         | (1,426,757)          | (881,504,893)         |
| Net pension liability               | <u>\$ 236,085,244</u> | <u>\$ 46,054,100</u> | <u>\$ 282,139,344</u> |
| Deferred outflows - pension related | \$ 81,286,435         | \$ 10,572,056        | \$ 91,858,491         |
| Deferred inflows - pension related  | \$ 1,293,268          | \$ 3,003,623         | \$ 4,296,891          |
| Pension expense                     | \$ 52,557,003         | \$ 4,631,757         | \$ 57,188,760         |
| Proportion at:                      |                       |                      |                       |
| Current measurement date            | 0.5447%               | 0.3772%              |                       |
| Prior measurement date              | 0.5186%               | 0.3668%              |                       |

ST. JOHNS COUNTY, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**8. EMPLOYEE BENEFITS** (continued)

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2020, 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  | \$ 9,035,463                   | \$ -                          | \$ 1,883,892                   | \$ 35,528                     |
| Changes of assumptions  | 42,738,942                     | -                             | 4,952,128                      | 2,677,866                     |
| Net differences between projected and actual earnings on pension plan investments                             | 14,056,742                     | -                             | 36,770                         | -                             |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 10,606,400                     | 1,293,268                     | 3,137,784                      | 290,229                       |
| Employer contributions subsequent to measurement date   | 4,848,888                      | -                             | 561,482                        | -                             |
| <b>Total</b>  | <b>\$ 81,286,435</b>           | <b>\$ 1,293,268</b>           | <b>\$ 10,572,056</b>           | <b>\$ 3,003,623</b>           |

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ending September 30, | FRS                  | HIS                 |
|---------------------------|----------------------|---------------------|
| 2021                      | \$ 15,485,417        | \$ 1,939,219        |
| 2022                      | 24,117,619           | 1,438,472           |
| 2023                      | 20,499,882           | 393,066             |
| 2024                      | 12,254,919           | 912,731             |
| 2025                      | 2,786,442            | 1,242,847           |
| Thereafter                | -                    | 1,080,616           |
| <b>Total</b>              | <b>\$ 75,144,279</b> | <b>\$ 7,006,951</b> |

**8. EMPLOYEE BENEFITS (continued)**

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans, measured as of June 30, 2020, was determined by an actuarial valuation as of July 1, 2020, using the individual entry age normal cost allocation method and the following significant actuarial assumptions:

|                           | FRS   | HIS   |
|---------------------------|-------|-------|
| Inflation                 | 2.40% | 2.40% |
| Salary increases          | 3.25% | 3.25% |
| Investment rate of return | 6.80% | N/A   |
| Discount rate             | 6.80% | 2.21% |

For both plans, the actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, using the PUB-2010 base table, projected generationally with Scale MP-2018 for the FRS plan and the Generational PUB-2010 with Projection Scale MP-2018 tables for the HIS plan.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total liabilities was reduced to 6.80% from 6.9%.

HIS: The Municipal Bond Index rate and the discount rate used to determine the total pension liability, which was approved by the 2018 Actuarial Assumption Conference, decreased from 3.50% to 2.21%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the Generational PUB-2010 with Project Scale MP-2018.



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**8. EMPLOYEE BENEFITS** (continued)

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

| Asset Class           | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|-----------------------|-------------------|--------------------------|------------------------------------|--------------------|
| Cash                  | 1.0%              | 2.2%                     | 2.2%                               | 1.2%               |
| Fixed income          | 19.0%             | 3.0%                     | 2.9%                               | 3.5%               |
| Global equity         | 54.2%             | 8.0%                     | 6.7%                               | 17.1%              |
| Real estate           | 10.3%             | 6.4%                     | 5.8%                               | 11.7%              |
| Private equity        | 11.1%             | 10.8%                    | 8.1%                               | 25.7%              |
| Strategic investments | 4.4%              | 5.5%                     | 5.3%                               | 6.9%               |

***Discount Rate***

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21%, as selected by the FRS Actuarial Assumption Conference, was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.



