

CITY OF
JACKSONVILLE BEACH,
FLORIDA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010

CITY OF JACKSONVILLE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by
Department of Finance

INTRODUCTORY SECTION

INTRODUCTORY SECTION

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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LETTER OF TRANSMITTAL



City of Jacksonville Beach

ELEVEN NORTH THIRD STREET, JACKSONVILLE BEACH, FLORIDA 32250

January 20, 2011

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Jacksonville Beach, Florida:

Florida Statutes require that all general purpose local governments publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for the City of Jacksonville Beach, Florida, for the fiscal year ended September 30, 2010.

This report consists of management's representations concerning the finances of the City of Jacksonville Beach, Florida (the City). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the City's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Purvis, Gray and Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2010, 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 management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there is a reasonable basis for rendering unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City for the fiscal year ended September 30, 2010, and that the City's financial statements are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is sometimes part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City was incorporated in 1907 and is located on the northeastern part of the state. The City currently occupies a land area of 8.06 square miles and serves a population of over 23,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City has operated under the council-manager form of government since 1937. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a nonpartisan basis. Council members are elected to four-year staggered terms with three council members elected every two years. The mayor is elected to a four-year term. Three council members are elected from within their districts, and the mayor and the remaining three council members are elected at-large.

The City provides a full range of services that include police and fire protection, sanitation services, the maintenance of streets and infrastructure, recreational activities and cultural events. In addition to general government activities, the City provides a full range of utility services including electric, natural gas, stormwater drainage, water, and wastewater treatment.

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30 of each year. The City Council annually adopts a budget resolution for all funds of the City except capital projects funds. Project-length financial plans are adopted for capital projects funds.

The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). Management must seek City Council approval to make budgetary amendments at the departmental level in the general fund, and at the fund level for all other funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbered appropriations are carried forward into subsequent years' budget without being rebudgeted. All encumbered budget appropriations, except project budgets, lapse at the end of each fiscal year. Encumbrances existing at year-end are recorded as reservations of fund balance and do not require re-appropriation.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the basic financial statements for the governmental funds beginning on page 25. For other nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual nonmajor fund subsection of this report, starting on page 85.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy.

The City, which is adjacent to the Atlantic Ocean, has grown into a solid business, resort, and residential community that is in close proximity to historical, entertainment, and tourism attractions. The City has a considerable commercial district that includes shopping centers, restaurants, and hotels which contributes significantly to its economy. Major employers in the area include: the United States Navy and the Beaches Baptist Medical Center.

Even though the City is the economic center of the beaches area, housing is still the dominant land use, occupying well in excess of 50% of the developed land areas of the City. Approximately 58% of the City's housing is comprised of single-family homes and 42% is multifamily dwellings based on U.S. Census Bureau estimates. Generally, the quality of the housing is high, with approximately 46% of the housing built since 1980. The City is a mature community, which is nearly fully developed.

Cash management policies and practices.

In order to maximize the City's potential investment earnings, temporarily idle short-term cash is invested mostly in short term obligations of the U.S. Treasury, certificate of deposits, and money market accounts, and investment accounts managed by professional money managers. Interest earned in governmental funds by the City this year totaled \$631,311. Enterprise and internal service funds earned \$839,358 in interest; the pension fund had investment earnings of \$4,921,459. Pension fund earnings/losses included interest, and realized and unrealized gains. Overall, investment earnings increased by \$1,495,002 in comparison to 2009 because of better rates of return in 2010. The City invests funds in accordance with guidelines established by the City's investment policies for operating funds and pension funds.

Risk management. The City maintains a variety of insurance that is designed to provide adequate coverage and to prevent exposure from property, liability, or workers' compensation claims. Selection of insurers is made on the basis of competitive bids.

The City's decision to partially self-insure its workers' compensation insurance beginning in 1995 has reduced insurance costs by enabling it to raise deductibles on its other policies. In addition, a program to build funded insurance reserves is enabling it to raise deductibles on all other insurance policies.

Pension and other postemployment benefits. The City sponsors three separate single-employer defined benefit pension plans for its employees (general, police, and fire). Each year, an independent actuary calculates the annual contribution amount the City must make to ensure the plans will be able to fully meet their obligations to the retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary. As of the last actuarial valuation dated October 2009, the future actuarial liability represented by general, police and fire employees are funded at 81.3%, 76.4%, and 73.8%, respectively.

Additional information on the City's pension arrangements and postemployment benefits can be found in notes 15 and 21 of the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

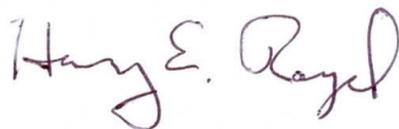
In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories: as a policy document, a financial plan, an operations guide, and a communications device.

Preparation of the financial report would not have been possible without the commitment and dedication of the Finance Department. We would like to express our appreciation to members of all departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support in the management of the finances for the City.

Respectfully submitted,



George D. Forbes
City Manager



Harry E. Royal, C.P.A., M.B.A.
Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jacksonville Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

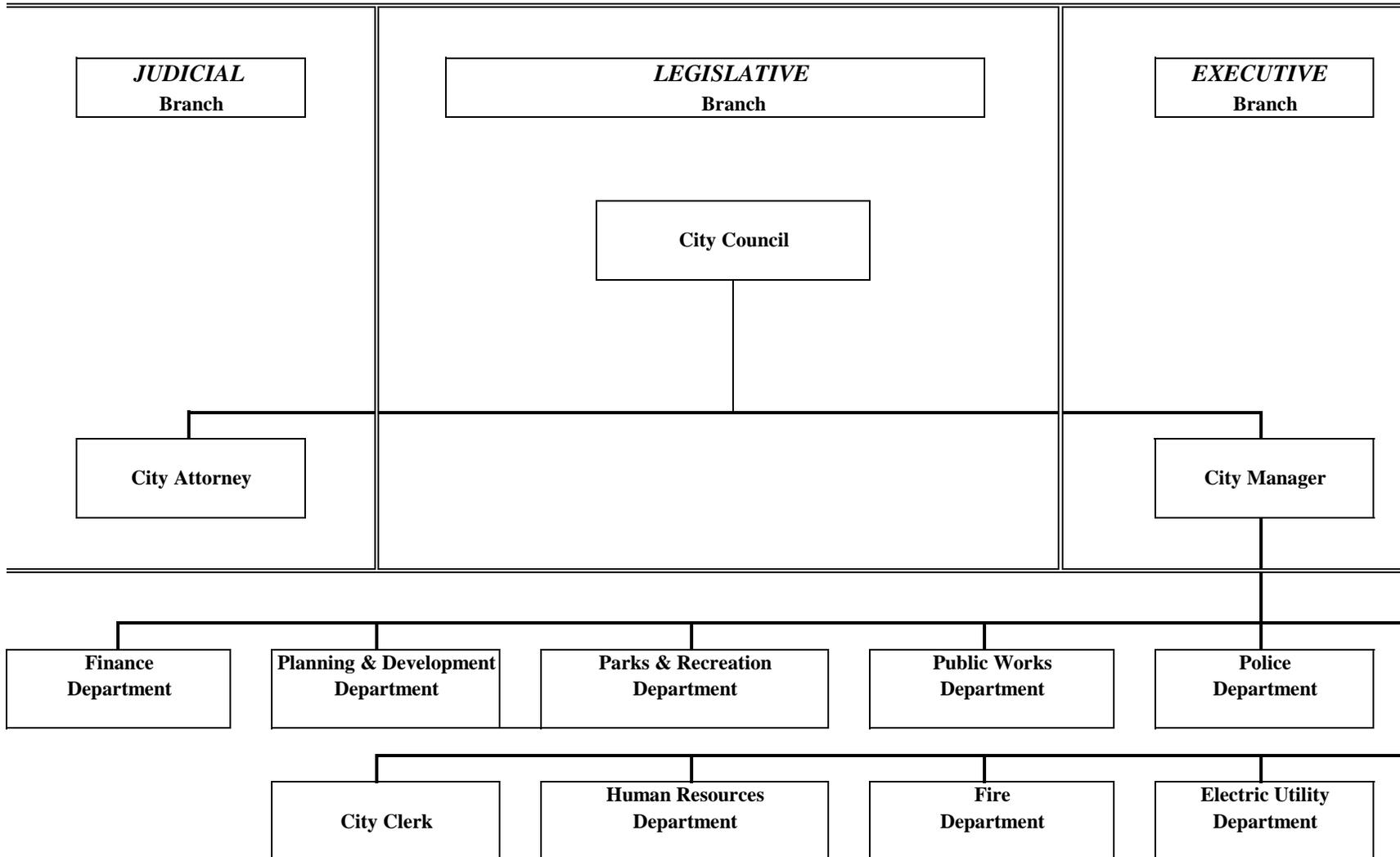
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF JACKSONVILLE BEACH
Government Organization Chart



