

**ST. JOHNS COUNTY, FLORIDA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



Prepared by:

**ST. JOHNS COUNTY CLERK OF THE CIRCUIT COURT
AND COUNTY COMPTROLLER
FINANCE DEPARTMENT**

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

**Dwala Anderson
Chief Financial Officer**

ST. JOHNS COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Brandon J. Patty

Clerk of the Circuit Court and County Comptroller | St. Johns County, Florida
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June 21, 2024

To the Board of County Commissioners and residents of St. Johns County
St. Augustine, Florida:

In accordance with Section 218.39 of the Florida Statutes, we are pleased to submit to you, the Board of County Commissioners and the residents of St. Johns County, the Annual Comprehensive Financial Report of St. Johns County, Florida, for the fiscal year ended September 30, 2023.

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, 2023 and the results of its operations and its cash flows.

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

The independent accounting firm of MSL, P.A., whose report is included herein, has audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by County management and evaluating the overall financial statement presentation. Based upon the audit, MSL, P.A. concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2023.

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 resident participation. All County department and agency expenditures, accomplishments, and objectives are reviewed. In particular, additional personnel, vehicles, computer equipment, and software, and capital outlay appropriation requests are scrutinized. The final adoption of the County budget occurs in September after two advertised public hearings.

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

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

2023 ECONOMIC CONDITION AND OUTLOOK

St. Johns County continues to be one of the fastest-growing counties in Florida and in the nation, which grew to a population of 320,110 in 2023. From April 2020 to July 2023, the percent change in population was 17%. Continued population and economic growth are anticipated in coming years.

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

This year, the St. Johns County School District once again received an A grade by the Florida Department of Education, which the district has received for the past 20+ years. Throughout 2023, St. Johns County and/or St. Augustine received the following additional noteworthy accolades:

- *Southern Living Magazine* – as No. 1 Best Small Town in the South
- *Travel & Leisure* – as Top 25 Most Beautiful College Campuses in the U.S.
- *National Geographic* – as Top 7 Beach Towns Even Better in the Fall
- *New York Travel Guides* – as No. 3 Most Romantic Small Towns in America
- *Niche* – No. 2 Best Counties for Families in Florida
- *Niche* – No. 2 Best Counties for Outdoor Activities in Florida

The philosophy of the St. Johns County Board of County Commissioners is to encourage economic development that is consistent with environmental stewardship and quality of life. Historically, the county's primary economic sectors have been agriculture, tourism, and retail, which correlate to the state's economic drivers. As growth continues, the county has made a concerted effort to diversify its economic base and promote high-wage job creation for local residents through the expansion of existing businesses and attraction of new businesses to the county.

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

The county maintains membership in JAXUSA Partnership to leverage resources promoting Northeast Florida on a national scale to enhance economic development. Additionally, the county contracts with the St. Johns County Chamber of Commerce to provide support for businesses interested in locating and expanding into the county. The county also contracts with the University of North Florida Small Business Development Center (SBDC) to provide technical assistance to entrepreneurs and small businesses.

St. Johns County started 2023 with an unemployment rate of 2.3% and ended the year with an unemployment rate of 2.6%. Throughout the year, St. Johns County consistently had either the third or fourth lowest unemployment rate in Florida. In comparison, for December 2023, the Florida unemployment rate was 3%, and the national unemployment rate was 3.7%.

St. Johns County had 5,319 single-family residential building permits issued in 2023, which was slightly lower than the 2022 total of 5,569. Additionally, 1,444 commercial permits were issued in 2023, slightly higher than in 2022. Commercial valuation for permitted projects in FY23 was \$381,280,977, which was a slight decline from the previous fiscal year. In 2023, the overall tax base of St. Johns County was comprised of 12% business/commercial, which is the highest it's been in the last 11 years.

Economic development business incentives were approved by the Board of County Commissioners for Publix Super Markets to bring a central fill pharmaceutical manufacturing operation to St. Johns County. The project will occupy 168,480 square feet of industrial space and will bring 400 new jobs.

Economic development business incentives were approved by the Board of County Commissioners for the expansion of KeHE Distributors, an organic food distribution business with a long-standing history in St. Johns County. The building to be constructed will total 530,000 square feet, and the project will bring 100 new jobs and retain 345 jobs.

FINANCIAL PLAN

Long-term St. Johns County Goals

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

The Fiscal Year 2024 Budget includes Strategic Plan and Comprehensive Plan initiatives that will assist the County in fine-tuning objectives and performance measures to properly align with the County's goals. As such, the Fiscal Year 2024 Financial Plan includes the down-sizing of many existing performance measures to make way for new measures in FY 2025.

While there are multiple individual County program or department goals, five key organization-wide long-term County goals and priorities were formally identified by the Board of County Commissioners. In addition, County planning processes also continue to influence development of the County's CIP and other long-range goals. Most County departments have long-range strategies with several having been developed through the aid of consulting studies or master plans and committees or community visioning groups.

For example, Parks & Recreation, Library Services and Fire Services all have long-range Master Plans. County Road 210 and North-South 2209 Corridor Studies are examples of consulting studies that continue to guide County Transportation budgets as well as the Countywide Master Drainage Study.

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

GOAL: Economic Development: Thriving and Emerging Economic Opportunities: The Board has established economic development as a priority. This County goal continues to be twofold: attract new business and industry to the County and help existing businesses and industries prosper. FY 2024 will continue the regional efforts begun in FY 2001. The County supported a major County Visioning and Strategic Plan for economic development beginning in FY 2002. Major focused redevelopment efforts, including the use of debt financing and Community Redevelopment Agency (CRA) funding, were put in place specifically for West Augustine, Vilano Beach, and Flagler Estates.

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

Short-term: The County Commission continues to make economic development its top priority including but not limited to: agriculture, tourism, job creation, and an enhanced commercial tax base. A Florida Department of Economic Opportunity's September 2023 report noted St. Johns County as having the State's third lowest unemployment rate at 2.7%. The Silverleaf Development is listed as the nation's eighth best-selling master-planned community by RCLCO and John Burns Real Estate Consulting. The Nocatee Development also remains in the top 50 master-planned communities in 2023, ranked at 27th.

The St. Johns County School District has earned an overall rating of "A" by the Florida Department of Education, one of only two districts in Florida with a grade of "A" each year since 2010. In February 2015, the Board created a Tax Increment Financing (TIF) area as part of the Durbin Creek National LLC commercial intensive development. The project, known as Durbin Park, is the largest concentration of urban development in the county, and first designated urban service area in the State, with 2.8 million square feet designated for offices, 2.4 million square feet of retail space, 350 hotel rooms, and nearly 1,000 multi-family units. In FY 2020, Baptist Health purchased land in the Silver Leaf development, to be used for the development and operation of a medical campus of up to 150,000 square feet.

In FY 2021, the PGA TOUR, Inc., opened their corporate headquarters in Ponte Vedra Beach, creating 300 new jobs, based upon County Commission approved economic development incentives. In FY 2022, the County Commission approved an additional economic incentive for the PGA TOUR, Inc. to relocate its broadcast media operations to Ponte Vedra Beach. In FY 2023, economic development business incentives were approved by the Board of County Commissioners for Publix Super Markets to bring a central fill pharmaceutical manufacturing operation occupying 168,480 square feet of industrial space and bring 400 new jobs. Additionally, in FY 2023, economic development business incentives were approved by the Board of County Commissioners for the expansion of KeHE Distributors, an organic food distribution business with a long-standing history in St. Johns County, to construct a facility totaling 530,000 square feet, bring 100 new jobs and retain 345 jobs. In FY 2024, additional economic development studies are planned to maximize the County's understanding of its economic development incentive programming, as well as an economic development branding campaign.

GOAL: Financial Stewardship: Fiscally Sound and Financially Stable: The Board continues to highlight concerns associated with long-term financial stability: County debt reduction, consideration of new revenue sources and options, maintaining equitable employee compensation including benefits, continued effective and efficient County program and service delivery management, and lower cost contracting. The combined total effect of property tax reform and property devaluation resulted in over a 30% decline in County taxable property values through FY 2013. Through FY 2013, County property taxes were near FY 2006 levels, despite a population increase of 21% and a cost of living increase of 19% since FY 2006. In response, the County implemented enhanced managerial and stricter financial controls to ensure better financial sustainability into the future. The Board did modestly raise millage rates in FY 2010 and FY 2012 to fund the mandated new emergency radio system and improve financial stability for the General Fund and the Fire District Fund. County reserves also have been generally built up and utilized to bridge to better economic conditions. During FY 2014 Standard & Poor's raised the County's credit rating from AA- to AA+ citing in part strong management and a strong relatively low debt and contingent liability profile. In FY 2021, the County issued refunding bonds to refund and reduce annual debt service, following similar refunding opportunities in FY 2019, FY 2015, FY 2014, and FY 2012 for governmental funds. For Enterprise Funds (utility services), recent County refunding bonds were issued in FY 2021, FY 2016, FY 2014, and FY 2013.

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

GOAL: Infrastructure – Prioritizing Today and Planning for Tomorrow: The County Commission continue to prioritize funding for the following infrastructure needs: transportation, public safety facilities, utilities, parks, deferred maintenance, and stormwater management.

Aging of certain County facilities, coupled with several years of budget reductions, had resulted in a significant backlog of deferred maintenance. Since FY 2013, the Commission has prioritized annual funding toward countywide deferred maintenance, with the goal of reducing asset deterioration and maximizing County asset life. Since FY 2020, the deferred maintenance program has achieved its goal with the program transitioning into a renewal and replacement program.

In FY 2013 the Board achieved significant negotiated savings on the new \$27 million 800-Megahertz emergency radio system and utilized JEA franchise fees for almost a 50% down payment on the system. Pavement management is necessary as it preserves acceptable County road conditions and, if not addressed consistently, could create an acute phase where the longer County road conditions deteriorate, the higher the corrective cost becomes.

The County still has available borrowing capacity within its gas taxes and current half-cent sales tax revenues, if necessary. Also, additional capacity to levy local option gas taxes and up to a one-cent discretionary sales tax for infrastructure are available. A discretionary sales tax, which could generate an estimated \$71 million per year, requires approval through a voter referendum, and last failed on the ballot during the 2022 election.

Short-term: For the twelfth consecutive year, the FY 2024 County budget continues to specifically plan and prioritize deferred maintenance/renewal and replacement projects, funding \$6.3 million Countywide. An additional \$20.2 million (not including carryforwards) in the FY 2024 budget addresses capital, vehicle and computer hardware/software replacements. The FY 2024 budget for pavement management totals approximately \$12.1 million with the goal of increasing funding to \$14.0 million annually by FY 2027. Through the 2023 Florida Legislative Session, the State appropriated \$59.0 million to St. Johns County for a variety of projects.

2023 Florida Legislative Session Appropriation to St. Johns County

Projects	Appropriation (in \$ Millions)
Ponte Vedra Beach Nourishment	\$25.0
CR 2209 and International Golf Parkway Extension/4-Laning	15.0
CR 210A and US 1 Interchange	\$6.0
State Road A1A Intersection Enhancements	\$6.0
Summerhaven Managed Retreat	\$5.0
Pine Island and US 1 Intersection Improvements	\$2.0
Total State of Florida Appropriation	\$59.0 million

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

Before the economic downturn, the County had undertaken an aggressive effort to add parks often through the assistance of State funding with development of parkland in the southeast (Southeast Intracoastal Waterway Park), northwest (Veterans Park and Alpine Groves Park), and northeast (Davis Park). Relative to libraries, a Board decision was made in 1999 to utilize, at the time, public building impact fees and commercial paper debt for library expansion. Two major expansion projects resulted: the Ponte Vedra Beach Branch expansion in FY 2002 and the new Southeast Branch Library in FY 2003.

In addition, Parks and Libraries represented about 80% of the 2004 Sales Tax Bond issue projects, which also resulted in the new Anastasia Island Branch Library that opened during FY 2008. The “06 Sales Tax Bond Projects” debt financing also contributed over \$17.5 million for park projects.

In FY 2020, the Board of County Commissioners approved \$16.6 million, from the General Fund for a new multipurpose park, library, sidewalk infrastructure, beach re-nourishment efforts, waterway access improvements and expansion of an existing park facing capacity issues. In addition, the Commission approved \$12.1 million in funding, in a cost share partnership with the Army Corp of Engineers, for the construction of the Coastal Storm Risk Management Project in portions of South Ponte Vedra and Vilano Beach. In FY 2022, the Commission appropriated \$33.5 million in unrealized revenue gains, accumulated through exceeded pandemic projections (for FY 2020 and FY 2021), toward non-recurring capital improvement projects. Specifically, the 2022 Capital Improvement Project Fund, totaling \$33.5 million, includes significant infrastructure investments toward two phase one regional parks projects, expansion of off-beach parking amenities, and roadway improvements.

In FY 2023, the County purchased a 31-acre parcel on the San Sebastian River for future development of a public boat ramp and related uses for \$17.5 million. The \$7.9 million reconstruction of the St. Johns Golf Club was also completed in FY 2023.

Short-term: In FY 2024, the County expects to open the \$14.2 million Mill Creek Regional Park, as well as Fire Station #11 and Sheriff Substation for \$10.0 million. The Ponte Vedra Beach Nourishment project, utilizing the \$25.0 million in legislative appropriations awarded in FY 2024 as well as legislative appropriations awarded from prior years along with County funds, is also anticipated to be completed in FY 2024. The County has also allocated some funding towards the design and construction of four regional parks in FY 2024 with planned discussion with the Commission on the remaining funding needed for construction. Transportation projects for FY 2024 include \$36.6 million for CR 210 Widening, \$34.9 million for CR 2209 Central Segment, and \$18.8 million (primarily from developer contributions) for Longleaf Pine Parkway improvements.

Capital projects can take multiple years to procure and construct, with a material portion of those capital dollars carried forward into FY 2024. In FY 2024, the Commission continues to maximize use of impact fees (especially roadway impact fees) for roadway infrastructure.

GOAL: Customer Service – Putting People First:

Improving communications and citizen service continues to be a top priority. Every County department has the objective of supporting County Administration’s philosophical approach of Charting Performance: A Framework for Open Governance and Efficiency through these efforts:

1. Implementation of an Integrated Marketing Communications platform of storytelling through various Office of Public Affairs tools including media relations, social media, video production, multi-media assets, digital communications through the use website and mobile apps, and community engagement through public ceremonies, special events and outreach programs to build awareness and ambassadors of the County’s operations, services and projects as well as the policies and programs supported by the Board of County Commissioners.
2. Cross-functional teams to redefine standards of operation with an Infrastructure Delivery Team and Services Delivery Team consisting of various departments to collaboratively expedite capital projects and services delivery, break down departmental silos and harness collective strengths, leverage diverse expertise to innovate and streamline project execution, integrate creative solutions, as well as sustained improvement of our infrastructure and public service landscape.
3. An Office of Performance and Transparency to develop and implement performance measurement frameworks and key performance indicators (KPIs) for various county departments and services., assess performance data to identify areas for improvement and opportunities to enhance efficiency and effectiveness, produce comprehensive performance reports for internal stakeholders, the public, and elected officials.
4. The Office of Intergovernmental Affairs produces an annual Legislative Action Plan for strategic public outreach to get awareness of the County’s funding requests of state and federal agencies, and develop and execute strategies to secure appropriations, competitive funding, and partnerships for capital improvement projects prioritized by the St. Johns County Board of County Commissioners, advocate for and against public policies that may affect St. Johns County, cultivate new and strengthen existing relationships within the Florida Legislature, the Executive Office of the Governor, State and Federal agencies, the United States Congress, state constitutional officers,

5. Developing an Umbrella of County Connection initiatives of town halls, citizen academies, public education series programs and recognitions to build bridges with the various geographical communities located within the county for enhanced involvement in volunteer committees and advisory boards, greater participation in comprehensive planning campaigns, active attendance at citizen meetings for hyper local and county-wide issues, as well as developing brand awareness of St. Johns County as a one community through authentic discussions and dialogue with the public.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Johns County for its Annual Comprehensive Financial Report for the year ended September 30, 2022. This was the thirty-first consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Brandon J. Patty', followed by the word 'for' written in a smaller, cursive script.