**8. EMPLOYEE BENEFITS (continued)**

***Sensitivity Analysis***

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

|   | FRS            |                |                | HIS           |               |               |
|---|----------------|----------------|----------------|---------------|---------------|---------------|
|   | Current        |                |                | Current       |               |               |
|   | 1% Decrease    | Discount Rate  | 1% Increase    | 1% Decrease   | Discount Rate | 1% Increase   |
|   | 5.80%          | 6.80%          | 7.80%          | 1.21%         | 2.21%         | 3.21%         |
| County's proportionate share of the net pension liability | \$ 376,988,459 | \$ 236,085,244 | \$ 118,402,266 | \$ 53,236,484 | \$ 46,054,100 | \$ 40,175,339 |

***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, 2020 totaled \$3,266,568.

**C. Other Postemployment Benefits**

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

**8. EMPLOYEE BENEFITS (continued)**

***Benefits Provided***

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

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

***Investments and Rate of Return***

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

For the year ended September 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 8.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Participants***

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

|  |                     |
|--|---------------------|
| Active plan members  | 1,970               |
| Inactive plan members receiving benefits                   | 285                 |
| Inactive plan members entitled, but not receiving benefits | -                   |
| Total members  | <u><u>2,255</u></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, 2020, the County contributed a total of \$839,650 towards the OPEB Plan. Retiree contributions to the plan were \$1,761,057. 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.

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**8. EMPLOYEE BENEFITS (continued)**

***Net OPEB Liability***

The County's net OPEB liability was measured as of October 1, 2019, rolled forward to September 30, 2020 using standard actuarial techniques, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019 and rolled forward to the September 30, 2020 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, 2020:

|  | Increase (Decrease)            |  |  |
|--|--------------------------------|--|--|
|  | Total OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net OPEB<br>(Asset) Liability<br>(a) - (b) |
| Balances at September 30, 2019                       | \$ 38,628,184                  | \$ 35,422,906                            | \$ 3,205,278                               |
| Changes for the year:                                |                                |  |  |
| Service cost   | 1,154,965                      | -  | 1,154,965                                  |
| Interest   | 2,522,470                      | -  | 2,522,470                                  |
| Contributions - Employer                             | -                              | 839,680                                  | (839,680)                                  |
| Difference between expected and<br>actual experience | 1,583,044                      |  | 1,583,044                                  |
| Changes of assumptions and other inputs              | (14,422,093)                   |  | (14,422,093)                               |
| Net investment income                                | -                              | 3,538,077                                | (3,538,077)                                |
| Administrative Expense                               | -                              | (18,000)                                 | 18,000                                     |
| Benefits payments                                    | (1,951,826)                    | (1,951,826)                              | -  |
| Net changes  | (11,113,440)                   | 2,407,931                                | (13,521,371)                               |
| Balances at September 30, 2020                       | \$ 27,514,744                  | \$ 37,830,837                            | \$ (10,316,093)                            |

Plan fiduciary net position, as a percentage of the total OPEB liability was 137.4% at September 30, 2020.

***OPEB Expense and Deferred Inflows of Resources Related to OPEB***

For the year ended September 30, 2020, the County recognized OPEB expense of \$95,811.

ST. JOHNS COUNTY, FLORIDA  
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**8. EMPLOYEE BENEFITS** (continued)

At September 30, 2020, the County reported deferred outflows and inflows of resources related to OPEB from the following source:

|   | Deferred<br>Outflow of<br>Resources | Deferred<br>Inflow of<br>Resources |
|---|-------------------------------------|------------------------------------|
| Differences between expected and actual experience                                | \$ 1,433,700                        | \$ -                               |
| Assumption changes  | -                                   | 13,061,518                         |
| Net differences between projected and actual earnings<br>on OPEB plan investments | -                                   | 573,450                            |
|   | <u>\$ 1,433,700</u>                 | <u>\$ 13,634,968</u>               |

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

| Year ending September 30, |                        |
|---------------------------|------------------------|
| 2021                      | \$ (1,333,865)         |
| 2022                      | (1,333,865)            |
| 2023                      | (1,284,951)            |
| 2024                      | (1,465,692)            |
| 2025                      | (1,211,231)            |
| Thereafter                | (5,571,664)            |
| Total                     | <u>\$ (12,201,268)</u> |



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**8. EMPLOYEE BENEFITS (continued)**