CITY OF JACKSONVILLE BEACH, FLORIDA
CITY OFFICIALS

LEGISLATIVE BRANCH

City Council:

Mayor:

Seat 1, At-Large

Seat 2, At-Large

Seat 3, At-Large

Seat 4, District 1

Seat 5, District 2

Seat 6, District 3

Fland O. Sharp

Penny Christian

Richard Knight

Lee Buck

Steve Hartkemeyer

Jeanell Wilson

Tom Taylor

City Attorney:

Susan Erdelyi

City Auditors:

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

Acting City Clerk

City Manager

Chief, Fire Department

Chief, Police Department

Director of Electric Utility

Director of Grounds Maintenance

Director of Human Resources

Director of Planning and Development

Director of Public Works

Finance Officer

Judy Bullock

George D. Forbes

Gary Frazier

Bruce A. Thomason

Roy Trotter

Gary Meadors

Sue Taylor

Steven G. Lindorff

William T. Edwards, P.E.

Harry E. Royal, C.P.A.

AGENCY, BOARDS AND COMMISSION

Board of Adjustment

Community Redevelopment Agency

General Employees' Pension Board

Police Officers' Pension Board

Firefighters' Pension Board

Planning Commission

FINANCIAL SECTION

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the community redevelopment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

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 (collectively, the required supplementary information) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and other schedules, bond covenant information, schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e), and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is also not a required part of the financial statements of the City. The combining and individual nonmajor fund financial statements and other schedules, bond covenant information, schedule of expenditures of federal awards and state financial assistance, and schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e) 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



January 20, 2011
Gainesville, Florida

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

As the management of the City of Jacksonville Beach, Florida, (the City) we offer readers of the City's financial statements this narrative overview and analysis of the activities of the City for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi-ix of this report and the City's financial statements beginning on page 19.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$281.7 million (net assets). Of this amount, \$66.7 million (unrestricted net assets) may be used to meet the government's obligations to provide ongoing services to our citizens and customers, to make payments to creditors, to pay for the projects in our capital improvement plan, to extinguish debt early, or to establish reserves for emergencies or catastrophic events.
- The government's total net assets increased by \$16.4 million primarily due to the result of operations.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$29 million, a decrease of \$2.3 million in comparison with the prior year. Of this total amount, \$13.6 million is available for spending at the City's discretion (unreserved fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) notes to the financial statements, and 3) fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the City's financial position.

The *Statement of Activities* presents revenue and expenses and shows how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, law enforcement, fire control, building inspection, physical environment, roads and streets, human services, and recreation. The business-type activities of the City include electric, natural gas, water and sewer, stormwater, sanitation, golf course, and leased facilities.

The City's government-wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements. The City's fund financial statements are divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds

Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The statement of revenues, expenditures and changes in fund balances for governmental funds reports only those revenues and expenditures that were collected or paid during the current period or very shortly after the end of the year.

For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because of the difference in accounting basis used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net assets presented in the governmental activities column on the statement of net assets. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net assets as reported in the governmental activities column in the statement of activities.

The City presents funds that are most significant to the City (major funds) in separate columns and all other governmental funds are aggregated and reported in a single column (nonmajor funds). Individual data for these nonmajor funds is presented in the form of combining statements in the section entitled "Combining and Individual Nonmajor Fund Statements and Other Schedules", on pages 77-110.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

The City's governmental fund financial statements are presented on pages 21-26.

Proprietary Funds

Proprietary fund financial statements consist of a statement of net assets, statement of revenues, expenses, and changes in fund net assets and statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds and Internal Service Funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utilities including electric, natural gas, water and sewer, stormwater, sanitation, the municipal golf course, and the City's leased facilities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses separate internal service funds to account for self-insurance and other internal charges. Because these charges predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 27-31 of this report.

Fiduciary Funds

Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Assets held by the City for other parties, either as a trustee or as an agent that cannot be used to finance the City's own operating programs are reported in the fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports pension trust funds that present the results of three defined benefit pension plans as fiduciary funds.

The fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-70 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71-76 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

Government-Wide Financial Analysis

The following schedule is a summary of the fiscal year 2010 Statement of Net Assets found on page 19 of this report with comparative information for fiscal year 2009:

CITY OF JACKSONVILLE BEACH
Net Assets

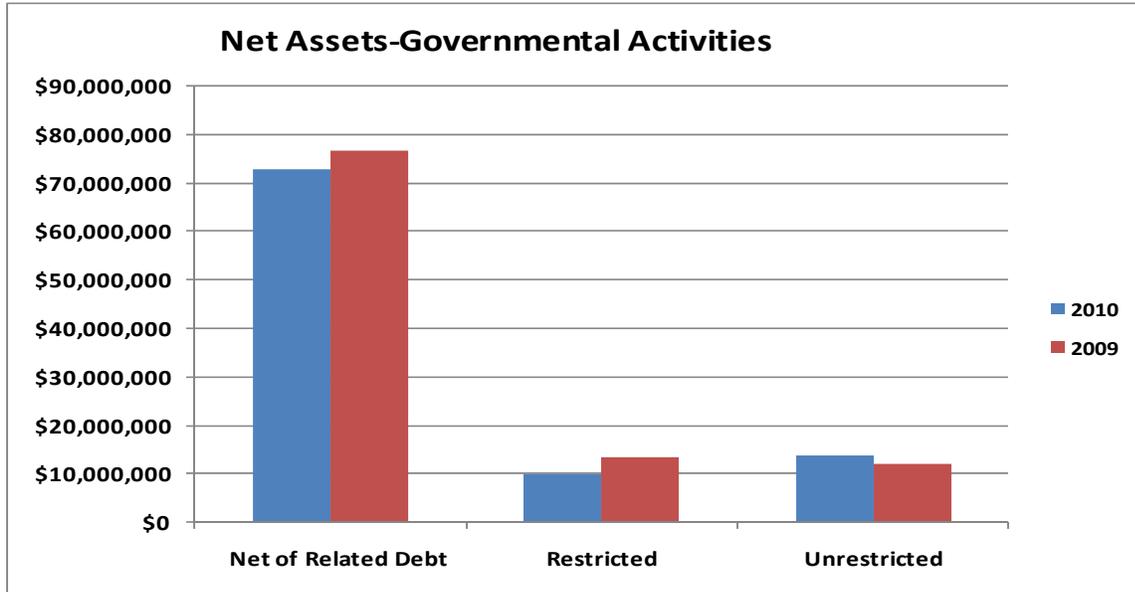
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 34,243,179	\$ 37,695,817	\$ 75,328,671	\$ 75,719,070	\$ 109,571,850	\$ 113,414,887
Capital Assets, Net of						
Depreciation	82,717,225	88,032,504	168,178,752	146,638,683	250,895,977	234,671,187
Total Assets	116,960,404	125,728,321	243,507,423	222,357,753	360,467,827	348,086,074
Current and Other						
Liabilities	1,849,936	2,625,492	17,081,678	15,271,926	18,931,614	17,897,418
Long-term Debt						
Outstanding	18,861,803	21,125,221	40,958,015	43,758,339	59,819,818	64,883,560
Total Liabilities	20,711,739	23,750,713	58,039,693	59,030,265	78,751,432	82,780,978
Net Assets						
Investment in Capital Assets,						
Net of Related Debt	72,717,821	76,567,062	129,851,305	105,424,647	202,569,126	181,991,709
Restricted	9,884,908	13,288,522	2,571,810	2,587,835	12,456,718	15,876,357
Unrestricted	13,645,936	12,122,024	53,044,615	55,315,006	66,690,551	67,437,030
Total Net Assets	\$ 96,248,665	\$ 101,977,608	\$ 185,467,730	\$ 163,327,488	\$ 281,716,395	\$ 265,305,096