Brandon J. Patty
Clerk of Circuit Court and County Comptroller

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

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

CONSTITUTIONAL OFFICERS

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

COUNTY ADMINISTRATION

Joy Andrews, County Administrator
Brad Bradley – Deputy County Administrator
Colin Groff, Deputy County Administrator
Sarah Taylor, Chief Performance Officer

COMPTROLLER'S OFFICE

Dwala Anderson, Chief Financial Officer

OFFICE OF MANAGEMENT AND BUDGET

Jesse Dunn, Director
Wade Schroeder, Assistant Director



Government Finance Officers Association

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**St. Johns County
Florida**

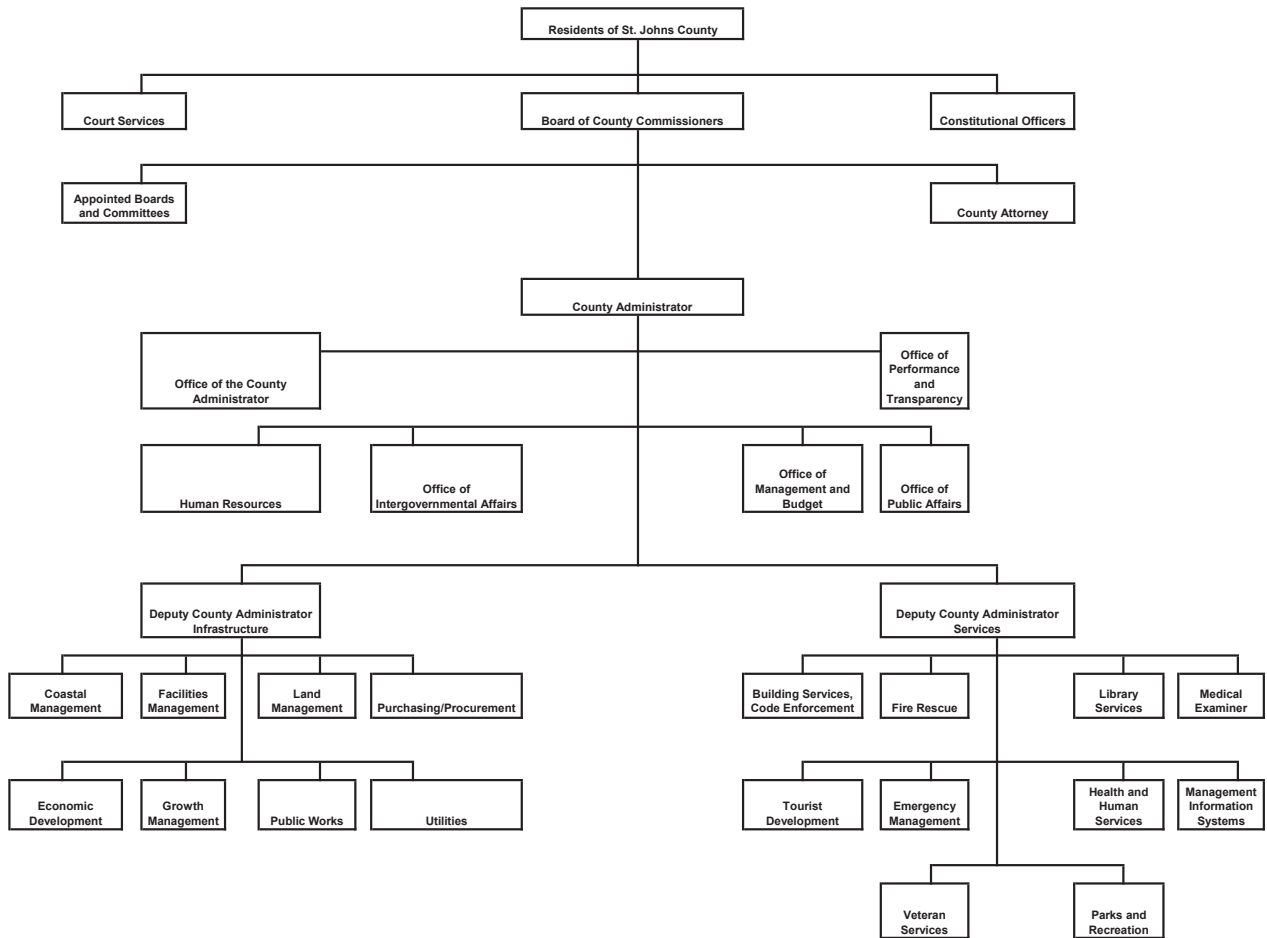
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

St. Johns County, Florida
 Organization Chart
 By Department





INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
St. Johns County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Johns County, Florida (the "County") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Emphasis-of-Matter

As discussed in Note 12 to the financial statements, in the year ended September 30, 2023, the County adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
June 21, 2024

MANAGEMENT'S DISCUSSION and ANALYSIS

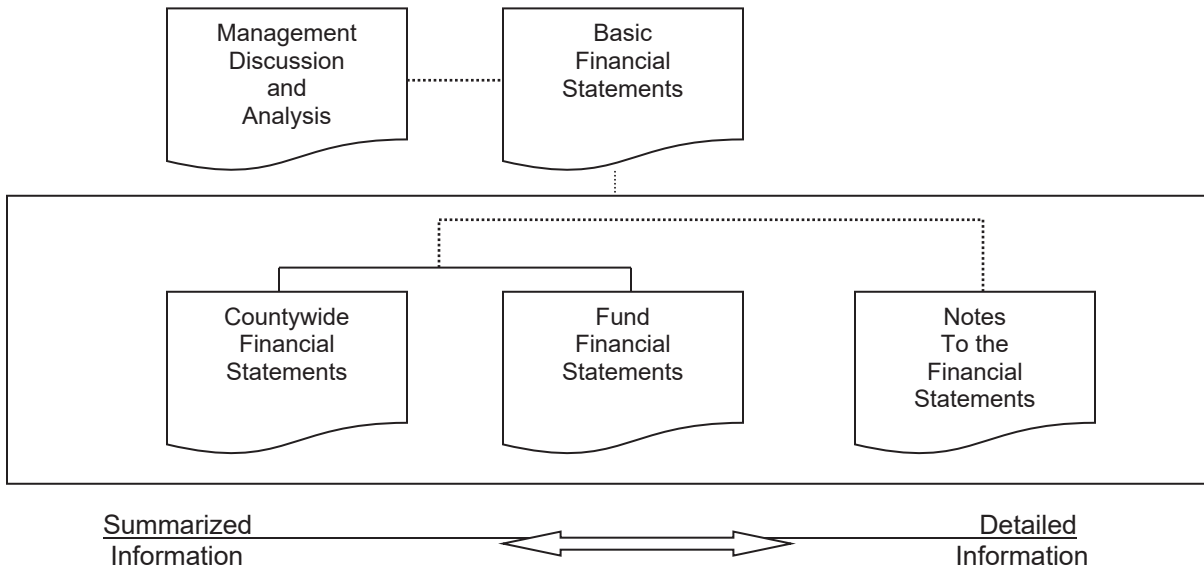
This section of St. Johns County, Florida's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial performance during our most recent fiscal year, which ended September 30, 2023. It is designed to provide an objective and easy to read overview analysis of the County's financial activities; significant financial issues; material deviations from the Financial Plan (budget); changes in the County's financial position and individual fund concerns. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter in the front of this report and the County's financial statements.

1. Financial Highlights.

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, which are reported as net position, by \$2,430,297,592 as of September 30, 2023.
- Unrestricted net position of \$184,071,052 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 \$224,891,781.
- The net change in total governmental fund balance increased by \$62,690,092. This increase reflects a recovering economy from the pandemic and continued strength in construction and development in the County.

2. Overview of the Financial Statements.

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



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

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

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

The countywide financial statements are grouped into three categories:

- *Governmental Activities.* Most of the County's basic services are included here, such as police, fire, public works, recreation, and general administration. Property taxes, sales and gas taxes, and federal and state funding finance most of the cost of these activities.
 - *Business-type Activities.* The County's water and sewer utilities and solid waste are classified here. In these activities, the County charges customer fees to cover all or a portion of the cost of providing these goods and services.
 - *Component Units.* These are other governmental units over which the County exercises influence, and are presented as separate columns in the countywide statements. The component units presented as such are the Housing Finance Authority of St. Johns County, Florida and the St. Johns County Industrial Development Authority.
- B. Fund financial statements. The County's fund statements report in greater detail than the countywide statements the County's most significant funds. A fund is a group of related accounts used to exercise control over specific resources set apart for specific activities. The County, like other state and local governments, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions.

The County maintains 74 individual governmental funds. The General Fund, Transportation Trust, Fire District Fund, and the COVID Pandemic Related Grants Fund are presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. All other governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements in a separate section of this report.

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

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

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

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2023

3. Financial Analysis of the County as a Whole.

At the end of fiscal year 2023, the financial position of the County continues to reflect a healthy and improving economy. The County is one of the fastest growing areas in the State. This growth continues to provide significant resources to the County.

Summary Statement of Net Position
September 30, 2023 and 2022 (as restated)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and investments	\$ 590,930	\$ 539,843	\$ 290,619	\$ 155,696	\$ 881,549	\$ 695,539
Other current assets	28,769	37,672	9,894	8,888	38,663	46,560
Other noncurrent assets	5,970	6,653	490	2,509	6,460	9,162
Capital assets	1,693,626	1,562,607	696,850	618,768	2,390,476	2,181,375
TOTAL ASSETS	2,319,295	2,146,775	997,853	785,861	3,317,148	2,932,636
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	5,480	6,229	2,758	3,055	8,238	9,284
Pension related	77,741	65,406	3,659	3,050	81,400	68,456
OPEB related	6,848	9,575	574	789	7,422	10,364
TOTAL DEFERRED OUTFLOWS OF RESOURCES	90,069	81,210	6,991	6,894	97,060	88,104
LIABILITIES						
Current liabilities	154,341	175,909	29,843	25,371	184,184	201,280
Non-current liabilities	445,283	389,134	329,950	197,307	775,233	586,441
TOTAL LIABILITIES	599,624	565,043	359,793	222,678	959,417	787,721
DEFERRED INFLOWS OF RESOURCES						
Bond refunding gains	-	-	47	65	47	65
Pension related	9,151	11,113	431	518	9,582	11,631
OPEB related	8,142	9,404	838	937	8,980	10,341
Lease related	5,536	5,211	349	365	5,885	5,576
TOTAL DEFERRED INFLOWS OF RESOURCES	22,829	25,728	1,665	1,885	24,494	27,613
NET POSITION						
Net investment of capital assets	1,518,343	1,398,850	502,851	438,784	2,021,194	1,837,634
Restricted	212,466	177,715	11,893	8,502	224,359	186,217
Unrestricted	56,102	60,649	128,642	120,906	184,744	181,555
TOTAL NET POSITION	\$ 1,786,911	\$ 1,637,214	\$ 643,386	\$ 568,192	\$ 2,430,297	\$ 2,205,406

- This year, total net position for Governmental activities increased by 9.1 percent or \$149.7 million dollars. Total assets increased by \$172.5 million. An exceptionally strong surge in the economy produced significant results. The County experienced growth in nearly all general revenue categories as a result of the strong economy – taxes and shared revenues with the state, capital contributions from developers and increases in fees charged for services all reported significant increases. The County's investment results rebounded nicely from the losses reported in FY 2022. The County's investments provided over \$22 million in gains in 2023. Deferred outflows and inflows changes were primarily driven by the inflows and outflows related to the County's participation in the Florida Retirement System (FRS). Liabilities have increased by approximately \$34.6 million in fiscal year 2023. As with deferred inflows and outflows, the effects of the County's participation in the FRS accounted for most of the increase in liabilities. The County did incur additional borrowing with one small note issue in FY 2023 used for capital technology improvements for the Sheriff and Fire Rescue departments. The increase in Net Investment in Capital Assets continues to be driven primarily from the amount of donated infrastructure from completed roads within approved subdivisions and projects throughout the County, as well as the continued net overall decline in debt balances related to capital acquisition.
- Ending net position for Business-type activities improved by \$75 million. The County's Water and Sewer operations continues to be self-sufficient. Scheduled rate changes and an increased user base are the primary factors for the increase in net position. This strong reported change in net position, along with the proceeds from new debt issued in FY 2023 for \$122 million, are the main reason that assets have increased for the current fiscal year. The primary assets affected were cash and capital assets. Additionally, the County continues to receive contributions from developers to offset the cost incurred with the expansion of the Utility system. Liabilities increase significantly in FY 2023 as well, driven by the \$122 million bond issue described above and from participation in the Florida Retirement System. The County's Solid Waste operations reported a net decrease in net position for 2023. Revenues in Solid Waste were higher in FY 2023 when compared with FY 2022. However, the expenses associated with the service contractors, for residential collections and other operations of the Solid Waste fund, continued to experience significant cost increases for FY 2023. The County continues to monitor the Solid Waste operations and assess operations in light of the inflationary pressures being experienced. Finally, as discussed above, participation in the Florida Retirement System explains the largest variances that occurred with liabilities, deferred outflows and deferred inflows for all Business Type Activities.
- Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$1.8 billion. The greatest portion of net position (\$1.5 billion) reflects the County's investment in capital assets net of the related debt used to acquire them. Additionally, \$212.5 million of net position is subject to restrictions regarding how it may be used during County operations, leaving \$56.1 million as unrestricted. Unrestricted net position, when not a deficit, can be used to meet the County's ongoing obligations to citizens and creditors.
- Business Type Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$643.4 million. Similar to Governmental Activities above, the greatest portion of net position, \$502.8 million, reflects the County's investment in capital assets, net of the related debt used to acquire them. Additionally, \$11.8 million of net position is subject to restrictions regarding how it may be used during County operations, leaving \$128.6 million as unrestricted. The County is currently analyzing future infrastructure needs as the County grows and much of the unrestricted net position will be beneficial in providing this expansion.

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



Charges for services have shown continued increases over the three year period reflected in the above chart, primarily driven by population and infrastructure growth in the County. This increase has helped to continue to cover the basic services of the County. Capital grants increased significantly in 2023. 70% of capital grants in 2023 were related to Transportation services and include significant contributions from developers in the County to cover increased road infrastructure needs that arise from population growth.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2023

Summary Statement of Activities

September 30, 2023 and 2022

(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 143,840	\$ 136,056	\$ 108,885	\$ 99,921	\$ 252,725	\$ 235,977
Operating grants and contributions	63,587	89,973	-	-	63,587	89,973
Capital grants and contributions	102,990	56,699	59,562	34,447	162,552	91,146
General Revenues:						
Taxes	337,815	293,103	-	-	337,815	293,103
Intergovernmental	12,113	10,784	-	-	12,113	10,784
Franchise fees	4,504	3,757	-	-	4,504	3,757
Unrestricted loss on investments	22,221	(10,109)	7,330	(6,245)	29,551	(16,354)
Miscellaneous	3,074	2,413	(1,959)	(95)	1,115	2,318
Total Revenues	690,144	582,676	173,818	128,028	863,962	710,704
Expenses:						
General government	68,513	57,562	-	-	68,513	57,562
Public safety	249,750	188,209	-	-	249,750	188,209
Physical environment	1,222	1,003	-	-	1,222	1,003
Transportation	75,442	59,516	-	-	75,442	59,516
Economic environment	38,167	40,333	-	-	38,167	40,333
Human services	16,932	15,890	-	-	16,932	15,890
Culture and recreation	65,555	80,333	-	-	65,555	80,333
Court related	11,895	10,232	-	-	11,895	10,232
Interest on long term debt	5,531	5,815	-	-	5,531	5,815
Utilities			71,252	63,972	71,252	63,972
Solid waste			34,812	30,527	34,812	30,527
Convention center			-	-	-	-
Total Expenses	533,007	458,893	106,064	94,499	639,071	553,392
Increase in net position before transfers	157,137	123,783	67,754	33,529	224,891	157,312
Transfers	(7,440)	5,521	7,440	(5,521)	-	-
Change in net position	149,697	129,304	75,194	28,008	224,891	157,312
Net position, beginning of year, as restated	1,637,214	1,507,910	568,192	540,184	2,205,406	2,048,094
Net position, end of year	\$ 1,786,911	\$ 1,637,214	\$ 643,386	\$ 568,192	\$ 2,430,297	\$ 2,205,406

The Summary Statement of Activities reflects that the County increasingly relies upon increased charges for services and taxes to meet governmental expenses. Fortunately, due to the population growth of the County, the trend for charges for services and taxes shows continued increases in these revenues for the foreseeable future. Also, grant revenue has increased from FY 2023 and FY 2022, reflecting the County's ability to seek out and obtain funding to finance capital and operating needs of the County. Investment on earnings rebounded from FY 2022 losses and reported significant gains in FY 2023.

Pension liability continues to have a significant impact on the annual change in net position for both governmental and business-type activities. The effects of the pension activity is a significant factor in explaining why total government-wide expenditures were higher in FY 2023 when compared to FY 2022. Inflationary factors in the economy also contributed to much higher expenditures in FY 2023 when compared with FY 2022. The County increased salaries paid to employees in FY 2023 to assist employees with the inflationary pressures being felt and to remain competitive in the employment environment.

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

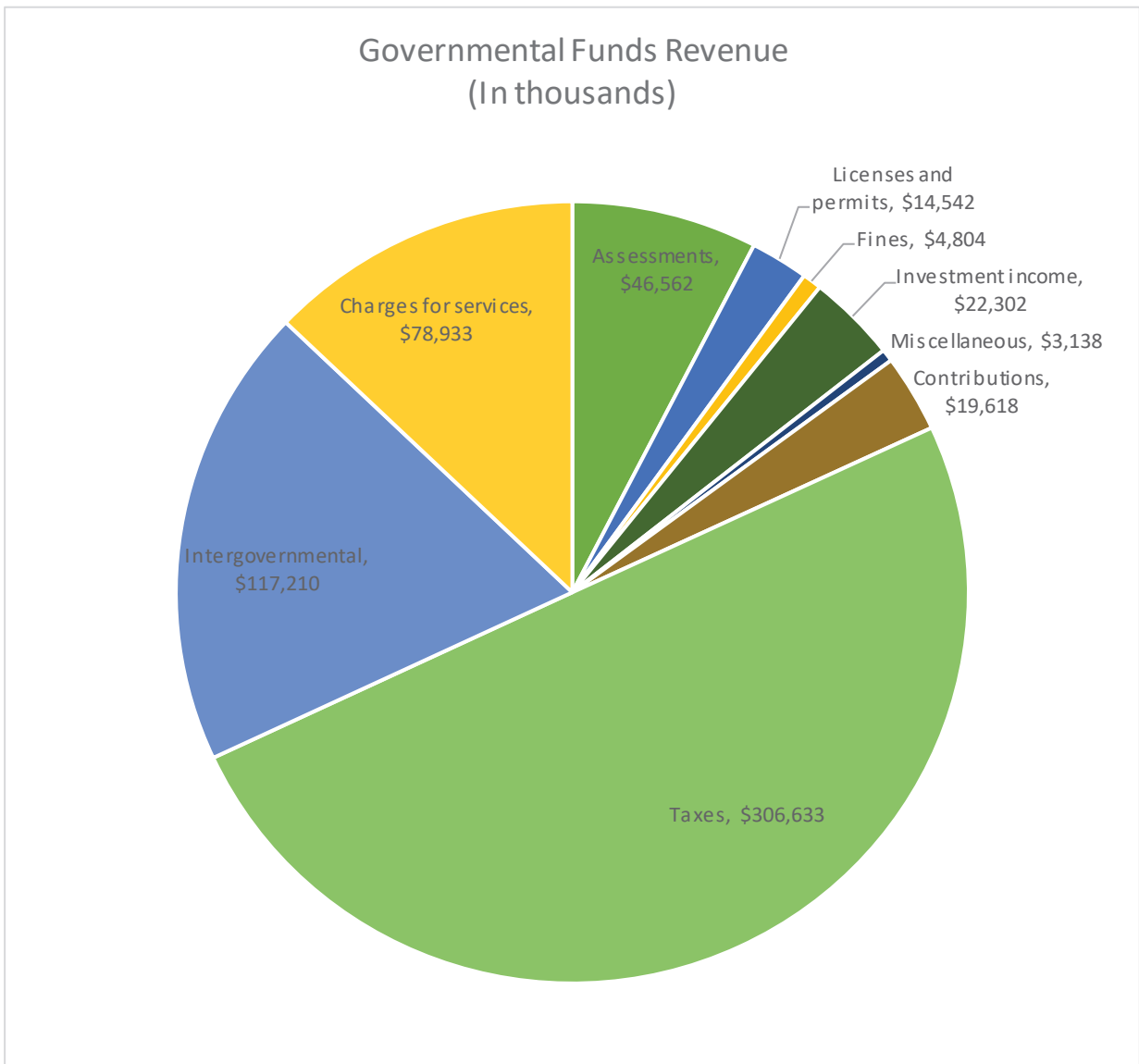
- Increases between years were lower for Economic environment expenditures in FY 2023 when compared to FY 2022. This is attributable to a grant from the Department of Housing and Urban Development and the Florida Department of Economic Opportunity to work on areas and needs related to affordable housing that was a multi-year grant that began to have less activity in FY2023 as the grant neared the end of its life.
- Culture and recreation expenditures in FY2023 continue to be affected by expenditures from previous storms and related beach renourishment projects. These are multi-year grants that are nearing completion and reported lower percentage increases in FY 2023 when compared to FY2022 .