***Actuarial Methods and Assumptions***

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, with various assumptions discussed below. The total OPEB liability was rolled forward 1 year from the valuation date to the County's year ended September 30, 2020 using standard actuarial techniques. There were no changes in assumptions from those used in the original valuation. The various methods and assumptions used are as follows:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry Age Normal  |
| Amortization method           | Level Percentage of Payroll, Closed   |
| Remaining amortization period | 15 years  |
| Asset valuation method        | 20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 15% corridor around market value.  |
| Inflation                     | 2.50%   |
| Salary increases              | 3.70% to 7.80%, including inflation   |
| Investment rate of return     | 6.50%   |
| Mortality and retirement age  | Retirement rates and mortality tables come from the July 1, 2018 actuarial valuation of the Florida Retirement System and are based on a statewide experience study covering the period 2008 - 2013. Mortality tables include generational projections. |
| Healthcare cost trend rates   | Getzen Model; trend starting at 1.5% for 2020 (0% for premiums), 1.75% for 2021, 2.25% for 2022, 2.75% for 2023, 3.25% for 2024, 5.47% for 2025 and gradually decreasing to an ultimate trend rate of 4.24% .   |
| Aging Factors                 | Based on 2013 SOA Study "Health Care Costs - From Birth to Death".  |
| Expenses                      | Administrative expenses are included in per capita health costs.  |

**8. EMPLOYEE BENEFITS (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of returns for each major asset class included in the OPEB plan's target asset allocation, as of September 30, 2020, are summarized in the following table:

| Asset Class            | Expected<br>Nominal Rate<br>of Return | Long-term<br>Expected Real<br>Rate of Return | Target<br>Allocation |
|------------------------|---------------------------------------|--|----------------------|
| U.S Equities           | 7.50%                                 | 5.00%  | 42.00%               |
| International Equities | 7.60%                                 | 5.10%  | 16.00%               |
| Emerging Equities      | 7.90%                                 | 5.40%  | 7.00%                |
| Core Fixed             | 3.80%                                 | 1.30%  | 17.50%               |
| Interim IG Corp        | 4.20%                                 | 1.70%  | 8.74%                |
| High Yield             | 6.00%                                 | 3.50%  | 4.38%                |
| Emerging Debt          | 6.10%                                 | 3.60%  | 4.38%                |
| Cash                   | 2.40%                                 | -0.10%                                       | 0.00%                |
| Total Portfolio        | 6.48%                                 | 3.98%  | 100.00%              |

***Discount rate***

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

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

**8. EMPLOYEE BENEFITS (continued)**

***Sensitivity Analysis***

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

|                | 1% Decrease<br>5.50% | Discount Rate<br>6.50% | 1% Increase<br>7.50% |
|----------------|----------------------|------------------------|----------------------|
| Net OPEB Asset | \$ 7,503,738         | \$ 10,316,093          | \$ 12,780,991        |

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<br>(0.5% gradually<br>decreasing to an ultimate<br>trend rate of 3.24%) | Current<br>Healthcare Cost<br>Trend Rate<br>Assumption<br>(1.5% gradually<br>decreasing to an ultimate<br>trend rate of 4.24%) | 1% Increase<br>(2.5% gradually<br>decreasing to an ultimate<br>trend rate of 5.24%) |
|----------------|---|--|---|
| Net OPEB Asset | \$ 13,210,962   | \$ 10,316,093  | \$ 6,836,304  |



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**9. FUND BALANCE CLASSIFICATIONS**

Balances of reported fund balances at September 30, 2020 are as follows:

|   | General<br>Fund       | Transportation<br>Trust | Fire<br>District     | Community<br>Redev. Agency | Other<br>Governmental Funds | Total                 |
|---|-----------------------|-------------------------|----------------------|----------------------------|-----------------------------|-----------------------|
| <b>Nonspendable:</b>                          |                       |                         |                      |                            |                             |                       |
| Advances                                      | \$ 7,146,896          | \$ 10,131               | \$ -                 | \$ -                       | \$ -                        | \$ 7,157,027          |
| Inventory                                     | -                     | 208,331                 | -                    | -                          | 45,541                      | 253,872               |
| Prepaid Expense                               | 1,187,693             | 22,404                  | 39,195               | -                          | 21,320                      | 1,270,612             |
| Total Nonspendable                            | 8,334,589             | 240,866                 | 39,195               | -                          | 66,861                      | 8,681,511             |
| <b>Restricted for:</b>                        |                       |                         |                      |                            |                             |                       |
| Fire rescue, Sheriff, Public safety           | -                     | -                       | 6,030,286            | -                          | 1,770,264                   | 7,800,550             |
| Transportation                                | -                     | 2,913,101               | -                    | -                          | 108,304                     | 3,021,405             |
| Community Redevelopment Agency                | -                     | -                       | -                    | 26,865                     | -                           | 26,865                |
| Future development impacts                    | -                     | -                       | -                    | -                          | 47,394,039                  | 47,394,039            |
| Court costs                                   | 96,247                | -                       | -                    | -                          | -                           | 96,247                |
| Elections                                     | 58                    | -                       | -                    | -                          | -                           | 58                    |
| Project Buckle Up                             | 9,385                 | -                       | -                    | -                          | -                           | 9,385                 |
| Capital improvement projects                  | 2,751,116             | -                       | -                    | -                          | 1,957,858                   | 4,708,974             |
| Court facilities, technology, and other needs | -                     | -                       | -                    | -                          | 8,738,360                   | 8,738,360             |
| Building services                             | -                     | -                       | -                    | -                          | 20,701,569                  | 20,701,569            |
| Debt service                                  | -                     | -                       | -                    | -                          | 1,228,659                   | 1,228,659             |
| State Housing Initiatives Program             | -                     | -                       | -                    | -                          | 1,061,147                   | 1,061,147             |
| Tourist development and recreation            | -                     | -                       | -                    | -                          | 7,094,229                   | 7,094,229             |
| Community based care                          | -                     | -                       | -                    | -                          | 486,020                     | 486,020               |
| Miscellaneous                                 | -                     | -                       | -                    | -                          | 454,989                     | 454,989               |
| Total restricted                              | 2,856,806             | 2,913,101               | 6,030,286            | 26,865                     | 90,995,438                  | 102,822,496           |
| <b>Committed for:</b>                         |                       |                         |                      |                            |                             |                       |
| Sheriff's operations and facilities           | -                     | -                       | -                    | -                          | 6,752,545                   | 6,752,545             |
| <b>Assigned for:</b>                          |                       |                         |                      |                            |                             |                       |
| Fiscal year 2021 General Fund operations      | 7,894,473             | -                       | -                    | -                          | -                           | 7,894,473             |
| Fire rescue, Sheriff, Public safety           | -                     | -                       | 5,971,314            | -                          | 37,831                      | 6,009,145             |
| Roadway landscaping and maintenance           | -                     | 36,310,139              | -                    | -                          | -                           | 36,310,139            |
| Community Redevelopment Agency expenditures   | -                     | -                       | -                    | 32,578                     | -                           | 32,578                |
| Future development impacts                    | -                     | -                       | -                    | -                          | 4,535,456                   | 4,535,456             |
| Capital improvement projects                  | -                     | -                       | -                    | -                          | 22,442,941                  | 22,442,941            |
| Court facilities, technology, and other needs | -                     | -                       | -                    | -                          | 560,044                     | 560,044               |
| Building services                             | -                     | -                       | -                    | -                          | 3,178,775                   | 3,178,775             |
| Debt service                                  | -                     | -                       | -                    | -                          | 323,300                     | 323,300               |
| State Housing Initiatives Program             | -                     | -                       | -                    | -                          | 128,887                     | 128,887               |
| Tourist development and recreation            | -                     | -                       | -                    | -                          | 1,711,725                   | 1,711,725             |
| Miscellaneous                                 | -                     | -                       | -                    | -                          | 43,728                      | 43,728                |
| Total assigned                                | 7,894,473             | 36,310,139              | 5,971,314            | 32,578                     | 32,962,687                  | 83,171,191            |
| Unassigned                                    | 110,077,346           | -                       | -                    | -                          | (12,114,508)                | 97,962,838            |
| <b>Total fund balances</b>                    | <b>\$ 129,163,214</b> | <b>\$ 39,464,106</b>    | <b>\$ 12,040,795</b> | <b>\$ 59,443</b>           | <b>\$ 118,663,023</b>       | <b>\$ 299,390,581</b> |



## 10. 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 \$350,000. During fiscal year 2020, there was one claim that exceeded the \$350,000 stop loss deductible for a total of \$324,508 in reimbursements.