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. This year the City's assets exceeded liabilities by \$281.7 million. The overall financial position of the City was improved by \$16.4 million from the prior year, an increase of approximately 6.2% from \$265.3 million in 2009. The net assets of the governmental activities actually decreased primarily because of a transfer of \$8.1 million in capital assets to business activities asset accounts for the portions of public works capital projects that related to water and sewer, stormwater, and golf course improvements. The net assets of the business-type activities increased primarily as a result of operations and the transfer of the capital assets from governmental activities.

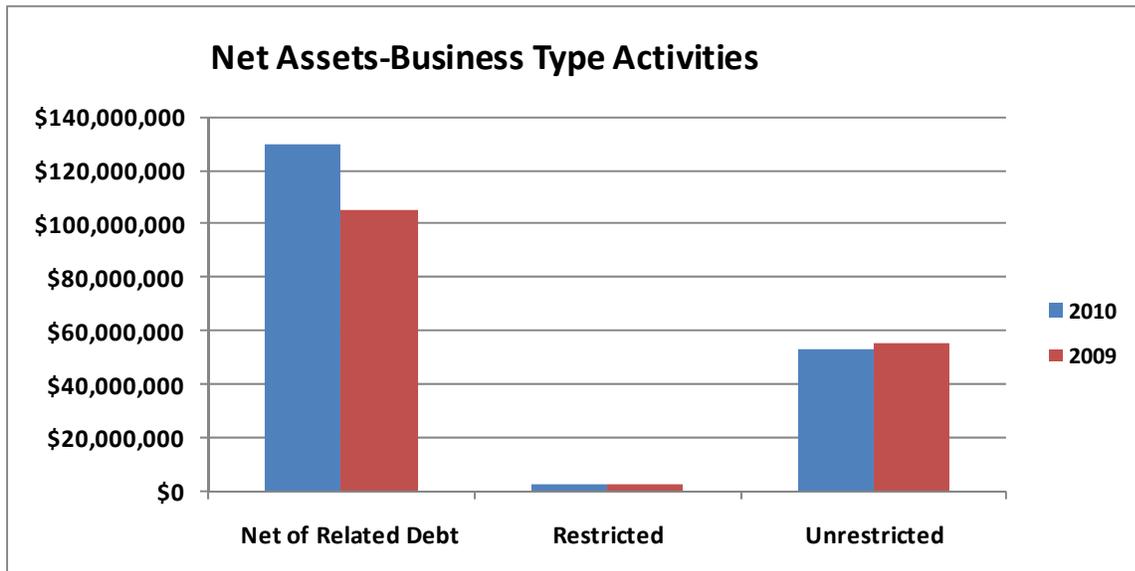
A substantial portion of the City's assets (71.9%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and customers; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$67 million) may be used to meet the government's ongoing obligations to citizens, customers, and creditors, for capital improvements, for repayment of debt, or to pay for expenditures related to natural disasters.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

The following is a chart by net assets of the governmental activities.



The following is a chart by net assets of business-type activities.



MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

The chart below is a summary of the information presented in the 2010 Statement of Activities found on page 20 of this report, with comparative information for 2009:

	CITY OF JACKSONVILLE BEACH					
	Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$ 715,441	\$ 1,042,388	\$ 114,490,445	\$ 116,546,119	\$ 115,205,886	\$ 117,588,507
Operating Grants and Contributions	1,403,135	1,190,906	306,715	(265,331)	1,709,850	925,575
Capital Grants and Contributions	1,901,182	1,427,044	6,430,278	2,988,839	8,331,460	4,415,883
General Revenues:						
Property Taxes	15,625,045	16,020,874			15,625,045	16,020,874
Other Taxes	3,466,543	3,298,805			3,466,543	3,298,805
State Shared Revenues	2,434,706	2,470,415			2,434,706	2,470,415
Other Intergovt. Revenues	35,033	33,964			35,033	33,964
Interest	663,193	1,030,966	795,084	587,368	1,458,277	1,618,334
Miscellaneous	21,916	4,736			21,916	4,736
Total Revenues	<u>26,266,194</u>	<u>26,520,098</u>	<u>122,022,522</u>	<u>119,856,995</u>	<u>148,288,716</u>	<u>146,377,093</u>
Expenses						
Governmental Activities:						
General Government	2,773,496	3,002,929			2,773,496	3,002,929
Law Enforcement	8,551,929	8,373,116			8,551,929	8,373,116
Fire Control	3,540,877	3,336,130			3,540,877	3,336,130
Building Inspections	448,328	554,407			448,328	554,407
Physical Environment	367,166	25,401			367,166	25,401
Road and Street	5,531,743	2,419,751			5,531,743	2,419,751
Human Services	81,754	102,705			81,754	102,705
Recreation	2,920,198	3,432,407			2,920,198	3,432,407
Interest on Long-term Debt	626,709	714,233			626,709	714,233
Business-type Activities:						
Electric			92,079,658	94,504,462	92,079,658	94,504,462
Water and Sewer			8,567,596	8,130,979	8,567,596	8,130,979
Stormwater			1,202,504	1,141,190	1,202,504	1,141,190
Sanitation			3,040,014	3,078,358	3,040,014	3,078,358
Golf Course			1,675,714	1,646,381	1,675,714	1,646,381
Leased Facilities			369,927	473,711	369,927	473,711
Natural Gas			99,804	1,323	99,804	1,323
Total Expenses	<u>24,842,200</u>	<u>21,961,079</u>	<u>107,035,217</u>	<u>108,976,404</u>	<u>131,877,417</u>	<u>130,937,483</u>
Increase in Net Assets Before Other Items	1,423,994	4,559,019	14,987,305	10,880,591	16,411,299	15,439,610
Transfers	(7,152,937)	(1,908,495)	7,152,937	1,908,495	0	0
Increase (Decrease) in Net Assets	(5,728,943)	2,650,524	22,140,242	12,789,086	16,411,299	15,439,610
Net Assets - Beginning of Year	101,977,608	99,327,084	163,327,488	150,538,402	265,305,096	249,865,486
Net Assets - End of Year	<u>\$ 96,248,665</u>	<u>\$ 101,977,608</u>	<u>\$ 185,467,730</u>	<u>\$ 163,327,488</u>	<u>\$ 281,716,395</u>	<u>\$ 265,305,096</u>