4. Financial Analysis of the County's Funds.

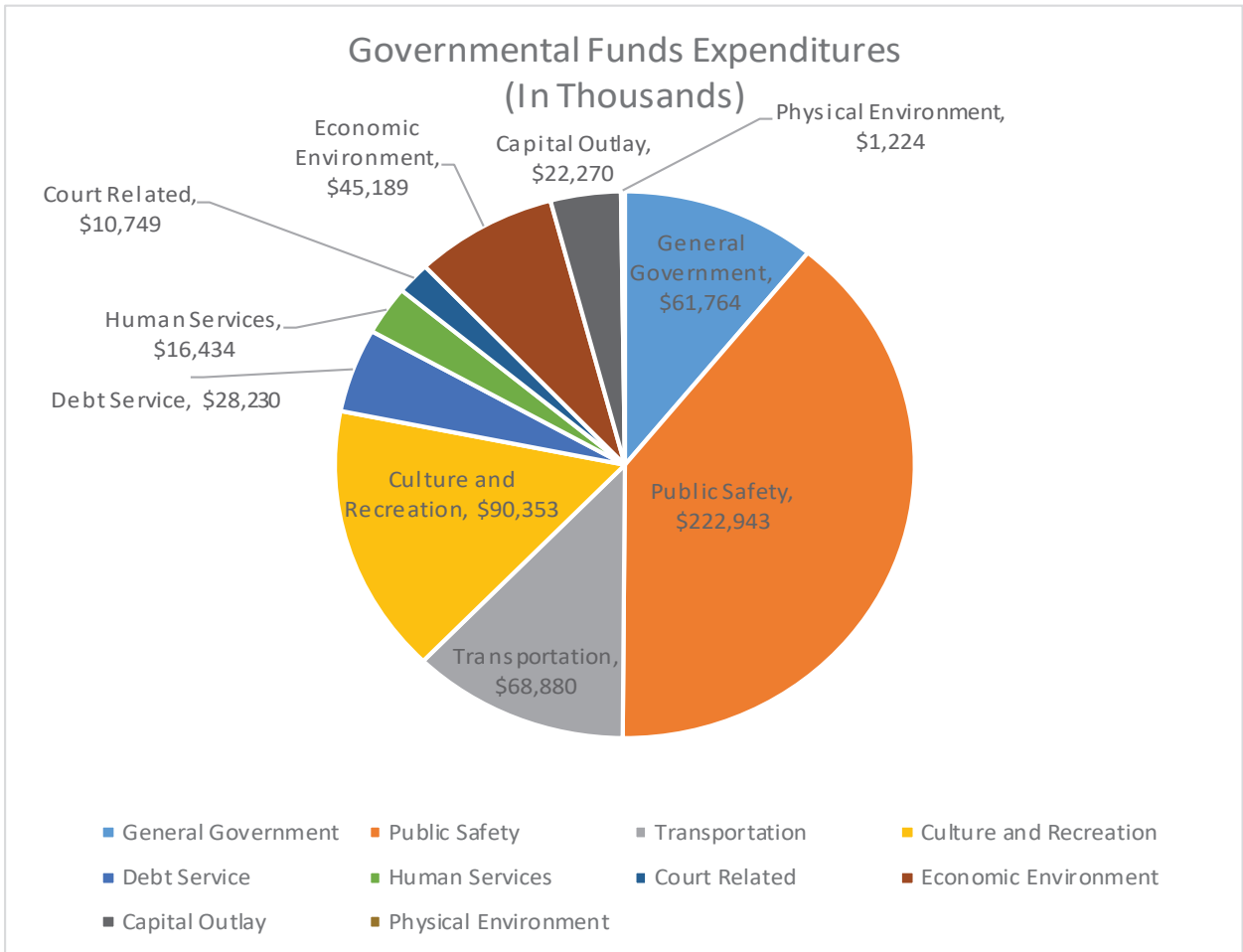
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the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

At September 30, 2023, the County's governmental funds reported combined ending fund balances of \$474.5 million, which is an increase of \$62.7 million. FY 2023 fund statements continue to report strong positive results. The increase, across all categories, is reflective of population and economic growth in the County and the recovery of the local economy after the pandemic. Charges for Services, Taxes, and Special Assessment categories all reflect this change. Contributions revenue, which is primarily road infrastructure contributed by developers, increased in FY 2023 as well. This also reflects the strong economy and growth that the County experienced in FY 2023.

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. Inflationary pressures are another factor to monitor and could lead to continued increases in expenditures. Expenditures were higher in 2023 when compared to 2022. There are numerous reasons for the increase, including population growth and the need for increased services. However, salary increases and pension costs contributed significantly to the increase in 2023.



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



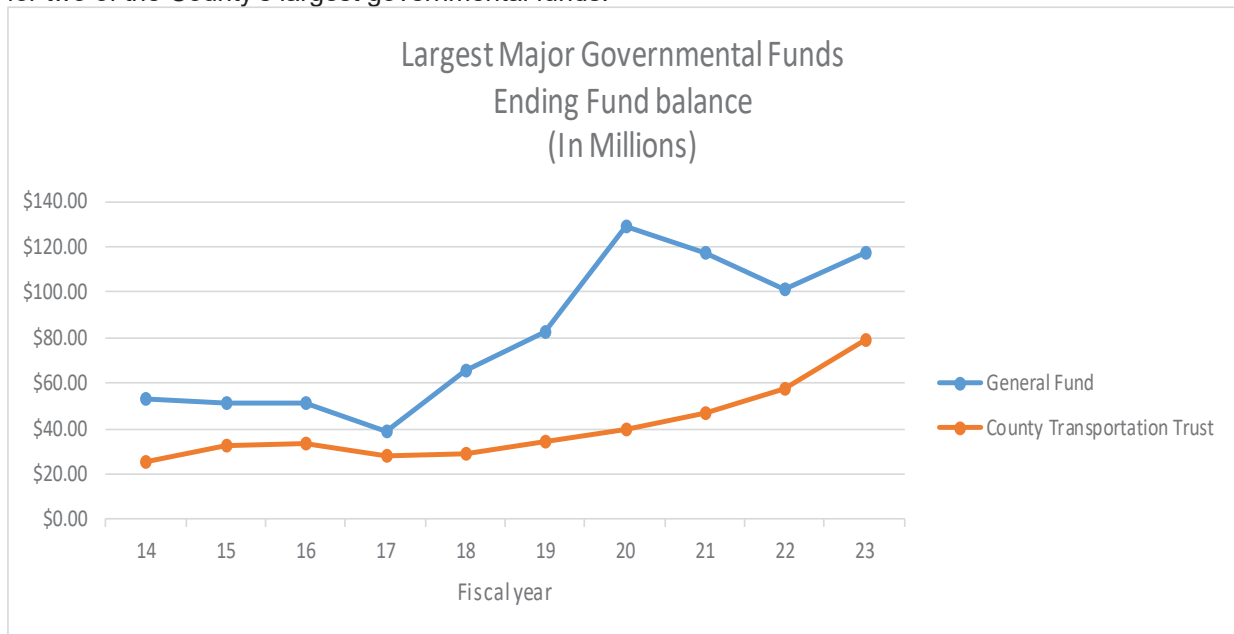
Excluding expenditures in the capital project funds and the County debt service requirements, the County's governmental fund expenditures increased by \$90.1 million over prior year expenditures. All categories experienced increases in dollar amounts in 2023 when compared to 2022. General inflationary pressure continues to increase prices. Additionally, the County provided larger cost of living increases for its employees to keep up with inflation during 2023. Most of the increases on a percentage basis came from the Transportation and the Culture and Recreation categories. Several large road projects were worked on in 2023 – County Roads 210 and 2209 and Holmes Boulevard extension. For the Culture and Recreation category, the County made a large purchase of land on the San Sebastian River for \$17.5 million for a boat ramp location in 2023.

The fund balance of the General Fund increased this year by \$16.3 million. Expenditures of the General Fund increased 12.3% when compared with the prior year. As mentioned above, much of this increase can be explained by general inflation and higher personnel costs. Even with higher costs of operations, ad valorem taxes continue to increase year on year with population growth. Additionally, the County was able to recover most of the investment losses sustained in 2022. The net result is an increase in the fund balance for the General Fund in 2023.

The Transportation Trust, and the Fire District funds continue to be self-funding in line with prior years. Revenues generated by these funds cover all costs of operations. The Transportation Trust had higher expenses in 2023 when compared to last year. As mentioned above, there were several large road projects ongoing in 2023.

The COVID Pandemic Related Grant Fund was established to segregate and account for various federal and state funding resources received by the County to assist residents with pandemic recovery. The County continues to work diligently to report allowed expenditures to use this funding and in 2023, it was able to spend over \$10 million of this grant funding for a variety of uses. It is expected that activity in this fund will decline in future years and, ultimately, this fund will be closed in the future.

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



As seen in the above table, the General Fund's ending fund balance has increased for the first time since fiscal year 2020. In 2020, the pandemic caused a world-wide crisis. The County received significant funding from federal and state sources to mitigate the effects of the pandemic which caused an increase spike in 2020. The County has taken advantage of this revenue over the past couple of years, spending on one-time projects to improve the County's ability to serve the residents of St. Johns County in the future. With this spending coming to an end, 2023 has begun to reflect the County's normal operations, and, as indicated with the graph, the General Fund is able to fund its operations with revenues generated.

The Transportation Trust ending fund balance has increased slightly over the past several years. Restricted revenues have been sufficient to cover the current year's transportation infrastructure needs and this has allowed the County to maintain the reserves for future projects. The County continues to monitor projected future transportation needs in light of the expected growth of the County and the expected increased requirement of transportation funds to meet these needs.

The Fire District's fund balance continues to report increased fund balance in 2023. The increase was approximately \$1.7 million in 2023. The property tax base of the County is expanding with revenues from taxes increasing year over year. With the increase in population, the County expects higher expenditures in the future, both in higher personnel costs and additional fire stations to meet the needs of the expanding population.

The COVID Pandemic Related Grants is still reported as a major fund this year. However, there is still significant unspent grant funding that the County will continue to find allowable uses for. In the future, the balances of this fund should continue to decline as the County moves beyond the effects of the pandemic.

5. General Fund budgetary highlights.

An analysis of the revisions that were made to the General Fund's original budget during the current year for revenue indicates that very little change occurred between the original budget and final budget of the General Fund in 2023. Nonetheless, the largest increase can be explained by receiving unanticipated awards of federal and state grants.

The expenditure categories with the largest variances between amounts originally budgeted by the County during fiscal year 2023 and the final amount of budgeted expenditures during 2023 occurred within the Public Safety and Economic Environment expenditure categories and the budgeted transfers out. The primary causes for these variances are discussed below:

- For the Public Safety category, the largest difference occurred with an increase of budget for the St. Johns County Sheriff. This increase mainly occurred within two categories. First, higher salary costs for personnel were incurred due to a need to increase the number of staff and higher salary wages for law enforcement personnel that were needed to remain competitive in the employee market. Also, capital outlay budgets increased significantly between the original and final budgets as the Sheriff acquired new vehicles and continued to fund construction on the new training facility and other projects. Additionally, the budget was increased to account for capital expenditures related to the County's interoperable radio system.
- For the Economic Environment category, the County received a grant from the Department of Housing and Urban Development in 2020 for the Economic Environment Category (housing). The County is nearing the end of the grant life and expenditures are beginning to decrease. A budget amendment reduce costs in this category to reflect this occurred in 2023.
- For Transfers out, budget increases came primarily for transfers to other funds to account for increased grant activities and to authorize additional principal payments on debt service to achieve net interest expense savings.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2023

- During this year, the difference between the County's final adopted budget and total General Fund expenditures was approximately \$41.6 million. The following table highlights the savings (excess) by function/programs:

Function	Appropriation Balance in Thousands	Percent
General Government	\$ 14,477	34.8%
Public Safety	6,770	16.3%
Physical Environment	81	0.2%
Economic Environment	15,622	37.5%
Human Services	1,591	3.8%
Culture and Rec	2,924	7.0%
Court Related	99	0.2%
Debt service	63	0.2%
	\$ 41,627	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, 2023 was \$2.390 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure, and construction in progress as presented in the following table:

Capital Assets
Net of Depreciation
as of September 30, 2023
(in Thousands)

	Governmental Activities	Business- Type Activities	Total
Land	\$ 586,949	\$ 128,387	\$ 715,336
Intangible Assets	-	81	81
Building and Improvements	380,114	23,529	403,643
Equipment	157,846	14,777	172,623
Infrastructure	1,039,991	750,802	1,790,793
Construction in Progress	89,047	53,486	142,533
Right to Use Leased Assets	938	301	1,239
Right to Use Subscription Based	2,184	468	2,652
Less: Accumulated Depreciation/Amortization	(563,443)	(274,981)	(838,424)
Total	\$ 1,693,626	\$ 696,850	\$ 2,390,476

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2023

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

- **Long-term Debt.** At the end of fiscal year 2023, the County had total long-term obligations outstanding of approximately \$807 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt
(in Thousands)
as of September 30, 2023

	Governmental Activities	Business- Type Activities	Total
Revenue Bonds and Notes	\$ 152,814	\$ 258,890	\$ 411,704
Loans, Commercial Paper, Financed Purchases, Leases, and Subscriptions	8,839	61,714	70,553
Landfill Closure/Postclosure care	-	2,986	2,986
Compensated absences	17,532	1,327	18,859
Net Pension liability	289,311	13,615	302,926
Total	\$ 468,496	\$ 338,532	\$ 807,028

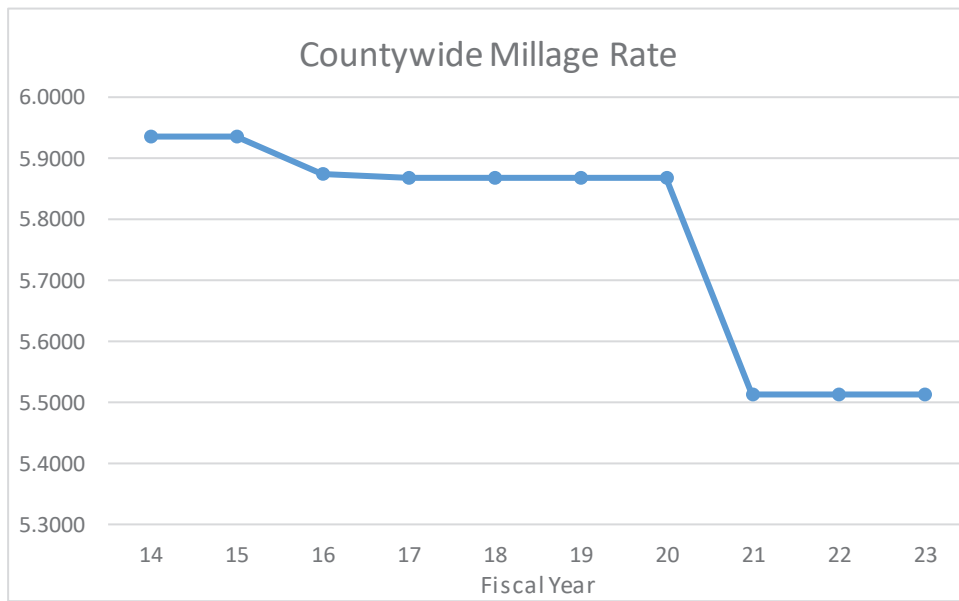
- Excluding the County's net state pension, the balances for total outstanding governmental and proprietary long-term obligations increased by \$124 million from the prior fiscal year. Nearly all of this came from a new \$122 million Water Sewer Bond issued to cover expected expansion of the water-sewer system primarily along the SR207 corridor.
- Overall, however, with the inclusion of the County's net state pension, the County's outstanding debt increased \$185.3 million or 30% from the prior year. The large pension increase was caused by the overall economic conditions and that effect on the pension investments.
- \$33.9 million was disbursed to retire principal that was due during the fiscal year on County bonds, notes, leases and subscriptions.
- \$147.4 million in notes, leases and subscriptions was issued during the fiscal year.