The September 30, 2020 estimated claims liability of \$2.4 million is based on the requirements of GASB Codification Section Po20.119, which requires that a liability for claims be reported if information prior to 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 \$2.8 million.

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

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**10. RISK MANAGEMENT (continued)**

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

| Year Ended<br>September 30, | Beginning<br>Balance | Current Year                   |                   | Ending<br>Balance |
|-----------------------------|----------------------|--------------------------------|-------------------|-------------------|
|                             |                      | Claims/Changes<br>in Estimates | Claim<br>Payments |                   |
| 2018                        | \$ 2,460,288         | \$ 27,181,118                  | \$ 27,063,614     | \$ 2,577,792      |
| 2019                        | \$ 2,577,792         | \$ 26,298,617                  | \$ 26,713,198     | \$ 2,163,211      |
| 2020                        | \$ 2,163,211         | \$ 27,886,765                  | \$ 27,645,664     | \$ 2,404,312      |

**C. Conventionally Insured Claims and Losses**

The County and its Constitutional Officers retain conventional insurance coverage for other types of insurable risks. Settled claims resulting from these risks have not exceeded conventional insurance coverage in any of the past three fiscal years.

**11. DEFICIT BALANCE - INDIVIDUAL FUNDS**

At September 30, 2020, the following funds had deficit equity balances in the amounts shown:

|                         |              |
|-------------------------|--------------|
| Impact Fees Police      | \$10,868,632 |
| Treasure Beach M.S.B.U. | \$ 1,523,968 |
| Private Roads M.S.B.U.  | \$ 10,130    |

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

**12. 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 \$3,849,098 reported as landfill closure and post-closure care liability at September 30, 2020, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill.

The annual estimated cost is approximately \$349,918 and there remains 11 years of estimated post-closure care.

The amount is estimated based on what it would cost to perform all post-closure care in 2020. 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, 2020.

### **13. RELATED PARTY DISCLOSURES**

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

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

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

### **14. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES**

As of September 30, 2020, the County had several programs that qualify as tax abatements, as that term is defined in GASB Codification Section T10.102. Specifically, the County provides tax incentives under a grant program run by the Economic Development Department for the Board of County Commissioners. Pursuant to Florida Statutes 288 and 125.045 and County Ordinance 2014-30, this program can apply to all land within the boundaries of the County. St. Johns County authorized the incentives through the passage of a public resolution. The incentives are calculated using a point system based upon each business' economic growth and/or job retention or creation. To be eligible, each business must undergo an application process and provide proof that the improvements have been made and/or that new jobs have been created or retained. The grant payment equals a percentage reduction of the County's general portion of property tax on the assessed value of the business' property (exclusive of land value), based on points accumulated. In addition, impact fees, utility connection fees, and the County portion of tangible personal property taxes can be reimbursed through this process as well. The taxes and fees are paid in full by the entity and the amount of general County tax paid is refunded annually over an approved term once 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, 2020, St. Johns County reimbursed taxes totaling \$131,275 to six businesses. The County had 16 approved and active contracts at year end. The taxes reimbursed may include a combination of ad valorem, tangible personal property, impact fees, and utility connection fees.

## **15. NET POSITION RESTRICTED BY ENABLING LEGISLATION**

The government-wide statement of net position reports \$102,657,423 of restricted net position, of which, \$94,123,005 is restricted by enabling legislation.

## **16. COMMITMENTS AND CONTINGENCIES**

### **A. Commitments**

At September 30, 2020, the County had approximately \$209 million in outstanding commitments relating to construction contracts.

### **B. Contingencies**

Pending Litigation

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of county management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

## **17. UNCERTAINTY – COVID-19**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the County. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The financial statement impact cannot be reasonably estimated at this time as the duration of the effects of the pandemic is uncertain.

## **18. FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2021. These statements address the following:

- Leases
- Subscription-based IT Arrangements
- Fiduciary Activities
- Majority Equity Interests

The County is currently evaluating the effects that these statements will have on its 2021 financial statements.