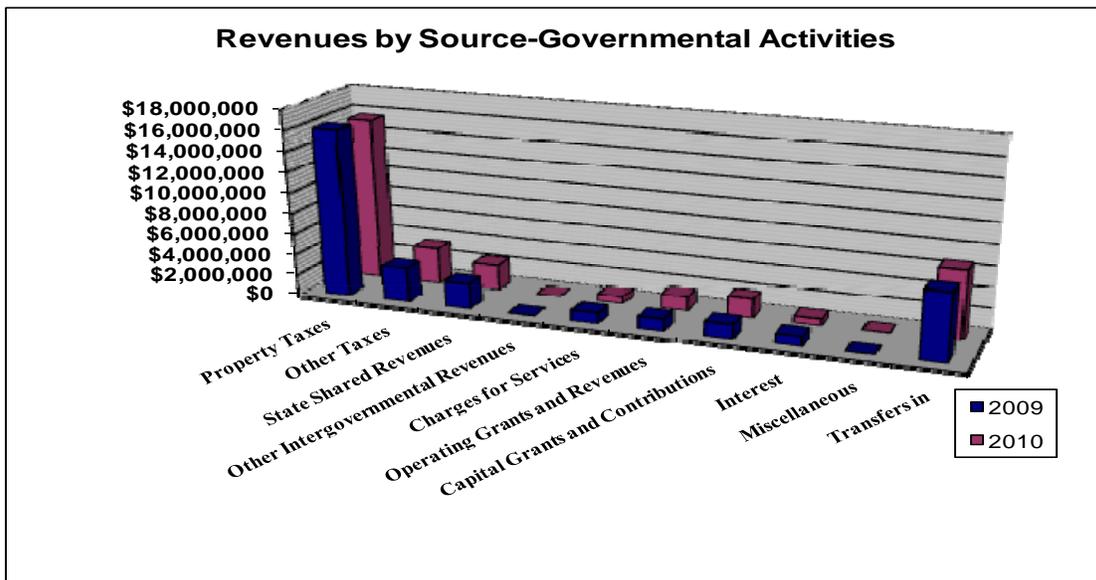
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Governmental Activities

Governmental activities decreased the City's net assets by \$5.7 million or by 5.6% from the previous year. The following information relates key points regarding the financial activities that significantly impacted the change in net assets:

- Charges for Services in 2010 were below the prior year largely because the City reclassified \$273 thousand in revenues classified in prior years as occupational licenses as business taxes due to a change in the state chart of accounts. In addition, building related permits declined \$121 thousand and a new revenue source for parking lot fees generated \$105 thousand.
- Operating grants and contributions were more than the prior year because of large amount of Federal forfeiture monies received in 2010.
- Capital grants and contributions were more than the prior year mostly because of Federal grant monies received in 2010 for the 2nd street stormwater project.
- Property tax revenues decreased by \$396 thousand due to the decline in taxable property values caused by the depressed real estate market.
- Other tax revenues increased by \$168 thousand because of the reclassification of business taxes discussed in the first bullet above, which was partially offset by decreases in fuel taxes, infrastructure sales taxes, convention development taxes and communications services taxes caused by the decline in national and local general economic conditions.
- State shared revenues decreased because of lower sales tax collections and state revenue sharing distributions which also have resulted from the current economic conditions.
- Interest revenues decreased \$368 thousand due largely to the decline of interest earning rates paid on city investments.
- Operating expenses for governmental activities increased by a net of \$2.9 million from the prior year mostly because of large road and drainage maintenance projects.

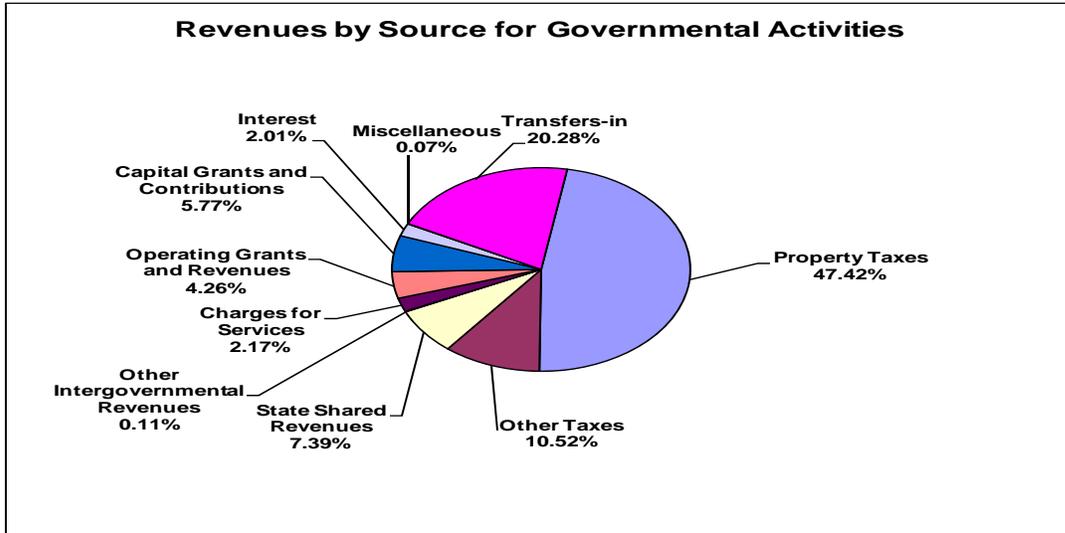
The following graph shows the dollar amounts of revenues by category for the City's governmental activities for fiscal year 2010:



**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

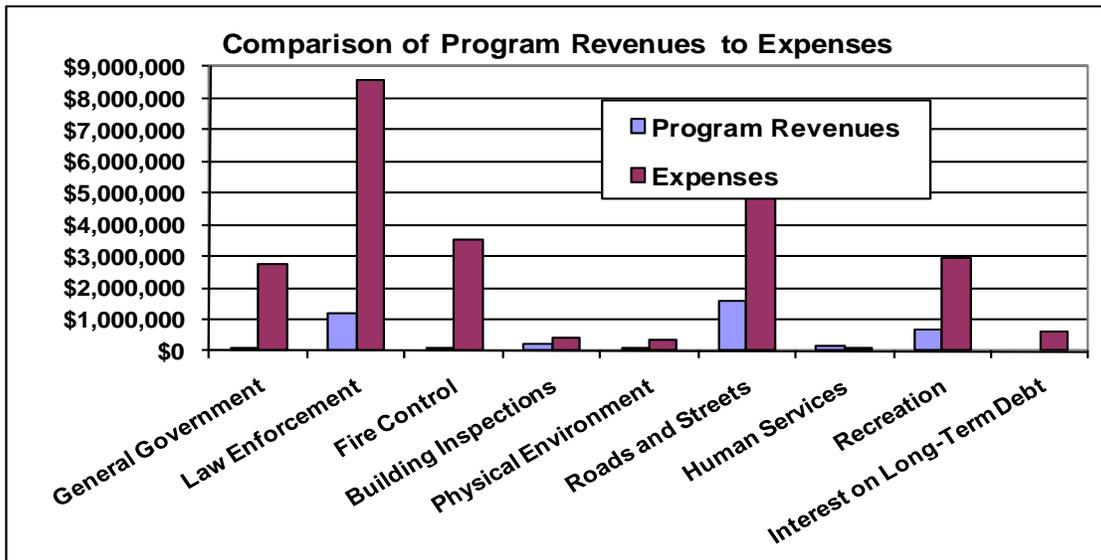
The net revenue decrease of \$254 thousand resulted from decreases in revenues for charges for services, property taxes, state shared revenues, and interest revenues which were partially offset by increases in operating grants and contributions, capital grants and contributions, other taxes, other intergovernmental revenues, and miscellaneous revenues. See the discussion above the chart for an explanation as to the increases and decreases by source of revenues.

The following graph shows the percentage composition of revenues by source by percent of total revenues for the City's governmental activities for fiscal year 2010:



As can be seen in the preceding chart, property taxes provide only 47% of the total revenues that support governmental activities. The other major sources include state shared revenues, other taxes, and transfers.