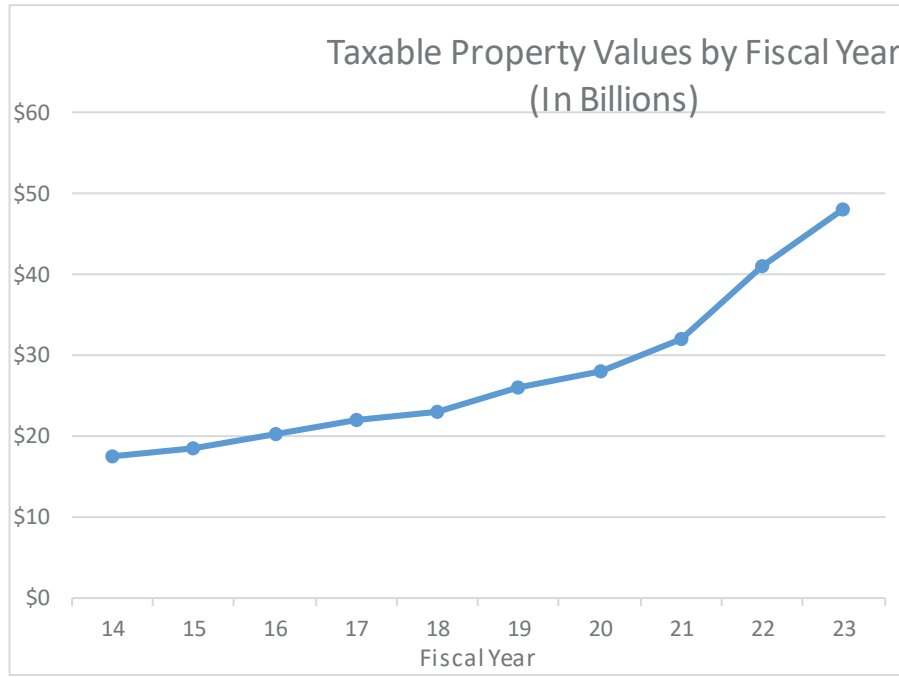
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements; Notes 6 and 7.

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

St. Johns County primarily relies on property taxes, inter-governmental resources, impact fees, and service charges for governmental activities. The County maintained the countywide millage rate of 5.5141 mills from the prior fiscal year for the current year. The County will adjust future appropriations in accordance with budgetary direction provided by the Board of County Commissioners and adjust the property tax requirements so that there will possibly not be the need for future ad-valorem tax increases.

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





Finally, there were a number of critical accomplishments that were achieved in fiscal year 2023:

- The County Commission was able to avoid an increase in the millage rate for 2023.
- The County continued its program to develop affordable housing in the County funded entirely through federal grants. The County was able to secure an extension of time to complete this program through 2024.
- The County continued to secure funding to address beach renourishment projects for the County to repair beaches destroyed by hurricanes and other storms.
- The County was able to break ground on several major infrastructure projects during 2023, including work on County Roads 210 and 2209. Additionally, the County added a new fire station and a southwest operations center for the Sheriff, along with libraries and new parks, the largest being a large land purchase on the San Sebastian River for a future boat ramp..
- And finally, growth management issues continue to be a critical concern of county residents. Growth management through revisions of the County's Comprehensive Plan and stricter land development regulations will provide the necessary tools to help direct county staff in managing future development within the County.

8. Requests for Information.

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

BASIC FINANCIAL STATEMENTS



ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 367,241,619	\$ 20,776,058	\$ 388,017,677	\$ 329,354	\$ 3,271
Investments	223,688,163	138,917,252	362,605,415	-	608,237
Accounts receivable, net	4,688,530	9,514,881	14,203,411	120,000	-
Notes receivable	300,000	333,872	633,872	146,458	-
Interest receivable	1,251,465	655,969	1,907,434	-	-
Leases receivable, less than 1 year	168,626	16,527	185,153	-	-
Internal balances	3,702,666	(3,702,666)	-	-	-
Due from other governments	17,266,073	-	17,266,073	-	-
Inventories	537,235	2,770,402	3,307,637	-	-
Restricted assets:					
Cash	-	25,925,754	25,925,754	-	-
Investments	-	105,000,000	105,000,000	-	-
Leases receivable, due in more than 1 year	5,366,923	333,095	5,700,018	-	-
Net OPEB asset	603,049	157,343	760,392	-	-
Other assets	854,348	305,157	1,159,505	-	-
Capital assets:					
Land and construction in progress	676,022,942	181,872,825	857,895,767	-	-
Other capital assets, net	1,017,602,580	514,976,818	1,532,579,398	-	-
TOTAL ASSETS	2,319,294,219	997,853,287	3,317,147,506	595,812	611,508
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	5,479,786	2,758,344	8,238,130	-	-
Pension related	77,741,241	3,658,612	81,399,853	-	-
OPEB related	6,848,308	574,469	7,422,777	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	90,069,335	6,991,425	97,060,760	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,409,363,554	1,004,844,712	3,414,208,266	595,812	611,508
LIABILITIES					
Accounts payable and accrued expenses	64,328,752	14,546,283	78,875,035	1,960	426
Due to other governments	9,748,514	-	9,748,514	-	-
Estimated liability for self insured losses	2,631,844	-	2,631,844	-	-
Interest payable	108,200	3,202,993	3,311,193	-	-
Customer deposits	1,121,541	2,458,223	3,579,764	-	-
Unearned revenues	53,073,693	-	53,073,693	-	-
Due within one year:					
Bonds, leases, and contracts	17,541,485	11,260,037	28,801,522	-	-
Landfill closure and post-closure costs	-	373,270	373,270	-	-
Compensated absences	6,908,700	460,332	7,369,032	-	-
Net pension liability	-	-	-	-	-
Due in more than one year:					
Bonds, capital leases, and contracts	144,111,414	309,344,265	453,455,679	-	-
Arbitrage rebate	115,998	1,053,080	1,169,078	-	-
Accrued landfill closure and post-closure costs	-	2,612,893	2,612,893	-	-
Compensated absences	10,622,860	866,417	11,489,277	-	-
Net pension liability	289,311,032	13,615,269	302,926,301	-	-
TOTAL LIABILITIES	599,624,033	359,793,062	959,417,095	1,960	426
DEFERRED INFLOWS OF RESOURCES					
Bond refunding gain	-	47,418	47,418	-	-
Pension related	9,150,561	430,636	9,581,197	-	-
OPEB related	8,142,279	837,514	8,979,793	-	-
Lease related	5,535,549	349,622	5,885,171	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,828,389	1,665,190	24,493,579	-	-
NET POSITION					
Net investment in capital assets	1,518,343,435	502,851,097	2,021,194,532	-	-
Restricted for:					
Capital Improvement Projects	279,918	-	279,918	-	-
Future development Impacts	121,677,447	-	121,677,447	-	-
Transportation	30,276,871	-	30,276,871	-	-
Fire District	6,781,265	-	6,781,265	-	-
Community redevelopment	245,658	-	245,658	-	-
Court operations and improvements	11,816,377	-	11,816,377	-	-
Building services	27,213,103	-	27,213,103	-	-
Debt service	-	8,458,658	8,458,658	-	-
Renewal and replacement	-	3,276,951	3,276,951	-	-
State Housing Initiatives Program	770,632	-	770,632	-	-
Tourist development and recreation	10,194,209	-	10,194,209	-	-
Law enforcement	2,200,620	-	2,200,620	-	-
OPEB benefits	603,049	157,343	760,392	-	-
Other purposes	1,079,907	-	1,079,907	-	-
Unrestricted	55,428,641	128,642,411	184,071,052	593,852	611,082
TOTAL NET POSITION	\$ 1,786,911,132	\$ 643,386,460	\$ 2,430,297,592	\$ 593,852	\$ 611,082

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority
Primary Government:									
Governmental activities:									
General government	\$ 68,513,002	\$ 18,343,189	\$ 11,905,379	\$ -	\$ (38,264,434)	\$ -	\$ (38,264,434)	\$ -	\$ -
Public safety	249,750,244	33,855,637	8,105,730	-	(207,788,877)	-	(207,788,877)	-	-
Physical environment	1,221,949	2,089,713	131,600	1,415,364	2,414,728	-	2,414,728	-	-
Transportation	75,442,485	32,250,732	1,054,541	100,907,436	58,770,224	-	58,770,224	-	-
Economic environment	38,167,170	291,992	29,213,562	-	(8,661,616)	-	(8,661,616)	-	-
Human services	16,931,712	148,784	8,512,352	-	(8,270,576)	-	(8,270,576)	-	-
Culture and recreation	65,554,775	47,572,362	4,484,974	666,929	(12,830,510)	-	(12,830,510)	-	-
Court related	11,895,244	9,287,777	178,392	-	(2,429,075)	-	(2,429,075)	-	-
Interest on long term debt	5,531,096	-	-	-	(5,531,096)	-	(5,531,096)	-	-
Total governmental activities	533,007,677	143,840,186	63,586,530	102,989,729	(222,591,232)	-	(222,591,232)	-	-
Business-type activities:									
Utilities	71,252,434	77,717,829	-	59,562,718	-	66,028,113	66,028,113	-	-
Solid waste	34,811,943	31,167,635	-	-	-	(3,644,308)	(3,644,308)	-	-
Total business-type activities	106,064,377	108,885,464	-	59,562,718	-	62,383,805	62,383,805	-	-
Total primary government	\$ 639,072,054	\$ 252,725,650	\$ 63,586,530	\$ 162,552,447	(222,591,232)	62,383,805	(160,207,427)	-	-
Component units:									
Housing programs	\$ 74,143	\$ -	\$ -	\$ -	-	-	-	(74,143)	-
Economic development programs	70,121	-	-	-	-	-	-	-	(70,121)
Total component units	\$ 144,264	\$ -	\$ -	\$ -	-	-	-	(74,143)	(70,121)
General revenues:									
Taxes:									
Property taxes					268,963,941	-	268,963,941	-	-
Communication services tax					2,958,482	-	2,958,482	-	-
Tourist development tax					23,192,091	-	23,192,091	-	-
Fuel taxes					12,845,584	-	12,845,584	-	-
Local government half-cent sales tax					29,855,087	-	29,855,087	-	-
Shared revenues - intergovernmental unrestricted					12,113,377	-	12,113,377	-	-
Unrestricted earnings on investments					22,221,436	7,330,132	29,551,568	-	-
Franchise fees					4,504,123	-	4,504,123	-	-
Miscellaneous					3,073,569	(1,958,614)	1,114,955	174,249	10,541
Transfers					(7,439,759)	7,439,759	-	-	-
Total general revenues and transfers					372,287,931	12,811,277	385,099,208	174,249	10,541
Change in net position					149,696,699	75,195,082	224,891,781	100,106	(59,580)
Net position, beginning of the year, as restated					1,637,214,433	568,191,378	2,205,405,811	493,746	670,662
Net position, end of the year					\$ 1,786,911,132	\$ 643,386,460	\$ 2,430,297,592	\$ 593,852	\$ 611,082

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

St. Johns County, Florida
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 59,804,248	\$ 22,350,768	\$ 14,130,985	\$ 40,248,752	\$ 220,504,188	\$ 357,038,941
Investments	48,754,229	73,912,726	6,455,847	-	87,997,572	217,120,374
Accounts receivable (net of allowance for uncollectibles)	1,550,828	131,310	4,965	-	1,674,470	3,361,573
Notes receivable	-	-	-	-	300,000	300,000
Leases receivable	2,340,414	1,519,895	-	-	1,675,240	5,535,549
Interest receivable	669,004	255,489	33,756	-	272,343	1,230,592
Advances to other funds	981,280	-	-	-	-	981,280
Due from other funds	13,940,818	33,403	-	-	-	13,974,221
Due from other governments	11,095,344	1,739,347	66,793	-	4,364,589	17,266,073
Inventory	-	467,952	-	-	69,283	537,235
Other assets	625,988	41,447	82,116	-	42,064	791,615
TOTAL ASSETS	\$ 139,762,153	\$ 100,452,337	\$ 20,774,462	\$ 40,248,752	\$ 316,899,749	\$ 618,137,453
LIABILITIES, DEFERRED INFLOW OF RESOURCES, FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 13,497,690	\$ 14,444,945	\$ 2,331,615	\$ 3,495,530	\$ 27,334,748	\$ 61,104,528
Accounts payable - retainage	113,051	146,569	-	149,657	739,184	1,148,461
Customer deposits	1,095,040	-	-	-	26,501	1,121,541
Advances from other funds	-	-	-	-	981,280	981,280
Due to other funds	793,357	74,202	172,611	-	9,862,075	10,902,245
Due to other governments	4,241,671	5,040,236	-	-	466,877	9,748,784
Unearned revenue	36,011	-	-	36,508,129	16,529,553	53,073,693
TOTAL LIABILITIES	19,776,820	19,705,952	2,504,226	40,153,316	55,940,218	138,080,532
DEFERRED INFLOWS OF RESOURCES						
Lease Related	2,340,414	1,519,895	-	-	1,675,240	5,535,549
FUND BALANCES						
Nonspendable	1,606,668	509,399	82,116	-	91,347	2,289,530
Restricted	161,044	30,084,916	6,781,265	-	175,508,782	212,536,007
Assigned	27,288,578	48,632,175	11,406,855	95,436	90,886,618	178,309,662
Unassigned	88,588,629	-	-	-	(7,202,456)	81,386,173
TOTAL FUND BALANCES	117,644,919	79,226,490	18,270,236	95,436	259,284,291	474,521,372
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 139,762,153	\$ 100,452,337	\$ 20,774,462	\$ 40,248,752	\$ 316,899,749	\$ 618,137,453

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, 2023

Total fund balances- governmental funds	\$ 474,521,372
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.	1,693,625,522
Net OPEB asset pertains to future periods and use and are not reported in the funds.	603,049
Deferred outflows for bond refunding losses are not reported in the governmental funds.	5,479,786
Deferred pension outflows are not reported in the governmental funds.	77,741,241
Deferred OPEB outflows are not reported in the governmental funds.	6,848,308
Bonds and notes payable (\$146,100,000); unamortized bond premiums (\$6,714,334); financed purchase obligations (\$6,564,079) lease obligations (\$828,526); subscription based information technology arrangements (\$1,445,960); compensated absences (\$17,531,560); and net pension liabilities (\$289,311,032) are not due and payable in the current period and, therefore, are not reported in the funds.	(468,495,491)
Accrued interest payable is not reported in the governmental funds.	(108,200)
Arbitrage rebate is not reported in the governmental funds	(115,998)
Deferred pension inflows are not reported in the governmental funds	(9,150,561)
Deferred OPEB inflows are not reported in the governmental funds	(8,142,279)
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>14,104,383</u>
Net position of governmental activities	<u>\$ 1,786,911,132</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, 2023

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 183,960,429	\$ 40,395,531	\$ 51,070,304	\$ -	\$ 28,105,163	\$ 303,531,427
Special assessments	-	-	-	-	46,562,318	46,562,318
Licenses and permits	2,739,809	2,105,149	1,063,243	-	8,634,224	14,542,425
Intergovernmental	71,673,746	6,488,170	1,242,532	11,696,401	29,175,357	120,276,206
Charges for services	31,570,262	4,681,282	54,197	-	42,627,702	78,933,443
Fines and forfeitures	2,830,871	-	-	-	1,973,300	4,804,171
Contributions	26,962	18,482,484	-	-	1,108,338	19,617,784
Investment income	5,202,018	3,340,264	1,512,673	174,340	12,108,139	22,337,434
Miscellaneous revenue	2,384,066	146,775	31,249	-	575,101	3,137,191
TOTAL REVENUES	300,388,163	75,639,655	54,974,198	11,870,741	170,869,642	613,742,399
EXPENDITURES:						
Current:						
General government	51,191,067	-	-	-	10,572,627	61,763,694
Public safety	148,590,329	-	52,022,986	-	22,329,115	222,942,430
Physical environment	923,234	-	-	-	300,669	1,223,903
Transportation	-	53,428,378	-	-	15,451,312	68,879,690
Economic environment	33,341,064	-	-	10,718,655	1,129,326	45,189,045
Human services	7,295,486	-	-	3,938	9,134,641	16,434,065
Culture and recreation	21,018,684	-	-	-	69,334,710	90,353,394
Court related	9,180,419	-	-	-	1,568,692	10,749,111
Capital outlay	-	-	-	-	22,270,738	22,270,738
Debt service:						
Principal retirement	4,950,159	91,867	-	-	17,699,221	22,741,247
Interest and fiscal charges	126,779	-	-	-	5,362,253	5,489,032
TOTAL EXPENDITURES	276,617,221	53,520,245	52,022,986	10,722,593	175,153,304	568,036,349
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,770,942	22,119,410	2,951,212	1,148,148	(4,283,662)	45,706,050
OTHER FINANCING SOURCES (USES):						
Transfers in	6,623,525	55,360	-	-	47,312,914	53,991,799
Transfers out	(30,957,955)	(758,702)	(1,228,964)	(1,123,464)	(20,818,875)	(54,887,960)
Note proceeds	16,390,702	-	-	-	679,170	17,069,872
Subscription based information technology arrangement	259,082	364,812	-	-	-	623,894
Sale of capital assets	182,707	3,730	-	-	-	186,437
TOTAL OTHER FINANCING SOURCES (USES)	(7,501,939)	(334,800)	(1,228,964)	(1,123,464)	27,173,209	16,984,042
NET CHANGE IN FUND BALANCES	16,269,003	21,784,610	1,722,248	24,684	22,889,547	62,690,092
FUND BALANCES, BEGINNING OF YEAR	101,375,916	57,441,880	16,547,988	70,752	236,394,744	411,831,280
FUND BALANCES, END OF YEAR	\$ 117,644,919	\$ 79,226,490	\$ 18,270,236	\$ 95,436	\$ 259,284,291	\$ 474,521,372