The following chart compares current year program revenues to expenses for governmental activities for fiscal year 2010:



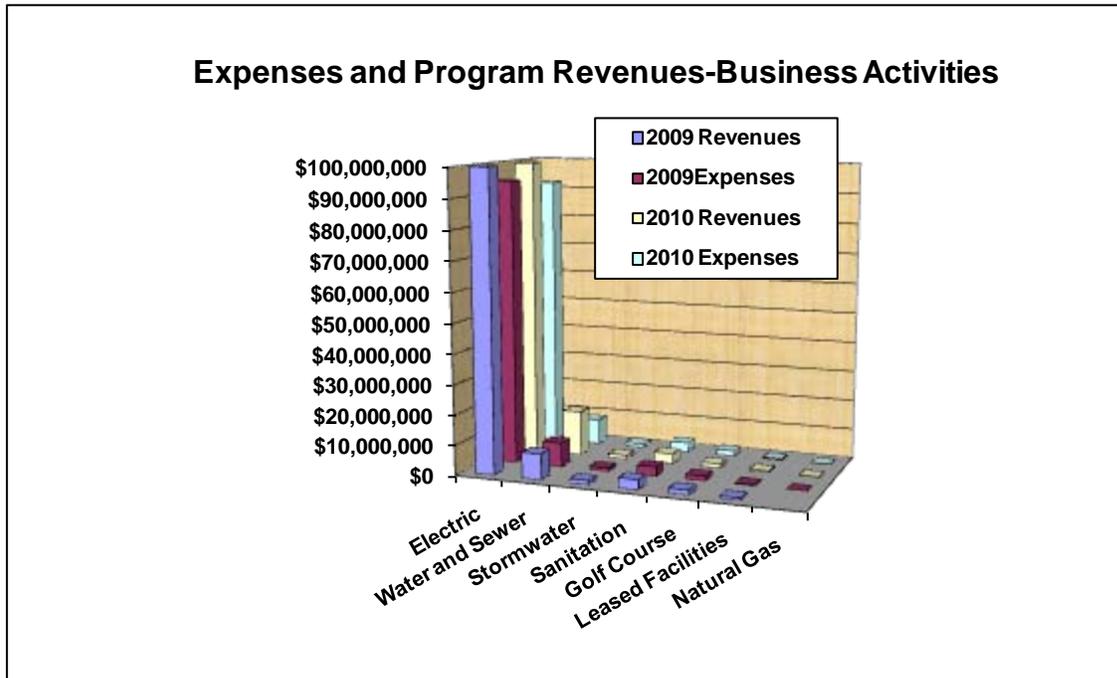
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Business-type Activities

Business-type activities increased the City's net assets by \$22.1 million (after transfers). Key financial factors related to these activities are as follows:

- Total revenues exceeded expenses before transfers by \$15 million compared to \$10.9 million in the prior year.
- Charges for services decreased by \$2.1 million over last year mostly due to a decrease in electric revenues even though kilowatt hour sales increased by 6.5%. The decrease in electric dollar sales was driven by the decrease in the cost of power adjustment charges.
- Total expenses for the electric operations were below last year due to the decrease in the cost of power purchased from the Florida Municipal Power Agency, from which the City receives all of its electricity that it distributes and sells to its customers.
- Cash increased by \$3.7 million mostly due to the transfer of bond proceeds from the Community Redevelopment Fund to the Water and Sewer Fund to finance a portion of the construction of the new wastewater treatment plant.
- Net transfers out to governmental activities were approximately \$4.5 million of which \$3.5 million was for funding government activities and \$1 million was a reimbursement related to the Beach Boulevard construction project paid for from governmental activities.
- \$541 thousand was transferred from the electric enterprise fund to the natural gas enterprise fund to finance an extension of the natural gas system.

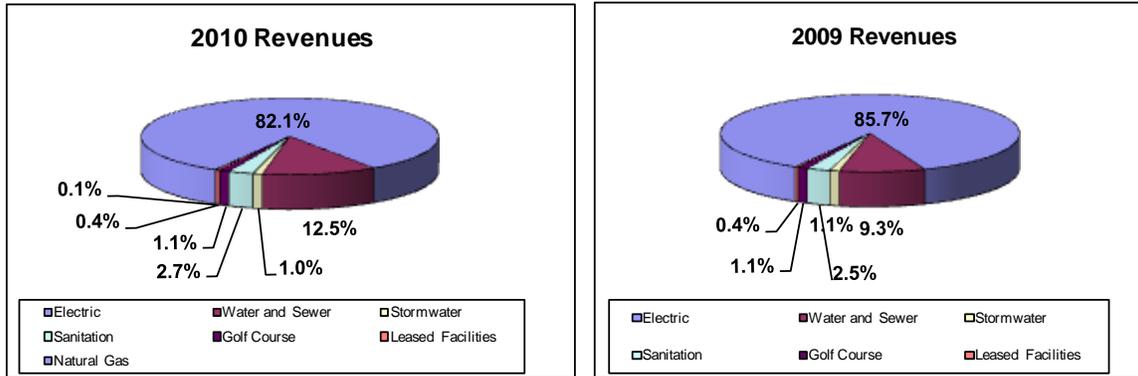
The chart below compares expenses with program revenues for the City's business-type activities for fiscal year 2010. As can be seen in the chart, electric revenue provided the major portion of business-type activities revenues.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

The following chart shows the percentage composition of revenues for business-type activities for the fiscal years 2010 and 2009:

Current Year Revenues by Business-type Activities Compared to Prior Year



As can be seen in the preceding chart, the composition of revenues by business-type activities has not varied significantly from the prior year.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 21-26. The focus of the City's *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and its ability to withstand financial emergencies that may occur in the future.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29 million; of this amount, \$13.6 million constitutes unreserved fund balance. The unreserved fund balance is available for spending at the City's discretion subject to budgetary constraints and future long-term capital improvement and debt financing plans. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as shown in table below:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Reservation	Amount
1. Prepaid Expenditures	\$ 18,000
2. Encumbrances	1,958,389
3. Redevelopment	6,318,120
4. Tourism Expenses	517,760
5. Transportation Improvements	1,633,108
6. Capital Projects	4,818,342
7. Law Enforcement	72,414
8. Utility Assistance Program	24,686
Total Reservation	<u>\$ 15,360,819</u>

General Fund

The financial operations of the General Fund are included in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds which can be found on page 23 of this report.

**CITY OF JACKSONVILLE BEACH
 General Fund
 Statement of Revenues, Expenditures, and Fund Balances**

	<u>2010</u>	<u>2009</u>	<u>Over (Under) Prior Year</u>
Revenues			
Taxes	\$ 9,487,717	\$ 9,535,194	\$ (47,477)
Licenses and Permits	226,214	618,240	(392,026)
Intergovernmental	3,343,004	3,436,865	(93,861)
Charges for Services	275,174	178,609	96,565
Fines and Forfeitures	189,411	199,863	(10,452)
Interest and Other Revenues	308,543	310,246	(1,703)
Total Revenues	<u>13,830,063</u>	<u>14,279,017</u>	<u>(448,954)</u>
Expenditures			
General Government	1,951,886	2,147,944	(196,058)
Public Safety	11,385,543	11,172,780	212,763
Roads and Streets	1,549,363	1,468,733	80,630
Parks and Recreation	2,163,292	2,298,845	(135,553)
Total Expenditures	<u>17,050,084</u>	<u>17,088,302</u>	<u>(38,218)</u>
(Deficiency) Excess of Revenues			
(Under) Over Expenditures	(3,220,021)	(2,809,285)	(410,736)
Other Financing Sources			
Transfers in	4,013,125	4,136,545	(123,420)
Transfers out	<u>(440,299)</u>	<u>(923,151)</u>	<u>482,852</u>
Net Change in Fund Balances	352,805	404,109	(51,304)
Fund Balance-Beginning of Year	<u>8,020,158</u>	<u>7,616,049</u>	<u>404,109</u>
Fund Balance-End of Year	<u>\$ 8,372,963</u>	<u>\$ 8,020,158</u>	<u>\$ 352,805</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

The General Fund is the chief operating fund of the City. The preceding schedule compares 2010 revenues and expenditures with the prior year. The largest revenue variance was for licenses and permits which were largely because the City reclassified \$273 thousand in revenues classified in prior years as occupational licenses as business taxes due to a change in the state chart of accounts, and building related permits declined \$121 thousand. Charges for services increased because a parking fee for parking in certain City lots was created in 2010 and generated \$105 thousand.

Expenditures reflected a small decrease in total while transfers out were significantly less due to less being transferred from the General Fund in 2010 for capital projects.

At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8.3 million while the total fund balance was \$8.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 48% of total General Fund expenditures. However, it should also be noted that the City transferred approximately \$331 thousand not included in total expenditures to other funds to pay for operating expenses in other funds.

General Fund Budgetary Highlights

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for the General Fund can be found on page 25 of this report.

The difference between the original budget and the final amended budget was an increase in net appropriations of \$385 thousand for expenditures and \$194 thousand for transfers out. Major amendments are summarized in Note 3 in the notes to the financial statements.

Budget amendments were adopted anticipating using available fund balance or revenues in excess of the original budget projections. However, in 2010 the fund balance of the City's General Fund was increased by \$353 thousand because revenues were slightly less than budgetary estimates but expenditures were significantly less than budgetary estimates, thus eliminating the need to make any significant withdrawal from existing fund balance.

Actual revenues came in below final budgeted revenues by 7.7%, and actual expenditures were 9.6% under budget. Total revenues were below budgeted revenues because taxes, licenses and permits, intergovernmental, fines and forfeitures, and interest and other revenues were below budgeted estimates. These categories came in under estimated revenues because of decreases in building permit revenues, sales taxes, and interest revenues that were driven by the general decline of the local and national economy. Total expenditures came in under budget because the departments actively managed their individual budgets assuring compliance with budgetary limits and therefore the City did not have to spend most of the monies it had budgeted for unanticipated contingencies. In addition, a significant portion of the non-departmental budget was for unanticipated contingencies for emergencies or other unplanned expenditures for which only a minor amount was spent.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

Other Major Governmental Funds

The first of the two major governmental funds other than the General Fund is the General Capital Projects Fund. The purpose of this fund is mainly to account for major capital projects that are mostly related to roads and streets construction projects, although the City also funds major equipment purchases in this fund. The financial activities of this fund are included in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds on page 23 of this report. The capital projects in this fund are primarily funded by transfers from other funds, debt, or grants. In Fiscal Year 2010, approximately \$224 thousand of the expenditures in this fund are related to various road and street improvement projects, \$760 thousand for major drainage improvements, \$567 thousand for a recreation center landscaping and improvements, \$258 thousand for cemetery improvements, \$690 thousand for public safety radio tower and equipment, \$33 thousand for upgrading the fiber optic system, \$58 thousand for computer services and equipment, and nine thousand on miscellaneous expenses.

The Community Redevelopment Fund is the other major governmental fund which is also presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. A more detailed summary of the activities in this fund can be found in Note 19 in the notes to the financial statements. The decrease in fund balance was driven by the amounts spent on capital projects in the redevelopment districts and transfers out to the Water and Sewer Fund for a prorated share of the new wastewater treatment plant construction costs.

Proprietary Funds

The fund financial statements for the City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but in more detail. The proprietary fund financial statements can be found on pages 27-31 of this report.

Factors concerning the finances of the proprietary funds have been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$250.9 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, improvements, infrastructure, utility systems and equipment. The total net increase in the City's investment in capital assets for the current fiscal year was \$16.2 million.

Major capital asset activity during the current fiscal year included the following construction or renovation projects:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

- Downtown Visioning Project Phase 2
- Avalon Residential Infrastructure Improvements
- South Beach Re-pipe Gravity Sewer Mains
- 2nd Street N Drainage Improvements
- A1A Streetscape Downtown Improvements
- Beach Blvd Widening and Water/Sewer Improvements
- Cremation Garden
- Radio Tower
- Carver Center Landscape and Park Improvements
- Natural Gas Distribution System
- Wastewater Plant Upgrade
- Ponte Vedra Blvd Electric Conversion - Micklers to Sawgrass
- Atlantic Blvd Electric Feeder Rebuild
- De-Leon Shores Phase 2 Electric Underground Rebuild
- MSD Electric Conversion San Juan Drive
- 10th Street S Electric Feeder Rebuild Phase 1
- Florida Blvd Electric Overhead Feeder Upgrade
- Seabreeze Ave Electric Upgrade
- Osceola Ave Electric Feeder Rebuild
- Avalon Subdivision Electric - 37th Ave S

Additional information on the City's capital assets can be found in Note 8 beginning on page 48 of this report. As can be seen in the schedule of capital activity in this note, the City has continued to invest significantly in its capital assets for both governmental and business-type activities.

Long-term Debt

At the end of the current year, the City had total bonded debt outstanding of \$53.5 million (net of unamortized bond discount and deferred loss on refunding). None of this debt is considered general obligation bond debt, backed by the full faith and credit of the City. All of the City's long-term debt represents bonds secured solely by specified revenue sources.

Bonded Indebtness

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue Bonds:						
Infrastructure Sales Tax	\$ 4,220,000	\$ 8,395,000			\$ 4,220,000	\$ 8,395,000
Tax Increment	10,591,554	8,983,595			10,591,554	8,983,595
Utility Revenue			\$ 41,588,967	\$ 45,129,165	41,588,967	45,129,165
Total Outstanding	14,811,554	17,378,595	41,588,967	45,129,165	56,400,521	62,507,760
Less:						
Unamortized Discount			(88,779)	(106,571)	(88,779)	(106,571)
Unamortized Bond Refunding Loss			(2,854,888)	(3,427,005)	(2,854,888)	(3,427,005)
Total Net Outstanding	<u>\$ 14,811,554</u>	<u>\$ 17,378,595</u>	<u>\$ 38,645,300</u>	<u>\$ 41,595,589</u>	<u>\$ 53,456,854</u>	<u>\$ 58,974,184</u>

**MANAGEMENT’S DISCUSSION AND ANALYSIS
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 CITY OF JACKSONVILLE BEACH, FLORIDA**

The City’s total debt outstanding decreased by \$6.1 million or 9.7% because of scheduled principal payments (\$2.6 million in Governmental Activities and \$3.5 million in the Business-type Activities).

The bond ratings continue to reflect that the City’s bonds have strong investment quality characteristics as shown below.

	Moody’s Investor Service	Fitch Investors Service
Business-type Obligations	A-1	AA-

Moody’s reaffirmed their rating and Fitch upgraded their rating from an A- in 2010 for the Business-Type bonds. All of the Governmental Activity bonds are unrated and all but one are qualified tax-exempt obligations pursuant to Section 265 (b)(3), Internal Revenue Code of 1986. The one that is not is a private activity bond.

Additional information on the City’s long-term debt can be found in Notes 9, 10, and 11 on pages 50-54 of this report.

Economic Factors and Next Year’s Budget and Rates

The strength of the local economy has continued to slow in the past year due to the national economic downturn. The City’s 2011 budget anticipates reductions in property, sales, fuel, and tourist taxes and building permit fees. During the past few years the state legislature has passed property tax reform legislation that reduced the amount of property taxes collected by many local governments. In addition, it appears that the state legislature may again try to propose legislation that will further reduce property tax revenues beginning in fiscal year 2012. The City is closely monitoring its financial operations and planning for future revenue reductions related to additional property tax reform initiatives by the state legislature.

Of particular concern to management has been the trend of increasing costs for health and pension benefits for employees. During the next budget cycle (Fiscal Year 2012), these costs will be thoroughly reviewed and options for mitigating this trend in the future will be examined and discussed with the City Council.

In the near future, changes in the electric industry due to global warming concerns and the increase in the cost of power resulting from changes in the availability and types of electrical demand resources will have a significant financial impact on the City’s revenue sources. Still another recent development that will greatly affect our operating and capital costs are new Federal regulations concerning the levels of nutrients in wastewater plants. The design and construction costs for the treatment facilities currently under construction to meet these new requirements will be in excess of \$21 million.