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, 2023

Net change in fund balances - total governmental funds		\$ 62,690,092
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	\$ 120,365,776	
Capital assets contributed by developers	76,581,356	
Capital assets transferred to St. Johns County Utilities Fund	(6,488,955)	
Reclassification of capital items in construction in progress	(10,489,600)	
Current year depreciation and amortization	<u>(50,259,109)</u>	129,709,468
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	(17,693,766)	
Principal payments	22,741,247	
Amortization of bond premiums and discounts	<u>699,700</u>	5,747,181
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	(251,005)	
Decrease in bond refunding losses	(749,743)	
Increase in compensated absences	(1,862,524)	
Decrease in interest payable	7,980	
Increase in arbitrage rebate	<u>(115,998)</u>	(2,971,290)
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	(58,991,804)	
Change in deferred outflows related to pensions	12,335,270	
Change in deferred inflows related to pensions	<u>1,962,278</u>	(44,694,256)
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	263,806	
Change in deferred outflows related to OPEB	(2,726,651)	
Change in deferred inflows related to OPEB	<u>1,261,389</u>	(1,201,456)
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.		
		<u>416,960</u>
Change in net position of governmental activities		<u>\$ 149,696,699</u>

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	MAJOR FUNDS			
	St. Johns County Utilities	Solid Waste	Total	
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 18,291,306	\$ 2,484,752	\$ 20,776,058	\$ 10,202,678
Investments	116,901,271	22,015,981	138,917,252	6,567,789
Accounts receivable, net	8,633,481	881,400	9,514,881	1,326,957
Unit connection fee notes receivable	333,872	-	333,872	-
Interest receivable	540,853	115,116	655,969	20,873
Leases receivable	16,527	-	16,527	-
Other assets	301,051	4,106	305,157	62,733
Due from other funds	-	-	-	687,810
Inventory	2,770,402	-	2,770,402	-
Total current assets	147,788,763	25,501,355	173,290,118	18,868,840
Non-current assets:				
Restricted assets:				
Cash	25,843,148	82,606	25,925,754	-
Investments	105,000,000	-	105,000,000	-
Leases receivable	333,095	-	333,095	-
Net OPEB asset	154,289	3,054	157,343	-
Capital assets:				
Assets not being depreciated	180,145,698	1,727,127	181,872,825	-
Other capital assets, net	510,307,134	4,669,684	514,976,818	-
Total non-current assets	821,783,364	6,482,471	828,265,835	-
TOTAL ASSETS	969,572,127	31,983,826	1,001,555,953	18,868,840
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding losses	2,758,344	-	2,758,344	-
Pension related	3,322,249	336,363	3,658,612	-
OPEB related	522,121	52,348	574,469	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,602,714	388,711	6,991,425	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	8,122,801	3,792,589	11,915,390	2,075,493
Accounts payable - retainage	1,152,759	-	1,152,759	-
Unit connection fee contract payables	1,478,134	-	1,478,134	-
Estimated liability for self insured losses	-	-	-	2,631,844
Customer deposits	2,375,617	82,606	2,458,223	-
Due to other funds	88,330	3,614,336	3,702,666	57,120
Landfill closure and post-closure costs	-	373,270	373,270	-
Revenue bonds and notes payable	7,643,333	-	7,643,333	-
Interest payable	3,202,993	-	3,202,993	-
State loans payable	3,418,013	-	3,418,013	-
Financed purchase obligations	41,625	-	41,625	-
Right to use leases	20,056	-	20,056	-
Subscription based information technology arrangements	127,282	9,728	137,010	-
Compensated absences	428,328	32,004	460,332	-
Total current liabilities	28,099,271	7,904,533	36,003,804	4,764,457
Long-term liabilities:				
Accrued landfill closure and post-closure costs	-	2,612,893	2,612,893	-
Revenue bonds and notes payable	251,246,705	-	251,246,705	-
State loans payable	57,545,611	-	57,545,611	-
Financed purchase obligations	108,812	-	108,812	-
Right to use leases	254,975	-	254,975	-
Subscription based information technology arrangements	166,678	21,484	188,162	-
Arbitrage rebate	1,053,080	-	1,053,080	-
Compensated absences	825,735	40,682	866,417	-
Net Pension liability	12,363,511	1,251,758	13,615,269	-
Total long-term liabilities	323,565,107	3,926,817	327,491,924	-
TOTAL LIABILITIES	351,664,378	11,831,350	363,495,728	4,764,457
DEFERRED INFLOWS OF RESOURCES				
Pension related	391,044	39,592	430,636	-
Bond refunding gain	47,418	-	47,418	-
OPEB related	775,093	62,421	837,514	-
Lease related	349,622	-	349,622	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,563,177	102,013	1,665,190	-
NET POSITION				
Net investment in capital assets	496,485,498	6,365,599	502,851,097	-
Restricted for:				
Debt service	8,458,658	-	8,458,658	-
Renewal and replacement reserve	3,276,951	-	3,276,951	-
OPEB benefits	154,289	3,054	157,343	-
Unrestricted	114,571,890	14,070,521	128,642,411	14,104,383
TOTAL NET POSITION	\$ 622,947,286	\$ 20,439,174	\$ 643,386,460	\$ 14,104,383

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	MAJOR FUNDS			
	St. Johns County Utilities	Solid Waste	Totals	
OPERATING REVENUES:				
Charges for services	\$ 74,116,375	\$ 31,166,998	\$ 105,283,373	\$ 36,080,036
Special assessment revenue	17,707	-	17,707	-
Other operating revenue	3,583,747	637	3,584,384	33,019
Total operating revenues	77,717,829	31,167,635	108,885,464	36,113,055
OPERATING EXPENSES:				
Contractual services	8,329,487	32,036,751	40,366,238	34,775,421
Salaries and benefits	18,480,016	2,041,885	20,521,901	1,674,719
Operating and maintenance expenses	11,440,860	367,476	11,808,336	72,782
Amortization of intangible assets	4,039	-	4,039	-
Depreciation	22,222,031	365,831	22,587,862	-
Total operating expenses	60,476,433	34,811,943	95,288,376	36,522,922
OPERATING INCOME (LOSS)	17,241,396	(3,644,308)	13,597,088	(409,867)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	6,419,427	910,705	7,330,132	681,470
Interest expense and fiscal charges	(10,776,001)	-	(10,776,001)	-
Donations	-	-	-	200,000
Loss from asset disposition	(1,958,612)	(2)	(1,958,614)	-
Total non-operating revenues (expenses)	(6,315,186)	910,703	(5,404,483)	881,470
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	10,926,210	(2,733,605)	8,192,605	471,603
Capital contributions - other	44,690,712	-	44,690,712	-
Capital contributions - unit connection fees	14,872,006	-	14,872,006	-
Capital contributions - Governmental Activities	6,488,955	-	6,488,955	-
Transfer in	-	1,000,000	1,000,000	-
Transfer out	-	(49,196)	(49,196)	(54,643)
INCREASE (DECREASE) IN NET POSITION	76,977,883	(1,782,801)	75,195,082	416,960
NET POSITION, BEGINNING OF YEAR	545,969,403	22,221,975	568,191,378	13,687,423
NET POSITION, END OF YEAR	\$ 622,947,286	\$ 20,439,174	\$ 643,386,460	\$ 14,104,383

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	MAJOR FUNDS			
	St. Johns County Utilities	Solid Waste	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 75,786,994	\$ 31,353,882	\$ 107,140,876	\$ 6,276,560
Receipts from interfund services	-	-	-	29,405,270
Payments to suppliers	(15,433,954)	(33,695,590)	(49,129,544)	(34,950,146)
Payments to employees	(16,014,345)	(1,837,732)	(17,852,077)	(1,674,719)
Net cash provided (used) by operating activities	44,338,695	(4,179,440)	40,159,255	(943,035)
NONCAPITAL FINANCING ACTIVITIES:				
Donations	-	-	-	200,000
Transfers in	-	1,000,000	1,000,000	-
Transfers out	-	(49,196)	(49,196)	(54,643)
Receipt of amount due from other funds	-	-	-	-
Receipt of advances to other funds	1,204,500	1,204,500	2,409,000	-
Receipt of amount borrowed from other funds	5,275	1,780,644	1,785,919	-
Net cash provided by noncapital financing activities	1,209,775	3,935,948	5,145,723	145,357
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(51,775,549)	(77,762)	(51,853,311)	-
Sale of capital assets	54,203	-	54,203	-
Proceeds from State Revolving Loans	7,222,406	-	7,222,406	-
Principal payments on State Revolving Loan	(2,892,589)	-	(2,892,589)	-
Proceeds from revenue bonds	130,724,025	-	130,724,025	-
Principal payments on revenue bonds	(7,070,738)	-	(7,070,738)	-
Principal payments on leases	(15,962)	-	(15,962)	-
Principal payments on subscription based information technology arrangements	(131,872)	(10,505)	(142,377)	-
Principal payments on financed purchase obligations	(40,580)	-	(40,580)	-
Interest paid on revenue bonds, loans, lease and other obligations	(9,813,577)	-	(9,813,577)	-
Impact and developer fees	15,371,980	-	15,371,980	-
Net cash provided by (used in) capital and related financing activities	81,631,747	(88,267)	81,543,480	-
INVESTING ACTIVITIES:				
Investment purchases	(148,876,450)	(1,053,332)	(149,929,782)	(2,766,787)
Proceeds from sale of investments	28,165,362	574,747	28,740,109	104,215
Investment income received	6,288,487	659,575	6,948,062	635,933
Net cash provided by (used in) investing activities	(114,422,601)	180,990	(114,241,611)	(2,026,639)
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,757,616	(150,769)	12,606,847	(2,824,317)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	31,376,838	2,718,127	34,094,965	13,026,995
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 44,134,454	\$ 2,567,358	\$ 46,701,812	\$ 10,202,678
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:				
Accretion of interest on capital appreciation bonds	\$ 1,456,862	\$ -	\$ 1,456,862	\$ -
Unrealized gain on Investments	929,108	197,752	1,126,860	35,857
Capital assets contributed by developers	44,690,712	-	44,690,712	-
Accounts receivables written off	74,771	-	74,771	-
Capital assets transferred in from Governmental Activities	6,488,955	-	6,488,955	-
Capital assets acquired through subscription based information technology arrangements	312,737	41,717	354,454	-
Capital assets acquired through leases	102,322	-	102,322	-
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 17,241,396	\$ (3,644,308)	\$ 13,597,088	\$ (409,867)
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation	22,222,031	365,831	22,587,862	-
Amortization of intangible assets	4,039	-	4,039	-
Prior year construction in progress written off	916,655	-	916,655	-
Bad debt expense	32,875	-	32,875	-
Change in accounts receivable	(2,029,546)	148,072	(1,881,474)	(480,997)
Change in due from other funds	-	-	-	(5,972)
Change in other assets	(105,030)	(1,434)	(106,464)	6,830
Change in inventory	(946,418)	-	(946,418)	-
Change in deferred outflows	(72,274)	(37,066)	(109,340)	-
Change in accounts payable and accrued liabilities	4,379,505	(1,141,947)	3,237,558	21,072
Change in customer deposits	101,816	38,175	139,991	-
Change in unearned revenue	(3,105)	-	(3,105)	-
Change in estimated liability for self insured losses	-	-	-	(129,845)
Change in due to other funds	-	-	-	55,744
Change in deferred inflows	(169,837)	(16,942)	(186,779)	-
Change in accrued landfill closure and post-closure costs	-	(147,982)	(147,982)	-
Change in pension liability	2,608,527	266,174	2,874,701	-
Change in OPEB asset	(18,866)	(1,878)	(20,744)	-
Change in accrued compensated absences	176,927	(6,135)	170,792	-
Net cash provided by operating activities	\$ 44,338,695	\$ (4,179,440)	\$ 40,159,255	\$ (943,035)

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

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds	OPEB Trust Fund
ADDITIONS		
Collections - fines and fees	\$ 99,768,270	\$ -
Collections for individuals	647,904	-
Collections - other agencies	692,398,493	-
Collections - Court bonds	2,044,019	-
Collections - tax deeds	2,449,908	-
Collections - registry	6,715,760	-
Miscellaneous	43,714,299	-
Investment income:		
Dividends and interest	-	795,387
Net increase in fair value of investments	-	3,019,207
Total investment earnings	-	3,814,594
Less investment expense	-	(72,319)
Net investment income	-	3,742,275
TOTAL ADDITIONS	847,738,653	3,742,275
DEDUCTIONS		
Fines and fees paid to other governments	792,270,476	-
Amounts paid for court bonds	3,112,071	-
Amounts paid for tax deeds	1,626,574	-
Amounts paid for registry	6,496,496	-
Amounts paid to individuals	1,907,971	-
Benefits paid to participants or beneficiaries	4,592	2,257,191
Miscellaneous	42,367,652	-
Administrative services	-	18,000
TOTAL DEDUCTIONS	847,785,832	2,275,191
NET INCREASE IN NET POSITION	(47,179)	1,467,084
NET POSITION, BEGINNING OF YEAR	4,656,258	31,157,165
NET POSITION, END OF YEAR	\$ 4,609,079	\$ 32,624,249

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 and Comptroller, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

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

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

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

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

Blended Component Units

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

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

Discretely Presented Component Units

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

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

1. REPORTING ENTITY – (continued)

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

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

Separately issued financial statements are available as follows:

Housing Finance Authority of St. Johns County, Florida
200 San Sebastian View, Suite 200
St. Augustine, Florida 32084
www.co.st-johns.fl.us/housing/FinanceAuthority.aspx

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

At September 30, 2023, St. Johns County had not entered into any joint ventures with any other governmental agencies.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Basic Financial Statements

General

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Structure

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

Governmental Funds

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

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

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

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

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

Enterprise Funds

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Other Funds

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

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

C. Basis of Accounting

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

D. Pooled Cash and Cash Equivalents

The County maintains a cash and equivalents pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Cash Equivalents". If a fund overdraws its account in the pool, a liability and corresponding receivable (i.e., due to/from other funds) are reported on the balance sheet. This includes cash in banks, petty cash, balances in the Local Government Surplus Funds Trust Fund ("PRIME") administered by the State Board of Administration; the Florida Public Access for Liquidity Management (PALM), administered by the Florida School Boards Association, 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"). 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, 2023, there were no property tax receivables.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories

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

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

H. Pensions

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

I. Deferred Outflows and Inflows

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

J. Restricted Assets

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

K. Capital Assets

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. Generally, capital assets costing more than \$5,000 and having a useful life of more than one year are capitalized. However, varying asset capitalization thresholds are established for the various types of infrastructure assets.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

L. Leases

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

M. Subscription Based Information Technology Arrangements

The County has entered into a variety of subscription based information technology arrangements ("SBITAs") with various software vendors for noncancellable rights to use the vendors' software for determined periods of time. The County recognizes SBITA liabilities and intangible right-to-use SBITA assets in the government-wide financials statements and proprietary funds. The County recognizes SBITA liabilities with an initial, individual value of \$15,000 or more.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

N. 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, 2023 is based on the current estimate to perform long-term care annually over the next 8 years.

O. 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.

P. 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.

Q. 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*.

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

R. Postemployment Benefits Other Than Pensions (OPEB)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows reported for the governmental activities, business-type activities, proprietary funds and fiduciary funds. Net position is reported further in various classifications, including *net investment in capital assets*, which reports the County's investment in capital assets less liabilities associated with acquiring these assets, and *restricted net position* when there are externally imposed or statutory restrictions. *Unrestricted net position* is net position that does not meet the definition of the classifications previously described and represents amounts that can be used for any fund purpose by the County. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

T. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Use of Estimates

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

3. CASH AND INVESTMENTS

A. Pooled Cash and Cash Equivalents

Pooled cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less when acquired. This includes cash in banks, petty cash, repurchase agreements, balances in the State Pool administered by the SBA ("PRIME"), the Florida Local Government Investment Trust's Day-to-Day Fund ("FLGIT"), administered by the Florida Association of Court Clerks and the Florida Association of Counties, the Florida Public Assets for Liquidity Management ("PALM") sponsored and regulated by the Florida School Boards Association and the Florida Association of District School Superintendents.

PRIME 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 \$233,902,279 is reported at amortized cost. There were no redemption fees or maximum transaction amounts. Florida statutes do provide for situations in which a participant's access to 100% of the account value is limited. The maximum amount of time provided to limit access is 15 days. The fair value of the position in the pool is substantially the same as the value of the pooled shares held at September 30, 2023.

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 \$4,329,677.

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 \$87,123,900 and is substantially equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions under normal conditions. However, the Board of Trustees can suspend the right of withdrawal or postpone the date of payment under certain emergency situations.

The County's investments in PRIME, FLGIT, and PALM 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, and PALM Portfolio are rated by Standard and Poors and both have a rating at September 30, 2023 of AAAm.
 - FLGIT is rated by Fitch and has a rating at September 30, 2023 of AAAmf.

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, 2023 was 35 days. Weighted average life (WAL) was 75 days.
 - The weighted average maturity (WAM) of FLGIT's Day-to-Day Fund at September 30, 2023 was 37.91 days.
 - The weighted average maturity (WAM) of the PALM Portfolio Fund is structured to maintain a weighted average maturity of less than 60 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, and PALM Portfolio are exempt from those requirements. At September 30, 2023, all of the County's bank and money market deposits were held in qualified public depositories, pursuant to Chapter 280, Florida Statutes and are fully insured or collateralized.

Component Units – At September 30, 2023, the Housing Finance Authority's and the Industrial Development Authority's cash on deposit were entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

B. Investments

On January 8, 2008 and subsequently amended on November 2, 2021, the County formally adopted a comprehensive change to the investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the County's investment assets. The County maintains common investment pool portfolios for the use of all available surplus funds ("Surplus Funds") and a separate portfolio which is held in an irrevocable trust for the St. Johns County OPEB Employee Trust Fund ("OPEB Trust Fund").

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

Finally, Section 218.415, Florida Statutes, limits the types of investments that the County can invest in unless specifically authorized in the County's investment policy. The County has a formal investment policy that allows for the following investments: the State Pool, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Supranational Agencies, Non-negotiable Collateralized Bank deposits or saving accounts, Repurchase Agreements, Commercial Paper Bankers' Acceptances, Corporate Paper and Notes, Municipals debt, Asset backed securities, agency mortgage-backed securities, and Inter-governmental Investment Pools.

3. CASH AND INVESTMENTS (continued)

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

1. Fair Value Measurements

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

The County has the following recurring fair value measurements as of September 30, 2023:

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

3. CASH AND INVESTMENTS (continued)

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

As of September 30, 2023, the County's investment portfolios had the following investments for which fair value levels are determined on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Investments
County Wide Investments				
U.S. Treasury Bond Notes	\$ 116,879,250	\$ -	\$ -	\$ 116,879,250
Federal Instrumentalities - Bonds/Notes				
FNMA "Fannie Mae" Notes	-	1,753,101	-	1,753,101
FHLMC "Freddie Mac" Notes	-	15,046,760	-	15,046,760
FHLB Bonds	-	695,024	-	695,024
	-	17,494,885	-	17,494,885
Corporate Notes	-	219,529,772	-	219,529,772
Municipal Bonds	-	8,701,508	-	8,701,508
Florida PALM Term	-	105,000,000	-	105,000,000
Total Investments	\$ 116,879,250	\$ 350,726,165	\$ -	\$ 467,605,415

3. CASH AND INVESTMENTS (continued)

As of September 30, 2023, 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			Total Investments
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Domestic Equity	\$ 16,101,182	\$ -	\$ -	\$ 16,101,182
International Equity	8,242,605	-	-	8,242,605
Fixed Income	12,602,467	-	-	12,602,467
Total investments at fair value	\$ 36,946,254	\$ -	\$ -	\$ 36,946,254

2. Interest Rate Risk

County Funds

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



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3. CASH AND INVESTMENTS (continued)

Weighted average maturities of County investments are as follows:

<u>Surplus Fund Investments</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury Bond Notes	1.95
Federal Instrumentalities - Bonds/Notes	4.04
Corporate Notes	2.65
Municipal Bonds	1.45
Florida PALM Term	0.82

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, 2023, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 34.1% and had an average maturity of 8.3 years. Duration is not a characteristic applicable to equity-oriented mutual funds (including Domestic and International Equity, and the real estate and commodities mutual funds) and thus is not relevant to this disclosure.

Interest receivable on the County’s investment portfolios amounted to \$1,907,434 as of September 30, 2023.

3. Credit Risk

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

- Money Market Mutual funds shall be rated “AAm” or “AAm-G” or better by Standard & Poor’s or the equivalent by another national rating agency.
- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue Bonds, rated at least “Aa” by Moody’s or “AA” by Standard & Poor’s for long-term debt, or rated at least “MIG-2” by Moody’s and “SP-2” by Standard & Poor’s for short-term debt.
- Bankers’ acceptances issued by a domestic bank, which has at the time of purchase an unsecured, uninsured and un-guaranteed obligation rating, at the time of purchase, of at least “Prime-1” by Moody’s Investors Services or “A-1” by Standard & Poor’s. The bank must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker’s yearly report. Additionally, the bank shall not be listed with any recognized credit watch information service.

3. CASH AND INVESTMENTS (continued)

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

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

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



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3. CASH AND INVESTMENTS (continued)

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

Investment Type	Exempt	AAA	AA+ to AA-	A+ to A-	BBB+	Not Rated
Surplus Fund						
U.S. Treasury Bond Notes	\$ 116,879,250	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Instrumentalities-Bond Notes	-	-	1,080,052	-	-	16,414,833
Corporate Notes	-	62,771,107	36,998,574	90,968,118	7,678,752	21,113,221
Municipal Bonds	-	1,063,102	5,467,652	-	-	2,170,754
Subtotal - Surplus Fund	<u>116,879,250</u>	<u>63,834,209</u>	<u>43,546,278</u>	<u>90,968,118</u>	<u>7,678,752</u>	<u>39,698,808</u>
OPEB Trust Fund						
Investment Assets:						
Stocks-Equity Mutual Funds	24,343,787	-	-	-	-	-
Preferred Stocks-Bond Mutual Funds	12,602,467	-	-	-	-	- *
Subtotal - OPEB Trust Fund	<u>36,946,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Florida PALM Term	<u>-</u>	<u>105,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 153,825,504</u>	<u>\$ 168,834,209</u>	<u>\$ 43,546,278</u>	<u>\$ 90,968,118</u>	<u>\$ 7,678,752</u>	<u>\$ 39,698,808</u>

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

4. Custodial Credit Risk

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

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

3. CASH AND INVESTMENTS (continued)

Finally, the County’s investment policies require all assets be held with the custodial bank under a contractual agreement signed by the Chairman of the Board and the Clerk as Chief Financial Officer. All securities purchased by and all collateral obtained by the investment managers and/or the Clerk are designated as assets of the Surplus Fund or OPEB Trust Fund respectively. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by written authorization of the Clerk. Securities transactions between a broker/dealer and the custodial bank involving the purchase of sale of securities by transfer of money or securities must be made on a “delivery vs. payment” basis, if applicable, to ensure that the custodial bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

As of September 30, 2023, the County’s Surplus Fund and OPEB Trust Fund investment portfolios were held with a third-party custodian as required by the County’s investment policies.

5. Concentration of Credit Risk

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

Security Type	Surplus Fund Allocation Permitted by Policy	Trust Fund Allocation Permitted by Policy	Trust Fund Allocation Target
Investment Assets			
Domestic Equity		26-46%	36%
International Equity		13-33%	23%
REIT		0-12%	6%
Fixed Income		20-60%	35%
Liquidity Assets			
Cash Equivalents		0% - 100%	100%
United States Treasury Securities	100%		
United States Government Agency Securities	80%		
Federal Instrumentalities	80%		
Supranationals	25%		
Corporates	50%		
Non-negotiable Collateralized Bank deposits/savings	50%		
Repurchase Agreements	50%		
Commercial Paper	50%		
Bankers' Acceptances	10%		
Municipals	25%		
Money Market Mutual Funds	50%		
Agency Mortgage-backed securities	25%		
Asset-backed securities	25%		
Intergovernmental Investment Pool	50%		
Florida Local Government Surplus Funds Trust	75%		

3. CASH AND INVESTMENTS (continued)

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

Equity

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

Fixed Income

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

6. Foreign Currency Risk

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

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable of approximately \$1.5 million in the General Fund consist primarily of ambulance service accounts of \$3.7 million and are reported net of an allowance for doubtful accounts of \$2.2 million at September 30, 2023. The allowance represents approximately 59% of the gross ambulance service accounts receivable at September 30, 2023. The balance of the receivable consists of restitution, returned checks, and miscellaneous service fees.

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

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

4. ACCOUNTS AND NOTES RECEIVABLE (continued)

Accounts receivable contained in the Enterprise Funds consist of the following receivables, including \$3,656,001 of unbilled receivables in the Utility Fund, and their related allowance for doubtful accounts at September 30, 2023:

	Balance	Allowance	Net
St. Johns County Utilities Fund	\$ 8,719,778	\$ 86,297	\$ 8,633,481
Solid Waste Fund	882,400	1,000	881,400
	<u>\$ 9,602,178</u>	<u>\$ 87,297</u>	<u>\$ 9,514,881</u>

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

Also, included in notes receivable on the Statements of Net Position for the Business Activities is \$333,872 of unit connection fee notes receivable. Water and sewer unit connection fees are non-refundable fees charged to new customers of the utility system as a capacity charge. The related notes receivable bear interest at 5.00%.

None of the above notes receivable are collateralized. At September 30, 2023, the County considers these to be fully collectible. Therefore, an allowance for doubtful accounts was not considered necessary.



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ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2023, is as follows:

Primary Government

	Beginning Balance October 1, 2022 As restated See Note 12	Additions	Reassignment of Assets Between Governmental and Business Type Activities	Dispositions/ Reclassifications	Ending Balance September 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 567,600,021	\$ 19,349,195		\$ -	\$ 586,949,216
Right to use leased assets	27,010	-	-	-	27,010
Construction in progress	43,189,802	92,372,762	(6,488,955)	40,026,893	89,046,716
Total capital assets not being depreciated	<u>610,816,833</u>	<u>111,721,957</u>	<u>(6,488,955)</u>	<u>40,026,893</u>	<u>676,022,942</u>
Other capital assets:					
Buildings and other improvements	378,217,212	1,896,725	-	-	380,113,937
Equipment	138,816,288	24,533,229	-	5,503,776	157,845,741
Infrastructure	952,282,331	87,708,620	-	-	1,039,990,951
Right to use leased assets					
Equipment	176,109	-	-	-	176,109
Infrastructure	735,195	-	-	-	735,195
Right to use subscription asset	1,560,131	623,894	-	-	2,184,025
Total other capital assets	<u>1,471,787,266</u>	<u>114,762,468</u>	<u>-</u>	<u>5,503,776</u>	<u>1,581,045,958</u>
Less accumulated depreciation for:					
Buildings and other improvements	126,835,962	7,319,044	-	-	134,155,006
Equipment	95,522,239	14,677,404	-	5,252,771	104,946,872
Infrastructure	296,031,391	27,475,146	-	-	323,506,537
Right to use leased assets					
Equipment	41,321	58,082	-	-	99,403
Infrastructure	6,127	18,380	-	-	24,507
Right to use subscription asset	-	711,053	-	-	711,053
Total accumulated depreciation	<u>518,437,040</u>	<u>50,259,109</u>	<u>-</u>	<u>5,252,771</u>	<u>563,443,378</u>
Other capital assets, net	<u>953,350,226</u>	<u>64,503,359</u>	<u>-</u>	<u>251,005</u>	<u>1,017,602,580</u>
Governmental activities capital assets, net	<u>\$ 1,564,167,059</u>	<u>\$ 176,225,316</u>	<u>\$ (6,488,955)</u>	<u>\$ 40,277,898</u>	<u>\$ 1,693,625,522</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

5. CAPITAL ASSET ACTIVITY (continued)

Primary Government

	Beginning Balance October 1, 2022 As restated See Note 12	Additions	Reassignment of Assets Between Governmental and Business Type Activities	Disposals	Ending Balance September 30, 2023
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 127,207,801	\$ 1,178,899	\$ -	\$ -	\$ 128,386,700
Construction in progress	37,607,307	50,308,195	-	34,429,377	53,486,125
Total capital assets not being depreciated	<u>164,815,108</u>	<u>51,487,094</u>	<u>-</u>	<u>34,429,377</u>	<u>181,872,825</u>
Other capital assets:					
Intangible assets	80,776	-	-	-	80,776
Buildings and other improvements	23,855,126	-	-	326,471	23,528,655
Equipment and systems	684,096,361	78,569,651	6,488,955	3,575,321	765,579,646
Right to use leased assets					
Equipment and systems	198,970	102,322	-	-	301,292
Right to use subscription assets	113,095	354,454	-	-	467,549
Total other assets	<u>708,344,328</u>	<u>79,026,427</u>	<u>6,488,955</u>	<u>3,901,792</u>	<u>789,957,918</u>
Less accumulated amortization and depreciation for:					
Intangible assets	32,309	4,039	-	-	36,348
Buildings and other improvements	15,861,822	1,364,484	-	225,316	17,000,990
Equipment and systems	238,368,996	21,078,098	-	1,663,659	257,783,435
Right to use leased assets					
Equipment and systems	15,047	22,428	-	-	37,475
Right to use subscription assets	-	122,852	-	-	122,852
Total accumulated depreciation	<u>254,278,174</u>	<u>22,591,901</u>	<u>-</u>	<u>1,888,975</u>	<u>274,981,100</u>
Other capital assets, net	<u>454,066,154</u>	<u>56,434,526</u>	<u>6,488,955</u>	<u>2,012,817</u>	<u>514,976,818</u>
Business-type activities capital assets, net	<u>\$ 618,881,262</u>	<u>\$ 107,921,620</u>	<u>\$ 6,488,955</u>	<u>\$ 36,442,194</u>	<u>\$ 696,849,643</u>

5. CAPITAL ASSET ACTIVITY (concluded)

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

Governmental activities:

General government	\$	2,080,641
Public safety		16,669,790
Physical environment		60,730
Transportation		27,106,885
Economic environment		427,030
Human services		277,098
Culture and recreation		3,126,100
Court related		510,835
Total depreciation expense - Governmental activities	\$	<u>50,259,109</u>

Business-type activities:

	Depreciation	Amortization	Total
St. Johns County Utility	\$ 22,222,031	\$ 4,039	\$ 22,226,070
Solid Waste	365,831	-	365,831
Total depreciation expense - Business-type activities	<u>\$ 22,587,862</u>	<u>\$ 4,039</u>	<u>\$ 22,591,901</u>

6. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2023 are comprised of the following:

(1) Governmental Activities long-term bonds and notes, other than right to use leases and financed purchase obligations:

Revenue Bonds and Notes Payable:

\$52,315,000 – 2015 Sales Tax Revenue and Refunding Bonds: secured by a lien upon and pledge of local government half-cent sales tax; due in annual installments of \$2,065,000 to \$6,290,000 through October 1, 2036, plus interest at 5.0% payable semiannually, plus unamortized premium of \$4,420,974. The approximate balance of the pledge, which equals the remaining principal and interest is \$54,296,675. During fiscal year 2023, \$29,855,087 was recognized in sales tax revenues and \$3,917,775 was paid for debt service.

\$39,855,000

6. LONG-TERM OBLIGATIONS (continued)

\$24,755,000 – 2015 Transportation Improvement Revenue Refunding Bonds - secured by a lien upon and pledge of gas tax revenues; due in annual installments of \$850,000 to \$3,610,000 through October 1, 2035, plus interest at 3.125% to 5.0%, payable semiannually, plus unamortized premium of \$1,188,004. The approximate balance of the pledge, which equals the remaining principal and interest is \$26,249,250. During fiscal year 2023, \$11,122,562 was recognized in gas tax revenues and \$1,655,494 was paid for debt service. 19,785,000

\$15,300,000 – 2014 Capital Improvement Revenue Refunding Bonds - secured by a lien upon and a pledge of State Revenue Sharing Funds; due in annual installments of \$745,000 to \$1,020,000 through July 1, 2035, plus interest at 3.0% to 5.0%, payable semiannually plus unamortized premium of \$548,739. The approximate balance of the pledge, which equals the remaining principal and interest, is \$13,124,938. During fiscal year 2023, \$12,113,377 was recognized as State Revenue Sharing Revenues and \$1,164,306 was paid for debt service. 10,265,000

\$4,500,000 – 2014 Taxable Capital Improvement Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$340,000 to \$395,000 through October 1, 2028, plus interest at 3.99%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$2,060,036. During fiscal year 2023, \$76,481,000 was recognized as the average legally available amount of non-ad valorem revenues, and \$ 411,184 was paid for debt service. 1,835,000

\$10,840,000 – 2019 Special Obligation Refunding Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$1,135,000 to \$1,380,000 through October 1, 2028, plus interest at 5%, payable semiannually, plus unamortized premium of \$556,617. The approximate balance of the pledge, which equals the remaining principal and interest is \$7,241,250. During fiscal year 2023, \$76,481,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,452,750 was paid for debt service. 6,270,000

6. LONG-TERM OBLIGATIONS (continued)

\$12,085,000 – 2020 Taxable Special Obligation Revenue Notes – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$540,000 to \$1,140,000 through October 1, 2031, plus interest at 2.26% to 2.71% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and is \$6,729,215. During fiscal year 2023, \$76,481,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,244,447, was paid for debt service. 6,175,000

\$51,800,000 2022 Special Obligation Refunding Revenue Note – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$2,765,000 to \$4,865,000 through October 2034; plus interest at 1.44% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is \$50,881,808. During fiscal year 2023, \$76,481,000 was recognized as the average legally available amount of non-ad valorem revenues and \$5,033,648 was paid for debt service. 47,000,000

\$7,635,000 – 2022 Taxable Special Obligation Revenue Note – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$765,000 to \$890,000 through October 2031; plus interest at 2.24% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and estimated interest, is \$7,298,984. During fiscal year 2023, \$76,481,000 was recognized as the average legally available amount of non-ad valorem revenues and \$909,864 was paid for debt service. 6,615,000

\$13,000,000 – 2022A Special Obligation Revenue Note – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues; due in annual installments of \$300,000 to \$2,770,000 through October 2027, plus interest at 3.99%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is \$8,994,460. During the fiscal year 2023, \$76,481,000 was recognized as the average legally available amount of non-ad valorem revenue and \$5,143,777 was paid for debt service. 8,300,000

6. LONG-TERM OBLIGATIONS (continued)

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

\$28,270,000 – 2014 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and pledge of County water and sewer net revenues; due in one remaining installment of \$1,200,000 on June 1, 2024, plus interest at 5%, payable semiannually, plus unamortized premium of \$125,986. The approximate balance of the pledge, which equals the remaining principal and interest, is \$1,260,000. During fiscal year 2023, \$47,706,530 was recognized in net revenues; and \$1,262,250 was paid for debt service.

1,200,000

\$55,440,274 – 2013 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and a pledge of County water and sewer net revenues; due in annual installments of \$1,889,257 to \$2,727,386 through June 2034; plus interest at 2.75% to 4.11%, payable annually for the capital appreciation bonds, 2013B, where interest is due at maturity; The balance of accreted interest is \$12,344,560, and unamortized premium is \$196,944. The approximate balance of the pledge, which equals the remaining principal and interest is \$47,520,000. During fiscal year 2023, accrued interest on the capital appreciation bonds was \$1,456,862; \$47,706,530 was recognized in net revenues, and \$3,855,000 was paid for debt service.

25,932,478

\$54,960,000 – 2016 St Johns County Water and Sewer Revenue and Refunding Bonds – secured by a lien upon and pledge of County water and sewer net revenues; due in annual principal installments of \$2,210,000 to \$3,710,000, plus interest at 1.75% to 5.0%, through June 2037, payable semiannually, plus unamortized premium of \$7,326,138. The approximate balance of the pledge, which equals the remaining principal and interest is \$55,828,650. During fiscal year 2023, \$47,706,530 was recognized in net revenues and \$4,635,600 was paid for debt service.