We expect to continue to be careful about managing the City’s resources and cautious about increases in spending and service levels. We are very concerned about continuing to provide the level of service to our citizens we have in the past, given the economic downturn, property tax reform initiatives by the state legislature, and new Federal regulations affecting our utility operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

Each year, the City begins its annual budget process with a financial evaluation of its current financial position. This evaluation considers local and national economic trends, financial and statistical analysis, a five-year capital improvement plan, and a five-year cash flow analysis for major City operations. We feel strongly that with careful planning and due diligence we can overcome the concerns we have that will affect our financial position and operations while meeting our budget objectives each year. The budget objectives for the Fiscal Year 2011 budget include the following:

- The 2011 departmental budgets for personnel and operating costs will be less than or equal to the 2010 departmental budgets.
- Spending patterns in all funds must be sustainable.
- The General Fund Budget will be based on the rolled back millage rate of \$4.0947.
- All operating budgets will be balanced.
- Maintaining the ability to provide core service levels.
- Adequate maintenance of City equipment, facilities and infrastructure.
- Minimize future debt through long-term financial planning and capital budgeting.

Requests for Information

This financial report is designed to provide users with a general overview of the City of Jacksonville Beach's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida, 32250. You can also visit our website at www.jacksonvillebeach.org.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 28,849,668	\$ 40,521,171	\$ 69,370,839
Other Cash and Investments	74,869	2,397,396	2,472,265
Accounts Receivable, Net	323,818	20,036,072	20,359,890
Assessments Receivable, Net	67,044	9,521	76,565
Due from Other Governments	1,196,349	503,196	1,699,545
Inventories		1,250,676	1,250,676
Prepaid Items	48,275	115,420	163,695
Deposits	1,516,512		1,516,512
Restricted Assets:			
Equity in Pooled Cash and Investments	2,166,644	10,177,365	12,344,009
Capital Assets:			
Nondepreciable	31,611,390	28,860,115	60,471,505
Depreciable, Net	51,105,835	139,318,637	190,424,472
Bond Issue Costs, Net		317,854	317,854
Total Assets	116,960,404	243,507,423	360,467,827
Liabilities			
Accounts Payable	397,018	7,015,615	7,412,633
Accrued Interest		890,369	890,369
Other Accrued Liabilities	448,800	1,591,167	2,039,967
Power Costs Recovered in Advance		2,813,268	2,813,268
Deposits	11,169	4,729,722	4,740,891
Unearned Revenues	163,451	41,537	204,988
Self-insurance Claims Payable	829,498		829,498
Noncurrent Liabilities:			
Due Within One Year	3,321,330	3,989,339	7,310,669
Due in More Than One Year	15,540,473	36,968,676	52,509,149
Total Liabilities	20,711,739	58,039,693	78,751,432
Net Assets			
Invested in Capital Assets, Net of Related Debt	72,717,821	129,851,305	202,569,126
Restricted for:			
Redevelopment	6,941,163		6,941,163
Tourism	535,760		535,760
Transportation Improvements	1,813,003		1,813,003
Capital Projects	497,882	2,571,810	3,069,692
Law Enforcement	72,414		72,414
Utility Assistance	24,686		24,686
Unrestricted	13,645,936	53,044,615	66,690,551
Total Net Assets	\$ 96,248,665	\$ 185,467,730	\$ 281,716,395

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 2,773,496	\$ 54,617			\$ (2,718,879)		\$ (2,718,879)
Law Enforcement	8,551,929	145,164	\$ 625,650	\$ 457,576	(7,323,539)		(7,323,539)
Fire Control	3,540,877		984	9,949	(3,529,944)		(3,529,944)
Building Inspections	448,328	257,693			(190,635)		(190,635)
Physical Environment	367,166	23,866	468		(342,832)		(342,832)
Roads and Streets	5,531,743	129,850		1,433,657	(3,968,236)		(3,968,236)
Human Services	81,754		183,177		101,423		101,423
Parks and Recreation	2,920,198	104,251	592,856		(2,223,091)		(2,223,091)
Interest on Long-term Debt	626,709				(626,709)		(626,709)
Total Governmental Activities	24,842,200	715,441	1,403,135	1,901,182	(20,822,442)	\$ 0	(20,822,442)
Business-type Activities							
Electric	92,079,658	99,335,420	128,063	119,309		7,503,134	7,503,134
Water and Sewer	8,567,596	8,799,017		6,310,969		6,542,390	6,542,390
Stormwater	1,202,504	1,242,265				39,761	39,761
Sanitation	3,040,014	3,146,460	178,652			285,098	285,098
Golf Course	1,675,714	1,336,243				(339,471)	(339,471)
Leased Facilities	369,927	541,785				171,858	171,858
Natural Gas	99,804	89,255				(10,549)	(10,549)
Total Business-type Activities	107,035,217	114,490,445	306,715	6,430,278	0	14,192,221	14,192,221
Total Primary Government	\$ 131,877,417	\$ 115,205,886	\$ 1,709,850	\$ 8,331,460	(20,822,442)	14,192,221	(6,630,221)
		General Revenues					
		Taxes:					
		Property Taxes			15,625,045		15,625,045
		Franchise Taxes			5,280		5,280
		Infrastructure Surtax			944,140		944,140
		Communication Service Tax			1,275,419		1,275,419
		Convention Development Tax			220,694		220,694
		Fuel Taxes			747,903		747,903
		Other Taxes			273,107		273,107
		State-shared Revenues (Unrestricted)			2,434,706		2,434,706
		Other Intergovernmental Revenues (Unrestricted)			35,033		35,033
		Interest			663,193	795,084	1,458,277
		Miscellaneous			21,916		21,916
		Net Transfers			(7,152,937)	7,152,937	0
		Total General Revenues and Transfers			15,093,499	7,948,021	23,041,520
		Change in Net Assets			(5,728,943)	22,140,242	16,411,299
		Net Assets, Beginning of Year			101,977,608	163,327,488	265,305,096
		Net Assets, End of Year			\$ 96,248,665	\$ 185,467,730	\$ 281,716,395

See accompanying notes.

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 8,840,115	\$ 5,381,206	\$ 4,809,444	\$ 6,815,105	\$ 25,845,870
Other Cash and Investments	4,255				4,255
Receivables:					
Accounts, Net	199,995			2,960	202,955
Assessments, Net	11,294		3,647	52,103	67,044
Interfund Receivables	35,149				35,149
Due from Other Governments	706,753	92,514		397,082	1,196,349
Prepaid Expenditures	18,000				18,000
Deposits			1,011,070	505,442	1,516,512
Restricted Cash			2,166,644		2,166,644
Total Assets	9,815,561	5,473,720	7,990,805	7,772,692	31,052,778
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	113,224	145,480	23,654	18,670	301,028
Other Accrued Liabilities	314,525		11,271	3,110	328,906
Interfund Payables				35,149	35,149
Deposits	10,444			725	11,169
Deferred Revenue	1,004,405		3,647	379,077	1,387,129
Total Liabilities	1,442,598	145,480	38,572	436,731	2,063,381
Fund Balances					
Reserved for:					
Prepaid Expenditures	18,000				18,000
Encumbrances	96,442	839,319	623,043	399,585	1,958,389
Redevelopment			6,318,120		6,318,120
Tourism Expenses				517,760	517,760
Transportation Improvements			1,011,070	622,038	1,633,108
Capital Projects				4,818,342	4,818,342
Law Enforcement				72,414	72,414
Utility Assistance				24,686	24,686
Unreserved, Reported in:					
General Fund	8,258,521				8,258,521
Special Revenue Funds				808,007	808,007
Debt Service Funds				54,227	54,227
Capital Projects Funds		4,488,921		18,902	4,507,823
Total Fund Balances	8,372,963	5,328,240	7,952,233	7,335,961	28,989,397
Total Liabilities and Fund Balances	\$ 9,815,561	\$ 5,473,720	\$ 7,990,805	\$ 7,772,692	\$ 31,052,778