40,650,000

6. LONG-TERM OBLIGATIONS (continued)

\$39,235,000 – 2021 St. Johns County Taxable Water and Sewer Revenue Refunding Bonds - secured by a lien upon and pledge of County water and sewer net revenues; due in annual installments of \$620,000 to \$3,280,000 through June 1, 2042, plus interest at 1.9% to 4%, plus unamortized premium of \$2,204,526. The approximate balance of the pledge, which equals the remaining principal and interest, is \$48,397,849. During fiscal year 2023, \$47,706,530 was recognized in net revenues and \$1,743,711 was paid for debt service.

38,445,000

\$122,065,000 – 2022 St Johns County Water and Sewer Revenue Bonds – secured by a lien upon and pledge of County water and sewer net revenues; due in annual installments of \$500,000 to \$7,835,000 through June 2052; plus interest at 4.125% to 5%, payable semiannually, plus unamortized premium of \$8,399,406. The approximate balance of the pledge, which equals the remaining principal and interest is \$234,418,200. During fiscal year 2023, \$47,706,530 was recognized in net revenues and \$3,472,738 was paid for debt service.

122,065,000

\$8,503,771 Obligations under St. Johns County Utilities State Revolving Loan Trust Fund – secured by a subordinated lien upon and pledge of County water and sewer net revenues; due in semiannual installments of \$272,496 through July 15, 2034, plus interest and grant assessment rate that is an average of approximately 2.61%. The approximate balance of the pledge, which equals the remaining principal and interest is \$5,994,916. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt and \$544,993 was paid for debt service.

5,181,128

\$5,823,756 Obligations under Ponte Vedra Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$171,060 through April, 2036, plus interest of 2.12%. The approximate balance of the pledge, which equals the remaining principal and interest, is \$4,447,569. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt and \$342,121 was paid for debt service.

3,869,540

6. LONG-TERM OBLIGATIONS (continued)

\$33,697,091 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$982,501 through October 2041, plus interest and grant assessment rate at 1.04%. The approximate balance of the pledge, which equals the remaining principal and interest is \$34,387,537. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and \$1,965,002 was paid for debt service.

30,990,295

\$7,824,930 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$226,181 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 is \$8,142,554. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and \$452,362 was paid for debt service.

7,258,396

\$3,326,290 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$92,344 through December 2040, plus interest and grant assessment rate at 1.27%. The approximate balance of the pledge, which equals the remaining principal and interest is \$3,232,040. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and \$184,688 was paid for debt service.

2,,889,887

\$4,215,000 Obligation under St Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; due in semiannual installments of \$107,483, 0% interest rate. The approximate balance of the pledge, which equals the remaining principal as of September 30, 2023 is \$3,866,658. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.

3,866,658

6. LONG-TERM OBLIGATIONS (continued)

\$2,504,850 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2023, but based on the borrowings at year end, this loan will be due in semiannual installments of \$69,155 beginning March 2025, plus interest and grant assessment rate at 0.72%. The approximate balance of the pledge, which equals the remaining principal and interest as of September 30, 2023 is \$395,373. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt. 390,597

\$4,478,875 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2023, but based on the borrowings at year end, the loan will be due in semiannual installments of \$114,211, 0% interest rate. The approximate balance of the pledge, which equals the remaining principal and interest as of September 30, 2023 is \$3,667,064. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and \$114,211 was paid for debt service. 3,667,064

\$3,656,470 Obligation under St Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues; All authorized borrowings had not occurred as of September 30, 2023, but based on the borrowings at year end, this loan will be due in Semiannual installments of \$93,240 beginning in October 2022, 0% interest rate. The approximate balance of the pledge, which equals the remaining principal as of September 30, 2023 is \$2,850,059. During fiscal year 2023, \$32,447,793 was recognized in net revenues available for subordinated debt service and \$186,480 was paid for debt service. 2,850,059

6. LONG-TERM OBLIGATIONS (continued)

B. Debt service requirements to maturity on the County's revenue bonds, notes payable, and loans, other than leases and financed capital asset purchases, at September 30, 2023 are as follows:

Year Ending Sept. 30	Governmental Activities				Business Type Activities			
	Public Bonds		Direct Loans		Public Bonds		Direct Loans	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 3,393,725	\$ 4,795,000	\$ 1,377,040	\$ 9,110,000	\$ 10,344,028	\$ 7,643,333	\$ 701,021	\$ 3,418,013
2025	3,161,425	5,025,000	1,154,025	9,325,000	10,244,918	8,226,393	661,771	3,595,573
2026	2,917,925	5,335,000	924,588	9,550,000	10,087,101	8,854,610	618,230	3,639,115
2027	2,667,275	5,535,000	688,633	6,565,000	10,143,825	9,352,386	573,969	3,663,818
2028	2,405,994	5,795,000	565,809	6,380,000	9,981,990	9,913,871	529,367	3,589,687
2029-33	8,442,994	26,540,000	1,289,089	26,195,000	46,326,138	53,172,627	1,959,453	18,635,718
2034-38	1,747,775	23,150,000	40,320	2,800,000	28,001,354	43,934,258	852,228	16,878,732
2039-43	-	-	-	-	18,431,368	28,700,000	124,106	7,542,968
2044-48	-	-	-	-	11,835,250	29,315,000	-	-
2049-52	-	-	-	-	3,736,250	29,180,000	-	-
	<u>\$ 24,737,113</u>	<u>\$ 76,175,000</u>	<u>\$ 6,039,504</u>	<u>\$ 69,925,000</u>	<u>\$ 159,132,222</u>	<u>\$ 228,292,478</u>	<u>\$ 6,020,145</u>	<u>\$ 60,963,624</u>



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ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

6. LONG-TERM OBLIGATIONS (continued)

C. Long-Term obligation transactions of the County for Fiscal year 2023 are summarized as follows:

	GOVERNMENTAL ACTIVITIES				
	October 1, 2022	Additions	Deductions	September 30, 2023	Current
Public bonds:					
Capital Improvement Revenue Refunding Bonds, Series 2014	\$ 10,980,000	\$ -	\$ 715,000	\$ 10,265,000	\$ 745,000
Sales Tax Revenue and Refunding Bonds, Series 2015	41,820,000	-	1,965,000	39,855,000	2,065,000
Transportation Improvement Revenue Bonds, Series 2015	20,595,000	-	810,000	19,785,000	850,000
Special Obligation Refunding Revenue Bonds, Series 2019	7,355,000	-	1,085,000	6,270,000	1,135,000
Direct loans:					
Capital Improvement Revenue Bond, Series 2012	1,255,000	-	1,255,000	-	-
Taxable Capital Improvement Revenue Bond, Series 2014	2,160,000	-	325,000	1,835,000	340,000
Taxable Special Obligation Revenue Notes, Series 2020A and 2020B	7,245,000	-	1,070,000	6,175,000	1,095,000
Special Obligation Refunding Revenue Note Series 2022	51,295,000	-	4,295,000	47,000,000	4,345,000
Taxable Special Obligation Revenue Note Series 2022	7,360,000	-	745,000	6,615,000	765,000
Special Obligation Revenue Note, Series 2022A	-	13,000,000	4,700,000	8,300,000	2,565,000
Commercial Paper Program	393,000	-	393,000	-	-
Financed purchase obligations	7,073,085	4,069,872	4,578,878	6,564,079	2,836,710
Leases	894,830	-	66,304	828,526	54,576
Subscription liability As restated, See Note 12	1,560,131	623,894	738,065	1,445,960	745,199
Original Issue Premium	7,414,034	-	699,700	6,714,334	-
Arbitrage rebate	-	115,998	-	115,998	-
Accrued compensated absences	15,669,036	19,270,687	17,408,163	17,531,560	6,908,700
Net pension liability	230,319,228	58,991,804	-	289,311,032	-
Total General Long-Term Obligations	<u>\$ 413,388,344</u>	<u>\$ 96,072,255</u>	<u>\$ 40,849,110</u>	<u>\$ 468,611,489</u>	<u>\$ 24,450,185</u>

ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

6. LONG-TERM OBLIGATIONS (continued)

	BUSINESS TYPE ACTIVITIES				
	October 1, 2022	Additions	Deductions	September 30, 2023	Current
Public bonds:					
Water and Sewer Revenue Bonds					
Series 2013	28,768,216	-	2,835,738	25,932,478	2,698,333
Series 2014	2,345,000	-	1,145,000	1,200,000	1,200,000
Series 2016	43,160,000	-	2,510,000	40,650,000	2,625,000
Series 2021	39,025,000	-	580,000	38,445,000	620,000
Series 2022	-	122,065,000	-	122,065,000	500,000
Direct loans:					
Obligations under State Revolving Loans					
WW550100	5,582,845	-	401,717	5,181,128	412,283
DW550110	4,125,549	-	256,009	3,869,540	261,465
WW550120	32,576,214	-	1,585,919	30,990,295	1,604,616
DW550130	7,403,286	56,774	201,664	7,258,396	361,325
DW550140	3,036,476	-	146,589	2,889,887	148,456
CW550150	1,929,544	1,937,114	-	3,866,658	214,966
CW550160	289,977	100,620	-	390,597	-
CW550161	-	3,781,275	114,211	3,667,064	228,422
CW550170	1,689,916	1,346,623	186,480	2,850,059	186,480
Accreted interest - Water and Sewer Bonds					
Series 2013	11,906,960	1,456,862	1,019,262	12,344,560	-
Original Issue Premium	10,910,912	8,659,025	1,316,937	18,253,000	-
Arbitrage rebate	-	1,053,080	-	1,053,080	-
Financed purchase obligations	191,017	-	40,580	150,437	41,625
Leases	188,671	102,322	15,962	275,031	20,056
Subscription liability	113,095	354,454	142,377	325,172	137,010
As restated, See Note 12					
Landfill closure/post-closure	3,134,146	-	147,982	2,986,164	373,270
Accrued compensated absences	1,155,957	1,161,552	990,760	1,326,749	460,332
Net pension liability	10,740,568	2,874,700		13,615,268	-
Total Business Type Activities Obligations	<u>\$ 208,273,349</u>	<u>\$ 144,949,401</u>	<u>\$ 13,637,187</u>	<u>\$ 339,585,563</u>	<u>\$ 12,093,639</u>

6. LONG-TERM OBLIGATIONS (continued)

- D. Compensated absences and net pension liability have typically been liquidated mainly in the general and enterprise funds.
- E. The County has advance refunded several bond issues and placed the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of September 30, 2023, \$162,740,000 of refunded bonds remain outstanding, but they are considered defeased. The amounts in escrow are sufficient to retire all outstanding bonds and interest. Since these bonds are legally defeased, they are not included in the financial statements.
- F. Conduit Debt, Component Units

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

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

The HFA has one note receivable at September 30, 2023, secured by a Mortgage and Security Agreement. The note has an outstanding balance of \$146,458 at September 30, 2023. Principal and interest payments in the amount of \$550 are required monthly beginning November 15, 2022, at the rate of 5.5% and the principal balance is receivable in full on or before March 31, 2036.

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, 2023, the aggregate principal amount payable could not be determined for these bonds.

7. RIGHT TO USE LEASES AND FINANCED PURCHASE OBLIGATIONS

A. Lessee

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

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

The total of the County’s leased assets are recorded at a cost of \$938,314 less accumulated amortization of \$162,986 in Governmental Activities and a cost of \$301,292, less accumulated amortization of \$37,475 for Business-Type Activities.

The future lease payments under lease agreements are as follows:

Year Ending September 30	Governmental Activities		Business Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 54,576	\$ 17,530	\$ 20,056	\$ 5,853	\$ 74,632	\$ 23,383
2025	33,436	22,984	21,190	5,356	54,626	28,340
2026	17,850	16,276	22,374	4,832	40,224	21,108
2027	9,899	15,980	21,672	4,288	31,571	20,268
2028	10,929	15,750	19,710	3,781	30,639	19,531
2029-2033	60,065	75,010	96,881	13,431	156,946	88,441
2034-2038	73,733	67,726	59,137	4,515	132,870	72,241
2039-2043	89,337	58,825	14,011	412	103,348	59,237
2044-2048	99,487	48,318	-	-	99,487	48,318
2049-2053	119,073	36,123	-	-	119,073	36,123
2054-2058	141,369	21,585	-	-	141,369	21,585
2059-2062	118,772	5,055	-	-	118,772	5,055
	<u>\$ 828,526</u>	<u>\$ 401,162</u>	<u>\$ 275,031</u>	<u>\$ 42,468</u>	<u>\$ 1,103,557</u>	<u>\$ 443,630</u>

B. Lessor

The County, as lessor, has entered into lease agreements involving a compressed natural gas station, office space, cell towers, billboards and land right-of-ways. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during fiscal year 2023 was \$237,950.

7. RIGHT TO USE LEASES AND FINANCED PURCHASE OBLIGATIONS

C. Financed Purchase Obligations

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

Loan, interest at 2.38%, payable in quarterly installments of \$232,997, maturing in April 2025; collateralized by Governmental Activity vehicles.	\$1,592,842
Loan, interest at 2.559%; payable in semi-annual installments of \$145,089; collateralized by equipment in both Governmental and Business-type Activities.	966,292
Loan, interest at 1.145%; payable in quarterly installments of \$227,142; collateralized by vehicles in Governmental Activities.	452,340
Loan, interest at 3.59%; payable in quarterly installments of \$297,537; collateralized by vehicles in Governmental Activities.	3,103,309
Loan, interest at 0.35%; payable in monthly installments of \$12,460; collateralized by equipment in Governmental Activities	487,451
Loan, - interest at 0.35%; payable in monthly installments of \$2,800; collateralized by equipment in Governmental Activities	112,282

Future payments for financed purchase obligations are as follows:

Year Ending September 30	Governmental Activities		Business Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,836,710	\$ 167,820	\$ 41,625	\$ 3,585	\$ 2,878,335	\$ 171,405
2025	2,224,850	92,377	42,697	2,513	2,267,547	94,890
2026	1,290,227	30,474	43,797	1,413	1,334,024	31,887
2027	212,292	1,780	22,318	286	234,610	2,066
	<u>\$ 6,564,079</u>	<u>\$ 292,451</u>	<u>\$ 150,437</u>	<u>\$ 7,797</u>	<u>\$ 6,714,516</u>	<u>\$ 300,248</u>

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County entered into arrangements with software vendors for the right to access the vendors' software for a certain period of time.

The assets reflected on the County's financial statements for these arrangements for the year ended September 30, 2023 include assets with a cost of \$2,184,025, less accumulated amortization of \$711,053 for Governmental Activities and assets with a cost of \$467,549, less accumulated amortization of \$122,852 for Business Type Activities.

The future payments under these arrangements are as follows:

Year Ending September 30	Governmental Activities		Business Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 745,199	\$ 35,793	\$ 137,010	\$ 10,722	\$ 882,209	\$ 46,515
2025	345,522	19,511	93,925	6,564	439,447	26,075
2026	282,405	9,168	94,237	3,298	376,642	12,466
2027	72,834	1,523	-	-	72,834	1,523
	<u>\$ 1,445,960</u>	<u>\$ 65,995</u>	<u>\$ 325,172</u>	<u>\$ 20,584</u>	<u>\$ 1,771,132</u>	<u>\$ 86,579</u>

9. INTERFUND BALANCES AND TRANSFERS

a. The composition of interfund transfers for the year ended September 30, 2023 is as follows:

Fund Type/Fund	Transfer In	Transfer Out
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 6,623,525	\$ 30,957,955
Transportation Trust Fund	55,360	758,702
Fire District	-	1,228,964
COVID Pandemic Related Grants	-	1,123,464
NONMAJOR GOVERNMENTAL FUNDS	47,312,914	20,818,875
MAJOR ENTERPRISE FUNDS:		
Solid Waste	1,000,000	49,196
INTERNAL SERVICE FUND	-	54,643
TOTAL	<u>\$ 54,991,799</u>	<u>\$ 54,991,799</u>

9. INTERFUND BALANCES AND TRANSFERS (continued)

b. At September 30, 2023, interfund balances are as follows:

Fund Type/Fund	Due from other funds	Due to other funds
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 13,940,818	\$ 793,357
Transportation Trust Fund	33,403	74,202
Fire District	-	172,611
NONMAJOR GOVERNMENTAL FUNDS	-	9,862,075
MAJOR ENTERPRISE FUNDS		
St. Johns Utilities	-	88,330
Solid Waste	-	3,614,336
INTERNAL SERVICE FUNDS	687,810	57,120
TOTAL	\$ 14,662,031	\$ 14,662,031

1. Outstanding interfund balances result mainly from working capital loans made from the County's General Fund and amounts due from other funds for required contributions to the County's Health Insurance Internal Service Fund. The largest working capital loan for fiscal year 2023 involved a loan from the General Fund to the FEMA Disaster Relief Fund to provide temporary working capital to the fund until federal reimbursements on the disaster projects are received.

2. Transfers between funds are used to move unrestricted available revenues from one fund to another county fund to finance various programs, pay debt service, fund capital acquisitions and to provide subsidies for various grant programs. Purposes for the larger interfund transfers during fiscal year 2023 were as follows:
 - Transfers out of the General fund for approximately \$26.2 million went to the Capital Improvement Projects funds to cover the expenses for capital projects approved by the Board of County Commissioners.
 - Debt service funds received approximately \$13.5 million from the General Fund and other funds which used the proceeds from debt issued by the County. These transfers were made to cover the debt service requirements of the debt.
 - Approximately \$2.3 million went to the FEMA Disaster Relief Fund from the General Fund to cover the County's portion of repairs to infrastructure from hurricane damage.
 - \$2.8 million was transferred from the General Fund to the Police Impact Fee Fund to reimburse the Sheriff for expenses incurred when responding to the pandemic emergency.

9. INTERFUND BALANCES AND TRANSFERS (concluded)

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

	Other Funds	Other Funds
MAJOR FUNDS		
General Fund	\$ 981,280	\$ -
NONMAJOR SPECIAL REVENUE FUNDS		
Treasure Beach M.S.B.U.	-	981,280
	\$ 981,280	\$ 981,280
Total		

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.

10. EMPLOYEE BENEFITS

A. State of Florida - Defined Benefit Retirement Plan

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

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

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

10. EMPLOYEE BENEFITS (continued)

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, 2023, were as follows:

	FRS	HIS
Regular Class	13.63%	1.66%
Special Risk Class	32.79%	1.66%
Special Risk Class Administrative Support	39.82%	1.66%
Senior Management Service Class	34.52%	1.66%
Elected Officials	45.45%	1.66%
DROP from FRS	21.13%	1.66%

The County's contributions for the year ended September 30, 2023, were \$29,688,808 to the FRS and \$2,879,515 to the HIS.

10. EMPLOYEE BENEFITS (continued)

Pension Liabilities and Pension Expense

For the year ended September 30, 2023, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023. 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	\$ 1,329,407,866	\$ 71,696,801	\$ 1,401,104,667
Fiduciary net position	(1,095,226,999)	(2,951,368)	(1,098,178,367)
Net pension liability	<u>\$ 234,180,867</u>	<u>\$ 68,745,433</u>	<u>\$ 302,926,300</u>
Deferred outflows - pension related	\$ 72,120,399	\$ 9,279,454	\$ 81,399,853
Deferred inflows - pension related	\$ 3,348,519	\$ 6,232,678	\$ 9,581,197
Pension expense	\$ 53,676,594	\$ 27,496,420	\$ 81,173,014
Proportion at:			
Current measurement date	0.5877%	0.4329%	
Prior measurement date	0.5336%	0.4012%	

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

	FRS	HIS
Board of County Commissioners and Supervisor of Elections	\$ 125,881,132	\$ 39,906,062
Clerk of Courts	6,844,341	2,588,309
Property Appraiser	4,344,893	1,321,277
Sheriff	92,402,638	23,096,789
Tax Collector	4,707,863	1,832,996
Total	<u>\$ 234,180,867</u>	<u>\$ 68,745,433</u>

10. EMPLOYEE BENEFITS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, 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	\$ 21,987,591	\$ -	\$ 1,006,386	\$ 161,359
Changes of assumptions	15,265,852	-	1,807,297	5,957,023
Net differences between projected and actual earnings on pension plan investments	9,780,027	-	35,501	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,985,295	3,348,518	5,583,396	114,297
Employer contributions subsequent to measurement date	8,101,634	-	846,874	-
Total	\$ 72,120,399	\$ 3,348,518	\$ 9,279,454	\$ 6,232,679

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, 2024. 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
2024	\$ 8,268,580	\$ 384,382
2025	(3,275,973)	233,050
2026	49,615,264	387,748
2027	4,713,037	760,542
2028	1,349,339	402,866
Thereafter	-	31,313
Total	\$ 60,670,247	\$ 2,199,901

10. EMPLOYEE BENEFITS (continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2023, was determined by an actuarial valuation as of July 1, 2023, using the individual entry age cost allocation method. It was based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, and used the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

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

The long-term expected investment rate of return of 6.7% consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.2%, which is consistent with the 4.48% real return from the capital market outlook model developed by the FRS consulting actuary; and 2) a long-term average annual inflation assumption of 2.40%, as adopted in October 2023 by the FRS Actuarial Assumption Conference. 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%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%

Discount Rate

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65%, 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.

10. EMPLOYEE BENEFITS (continued)

Sensitivity Analysis

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

	FRS			HIS		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	5.70%	6.70%	7.80%	2.65%	3.65%	4.65%
County's proportionate share of the net pension liability	\$ 400,028,606	\$ 234,180,867	\$ 95,429,389	\$ 78,427,810	\$ 68,745,433	\$ 60,719,393

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, 2023 totaled \$5,823,997.

C. Other Postemployment Benefits

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

10. EMPLOYEE BENEFITS (continued)

Benefits Provided

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

In accordance with Florida Statutes 112.0801, the health insurance subsidy is provided to employees who retire and immediately begin receiving benefits from the Florida Retirement System (“FRS”) after at least 8 years of creditable service. The County will maintain current subsidy levels for all current retirees. However, as of January 1, 2009, future retirees will be expected to share in the increasing costs of the program through increase rate adjustments. Retirees with more than 20 years of creditable service will receive an additional monthly subsidy. The amount of the monthly subsidy is based on the number of years of service with the County or Constitutional Officer, and is equal to one dollar and fifty cents for each year of total service until they are eligible for Medicare.

Investments and Rate of Return

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

For the year ended September 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Participants

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

Active plan members	1,959
Inactive plan members receiving benefits	305
Inactive plan members entitled, but not receiving benefits	-
Total members	<u><u>2,264</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, 2023, the County made no contributions towards the OPEB Plan. Retiree contributions to the plan were \$2,486,509. 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.

10. EMPLOYEE BENEFITS (continued)

Net OPEB Asset

The County's net OPEB asset was measured as of October 1, 2021, rolled forward to September 30, 2023 using standard actuarial techniques, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2021 and rolled forward to the September 30, 2023 measurement date.

The following table discloses the components of the net OPEB asset and the changes in those components for the County as of and for the year ended September 30, 2023:

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset) Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2022	\$ 30,681,323	\$ 31,157,165	(475,842)
Changes for the year:			
Service cost	800,093	-	800,093
Interest	1,972,933	-	1,972,933
Changes in benefit terms	667,397	-	667,397
Net investment income	-	3,742,275	(3,742,275)
Administrative Expense	-	(18,000)	18,000
Benefits payments	(2,257,191)	(2,257,191)	-
Net changes	1,183,232	1,467,084	(283,852)
Balances at September 30, 2023	\$ 31,864,555	\$ 32,624,249	\$ (759,694)

Plan fiduciary net position, as a percentage of the total OPEB liability was 102.39% at September 30, 2023.

10. EMPLOYEE BENEFITS (continued)

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

Property Appraiser	16,791
Sheriff	259,087
Tax Collector	19,385
Total	<u>\$ 760,392</u>

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the County recognized OPEB expense of \$1,295,929.

At September 30, 2023, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

Assumption changes	1,473,681	8,979,793
Net differences between projected and actual earnings on OPEB plan investments	2,615,211	-
	<u>\$ 7,422,777</u>	<u>\$ 8,979,793</u>

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

2027	(1,205,582)
2028	(847,241)
Thereafter	63,977
Total	<u>\$ (1,557,016)</u>

10. EMPLOYEE BENEFITS (continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2021, with various assumptions discussed below. The total OPEB liability was rolled forward from the valuation date to the County's year ended September 30, 2023 using standard actuarial techniques. There were no changes in assumption from those used in the original valuation. The various methods and assumptions used were as follows:

Remaining amortization period	15 years
Asset valuation method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 15% corridor around market value.
Inflation	2.25%
Salary increases	3.40% to 8.20%, including inflation
Investment rate of return	6.50%
Mortality and retirement age	Retirement rates and mortality tables come from the July 1, 2021 actuarial valuation of the Florida Retirement System and are based on a statewide experience study covering the period 2013 - 2018. Mortality tables include generational projections.
Healthcare cost trend rates	Getzen Model; trend starting at 2.25% for 2022 (0% for premiums), 2.75% for 2023, 3.25% for 2024, 5.42% for 2025, and gradually decreasing to an ultimate trend rate of 3.75% .
Aging Factors	Based on 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in per capita health costs.

10. 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, 2023, are summarized in the following table:

Asset Class	Expected Nominal Rate of Return	Long-term Expected Real Rate of Return	Target Allocation
U.S Equities	7.55%	5.55%	42.00%
International Equities	7.66%	5.06%	16.00%
Emerging Equities	7.43%	5.43%	7.00%
Core Fixed	4.70%	2.70%	35.00%
Total Portfolio			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.

10. EMPLOYEE BENEFITS (continued)

Sensitivity Analysis

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

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB (Asset) Liability	\$ 2,731,933	\$ (760,392)	\$ (3,845,141)

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB (Asset) Liability	\$ (4,742,877)	\$ (760,392)	\$ 4,070,916



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11. FUND BALANCE CLASSIFICATIONS

Balances of reported fund balances at September 30, 2023 are as follows:

	General Fund	Transportation Trust	Fire District	COVID Pandemic Related Grants	Other Governmental Funds	Total
Nonspendable:						
Advances	\$ 981,280	\$ -	\$ -	\$ -	\$ -	\$ 981,280
Inventory	-	467,952	-	-	69,283	537,235
Prepaid Expense	625,388	41,447	82,116	-	22,064	771,015
Total Nonspendable	1,606,668	509,399	82,116	-	91,347	2,289,530
Restricted for:						
Fire rescue, Sheriff, Public safety	-	-	6,781,265	-	2,200,620	8,981,885
Transportation	-	30,084,916	-	-	191,955	30,276,871
Community Redevelopment Agency	-	-	-	-	245,658	245,658
Future development impacts	-	-	-	-	121,677,447	121,677,447
Court costs	157,655	-	-	-	-	157,655
Project Buckle Up	3,389	-	-	-	-	3,389
Capital improvement projects	-	-	-	-	279,918	279,918
Court facilities, technology, and other needs	-	-	-	-	11,658,722	11,658,722
Building services	-	-	-	-	27,213,103	27,213,103
State Housing Initiatives Program	-	-	-	-	770,632	770,632
Tourist development and recreation	-	-	-	-	10,194,209	10,194,209
Community based care	-	-	-	-	236,906	236,906
Miscellaneous	-	-	-	-	839,612	839,612
Total restricted	161,044	30,084,916	6,781,265	-	175,508,782	212,536,007
Assigned for:						
Fiscal year 2024 General Fund operations	27,288,578	-	-	-	-	27,288,578
Fire rescue, Sheriff, Public safety	-	-	11,406,855	-	7,638	11,414,493
Transportation	-	48,632,175	-	-	751,245	49,383,420
Community Redevelopment Agency expenditures	-	-	-	-	316,189	316,189
Future development impacts	-	-	-	-	10,375,251	10,375,251
Capital improvement projects	-	-	-	-	65,255,050	65,255,050
Court facilities, technology, and other needs	-	-	-	-	957,649	957,649
Building services	-	-	-	-	3,736,398	3,736,398
Debt service	-	-	-	-	3,801,810	3,801,810
State Housing Initiatives Program	-	-	-	-	404,463	404,463
Tourist development and recreation	-	-	-	-	5,169,102	5,169,102
Grant projects	-	-	-	95,436	-	95,436
Miscellaneous	-	-	-	-	111,823	111,823
Total assigned	27,288,578	48,632,175	11,406,855	95,436	90,886,618	178,309,662
Unassigned	88,588,629	-	-	-	(7,202,456)	81,386,173
Total fund balances	\$ 117,644,919	\$ 79,226,490	\$ 18,270,236	\$ 95,436	\$ 259,284,291	\$ 474,521,372

12. PRIOR PERIOD ADJUSTMENTS

The County adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended September 30, 2023. This statement established accounting and reporting requirements for all County subscription-based information technology arrangements. This implementation resulted in the following restatements and reclassifications for beginning balances of the County's financial statements:

	Beginning Balances, As Originally Reported		GASB 96 Implementation Adjustment.		Beginning Balances, As Restated
GOVERNMENTAL ACTIVITIES					
ASSETS					
Capital assets:					
Right to use subscription assets	\$ -		\$ 1,560,131		\$ 1,560,131
LIABILITIES					
Subscriptions - information technology arrangements	\$ -		\$ (1,560,131)		\$ (1,560,131)
BUSINESS-TYPE ACTIVITIES					
ASSETS					
Capital assets:					
Right to use subscription assets	\$ -		\$ 113,095		\$ 113,095
LIABILITIES					
Subscriptions - information technology arrangements	\$ -		\$ (113,095)		\$ (113,095)
ST JOHNS UTILITIES					
ASSETS					
Capital assets:					
Right to use subscription assets	\$ -		\$ 113,095		\$ 113,095
LIABILITIES					
Subscriptions - information technology arrangements	\$ -		\$ (113,095)		\$ (113,095)

12. PRIOR PERIOD ADJUSTMENTS (continued)

Unearned revenue in the Community Based Care Fund, a non-major special revenue fund, was not recorded for fiscal year ended September 30, 2022. The beginning fund balance for this fund was restated to properly reflect this during this fiscal year. The effect of this restatement on beginning fund balance was as follows:

	Beginning Balance, as originally Reported	Unearned revenue from September 30, 2022 Recorded	Beginning Balance, as restated
GOVERNMENTAL ACTIVITIES			
UNEARNED REVENUES	\$ 58,467,292	\$ (1,493,918)	\$ 56,973,374
NET POSITION	\$ 1,638,708,351	\$ (1,493,918)	\$ 1,637,214,433
COMMUNITY BASED CARE FUND			
UNASSIGNED FUND BALANCE	\$ 1,807,698	\$ (1,493,918)	\$ 313,780

13. 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 \$425,000. During fiscal year 2023, there were two claims that exceeded the \$425,000 stop loss deductible for a total of \$220,542 in reimbursements.

13. RISK MANAGEMENT – continued

The September 30, 2023 estimated claims liability of \$2.6 million is based on the requirements of GASB Codification Section Po20.119, which requires that a liability for claims be reported if information prior of the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated, including an estimate for liabilities incurred but not reported. Claims liabilities are an estimate based on the monthly average of lag claims paid for the most recent three quarters that were made between 30 – 120 days after the initiation of the claim plus an annual average of all claims paid that exceeded 120 days. The claims liability at the fiscal year end is shown at current dollar value.

Additionally, policies set by the Florida Office of Insurance Regulation requires the County Health Plan to hold a cash surplus of 60 days in anticipated claims. The required level, as determined by the County’s actuary was \$6.2 million.

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

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

Year Ended September 30,	Beginning Balance	Current Year		Ending Balance
		Claims/Changes in Estimates	Claim Payments	
2021	\$ 2,404,312	\$ 33,624,163	\$ 32,683,775	\$ 3,344,700
2022	\$ 3,344,700	\$ 31,856,827	\$ 32,439,838	\$ 2,761,689
2023	\$ 2,761,689	\$ 34,559,307	\$ 34,689,152	\$ 2,631,844

a. Conventionally Insured Claims and Losses

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

14. DEFICIT BALANCE – INDIVIDUAL FUNDS

At September 30, 2023, the following funds had deficit equity balances in the amounts shown:

FEMA Disaster Relief	\$ 6,221,176
Treasure Beach M.S.B.U.	\$ 981,280

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

15. 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 \$2,986,163 reported as landfill closure and post-closure care liability at September 30, 2023, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill.

The annual estimated cost is approximately \$373,270 and there remains approximately 8 years of estimated post-closure care.

The amount is estimated based on what it would cost to perform all post-closure care in 2023. 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, 2023.

16. REVENUE SHARING INTERLOCAL AGREEMENT

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

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

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

17. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES

As of September 30, 2023, 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, 2023, St. Johns County reimbursed taxes totaling \$826,311 to seven businesses. The County had 20 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.



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18. NET POSITION

A. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$212,466,380 of restricted net position, of which, \$211,228,840 is restricted by enabling legislation.

B. Effect of Deferred Outflows/Inflows on Net Position

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

	Net Investment in Capital Assets		Unrestricted Net Position	
	Governmental	Business-Type	Governmental	Business-Type
	Activities	Activities	Activities	Activities
Deferred Outflows - Bond refunding	\$ 5,479,786	\$ 2,758,344	\$ -	\$ -
Deferred Outflows - Pension	-	-	77,741,241	3,658,612
Deferred Outflows - OPEB	-	-	6,848,308	574,469
Deferred Inflows - Bond refunding	-	(47,418)	-	-
Deferred Inflows - Pensions	-	-	(9,150,561)	(430,636)
Deferred Inflows - OPEB	-	-	(8,142,279)	(837,514)
Deferred Inflows - Leases	-	-	(5,535,549)	(349,622)
Net Effect	\$ 5,479,786	\$ 2,710,926	\$ 61,761,160	\$ 2,615,309

C. Net Investment in Capital Assets

	Governmental	Business Type
	Activities	Activities
Capital Assets, Net	\$ 1,693,625,522	\$ 696,849,643
Less: Debt related to capital assets:		
Public Bonds	(76,175,000)	(228,292,478)
Direct Loans	(69,925,000)	(60,963,624)
Financed purchase obligations	(6,564,079)	(150,437)
Right to use leases	(828,526)	(275,031)
Right to use subscription liability	(1,445,960)	(325,172)
Original Issue Premium	(6,714,334)	(18,253,000)
Deferred outflow- Bond refunding	5,479,786	2,758,344
Deferred inflow - Bond refunding	-	(47,418)
Accounts payable related to capital assets	(17,960,513)	(4,028,894)
Accounts payable -retainage	(1,148,461)	(1,152,759)
Unspent bond proceeds	-	116,731,923
Net investment in Capital Assets	\$ 1,518,343,435	\$ 502,851,097

19. COMMITMENTS AND CONTINGENCIES

A. Commitments

At September 30, 2023, the County had approximately \$394.5 million in outstanding commitments relating to construction contracts in various stages of completion.

B. Contingencies

Pending Litigation

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

20. SUBSEQUENT EVENT

On September 19, 2023, the Board of County Commissioners approved an agreement with a private entity that allows the entity to assume control over the operations of the Amphitheatre and Ponte Vedra Concert Hall. These operations are currently reported in the County Cultural Center Fund. The terms of the agreement stipulate that the County will maintain ownership of the facilities and related equipment, but all other assets and liabilities, including cash on hand will be transferred to the private entity. The private entity will be responsible for managing the day to day operations and all revenue and expenses of the operations. The agreement stipulated that the transfer would occur on October 1, 2023.

21. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2024. These statements address the following:

- Compensated absences
- Accounting changes and error corrections

The County is currently evaluating the effects that these statements will have on its 2024 financial statements.