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Fund Balance - Total Governmental Funds \$ 28,989,397

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Capital Assets	\$ 118,016,367	
(Accumulated Depreciation)	<u>(36,411,767)</u>	81,604,600

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		1,223,678
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Revenue Bonds	(14,811,554)	
Accrued Other Postemployment Benefits	(769,370)	
Compensated Absences	<u>(2,204,370)</u>	(17,785,294)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported with governmental activities.		<u>2,216,284</u>
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Net Assets of Governmental Activities \$ 96,248,665

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,487,717		\$ 7,703,134	\$ 1,918,737	\$ 19,109,588
Licenses and Permits	226,214			3,350	229,564
Intergovernmental	3,343,004	\$ 1,221,719	494,612	628,341	5,687,676
Charges for Services	275,174		4,472	10,034	289,680
Fines and Forfeitures	189,411			321,168	510,579
Interest and Other Revenue	308,543	89,414	160,180	277,906	836,043
Total Revenues	13,830,063	1,311,133	8,362,398	3,159,536	26,663,130
Expenditures					
Current:					
General Government	1,951,886	47,259	257,830	832	2,257,807
Public Safety	11,385,543	41,543	367,477	331,293	12,125,856
Physical Environment		100		507,157	507,257
Roads and Streets	1,549,363	25,026		910,236	2,484,625
Human Services				81,754	81,754
Parks and Recreation	2,163,292			361,760	2,525,052
Debt Service:					
Principal			1,832,041	735,000	2,567,041
Interest and Fees			303,644	323,065	626,709
Capital Outlay		2,484,480	3,517,662	728,582	6,730,724
(Total Expenditures)	(17,050,084)	(2,598,408)	(6,278,654)	(3,979,679)	(29,906,825)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(3,220,021)	(1,287,275)	2,083,744	(820,143)	(3,243,695)
Other Financing Sources (Uses)					
Transfers in	4,013,125	1,399,342	2,304	1,269,162	6,683,933
Transfers (out)	(440,299)		(3,396,001)	(1,893,755)	(5,730,055)
Total Other Financing Sources (Uses)	3,572,826	1,399,342	(3,393,697)	(624,593)	953,878
Net Change in Fund Balances	352,805	112,067	(1,309,953)	(1,444,736)	(2,289,817)
Fund Balances, Beginning of Year	8,020,158	5,216,173	9,262,186	8,780,697	31,279,214
Fund Balances, End of Year	\$ 8,372,963	\$ 5,328,240	\$ 7,952,233	\$ 7,335,961	\$ 28,989,397

See accompanying notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Change in Fund Balance - Total Governmental Funds \$ (2,289,817)

**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 as depreciation expense:

Expenditures for Capital Assets	\$ 7,797,729	
Disposals and Transfers	(10,488,567)	
(Current Year Depreciation)	<u>(2,613,546)</u>	(5,304,384)

Pension contributions beneath the annual pension cost decreases the net pension asset on the statement of net assets.		(74,852)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

Principal Payments	<u>2,567,041</u>	2,567,041
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Accrued Compensated Absences	(85,384)	
Other Postemployment Benefits	<u>(213,441)</u>	(298,825)

Some revenues have been deferred in the governmental funds because they were not available at year-end, but have been recognized in the statement of activities.		(289,261)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		<u>(38,845)</u>
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Change in Net Assets of Governmental Activities \$ (5,728,943)

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 10,045,700	\$ 10,045,700	\$ 9,487,717	\$ (557,983)
Licenses and Permits	355,800	355,800	226,214	(129,586)
Intergovernmental	3,586,398	3,656,038	3,343,004	(313,034)
Charges for Services	146,575	277,663	275,174	(2,489)
Fines and Forfeitures	251,500	251,500	189,411	(62,089)
Interest and Other Revenue	363,000	400,657	308,543	(92,114)
Total Revenues	<u>14,748,973</u>	<u>14,987,358</u>	<u>13,830,063</u>	<u>(1,157,295)</u>
Expenditures				
Executive	766,835	767,085	613,300	153,785
Central Services	505,309	510,160	459,074	51,086
Planning and Development	714,216	714,502	614,440	100,062
Parks and Recreation	2,241,011	2,308,060	2,163,292	144,768
Public Works	1,581,916	1,591,253	1,549,362	41,891
Police	8,037,604	8,184,736	7,683,452	501,284
Fire	3,435,225	3,526,769	3,273,064	253,705
Nondepartmental	1,201,322	1,265,414	694,100	571,314
(Total Expenditures)	<u>(18,483,438)</u>	<u>(18,867,979)</u>	<u>(17,050,084)</u>	<u>1,817,895</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(3,734,465)</u>	<u>(3,880,621)</u>	<u>(3,220,021)</u>	<u>660,600</u>
Other Financing Sources (Uses)				
Transfers in	3,980,396	4,067,306	4,013,125	(54,181)
Transfers (out)	(245,931)	(440,299)	(440,299)	0
Total Other Financing Sources (Uses)	<u>3,734,465</u>	<u>3,627,007</u>	<u>3,572,826</u>	<u>(54,181)</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ (253,614)</u>	<u>\$ 352,805</u>	<u>\$ 606,419</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,427,682	\$ 7,703,134	\$ 7,703,134	\$ 0
Intergovernmental			494,612	494,612
Charges for Services			4,472	4,472
Interest and Other Revenue	260,000	260,000	160,180	(99,820)
Total Revenues	<u>7,687,682</u>	<u>7,963,134</u>	<u>8,362,398</u>	<u>399,264</u>
Expenditures				
Current:				
General Government	166,960	432,698	257,830	174,868
Public Safety	380,048	379,432	367,477	11,955
Debt Service:				
Principal	1,832,047	1,832,047	1,832,041	6
Interest and Fees	313,638	313,638	303,644	9,994
Capital Outlay	22,223	7,655,871	3,517,662	4,138,209
(Total Expenditures)	<u>(2,714,916)</u>	<u>(10,613,686)</u>	<u>(6,278,654)</u>	<u>4,335,032</u>
Excess of Revenues Over Expenditures				
	<u>4,972,766</u>	<u>(2,650,552)</u>	<u>2,083,744</u>	<u>4,734,296</u>
Other Financing Sources (Uses)				
Transfers in		2,304	2,304	0
Transfers (out)	(3,396,001)	(3,396,001)	(3,396,001)	0
Total Other Financing Sources (Uses)	<u>(3,396,001)</u>	<u>(3,393,697)</u>	<u>(3,393,697)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 1,576,765</u>	<u>\$ (6,044,249)</u>	<u>\$ (1,309,953)</u>	<u>\$ 4,734,296</u>

See accompanying notes.

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Assets					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 23,407,800	\$ 7,962,815	\$ 9,150,556	\$ 40,521,171	\$ 3,003,798
Other Operating Cash	6,310	4,073	1,900	12,283	70,614
Other Investments	1,431,068	954,045		2,385,113	
Receivables:					
Accounts, Net	18,204,481	1,191,590	640,001	20,036,072	120,863
Assessments, Net		9,521		9,521	
Due from Other Governments		503,196		503,196	
Inventories	1,234,337		16,339	1,250,676	
Other Prepaid Expenses	110,377		5,043	115,420	30,275
Restricted Assets:					
Equity in Pooled Cash and Investments	7,657,904	1,496,575	1,022,886	10,177,365	
Total Current Assets	<u>52,052,277</u>	<u>12,121,815</u>	<u>10,836,725</u>	<u>75,010,817</u>	<u>3,225,550</u>
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	746,243	3,659,469	
Buildings and Improvements	157,986,548	56,007,305	22,399,764	236,393,617	1,610,007
Equipment	3,253,762	2,399,000	1,492,134	7,144,896	2,426,193
Construction in Progress	4,230,490	18,579,428	2,390,728	25,200,646	
	<u>168,022,056</u>	<u>77,347,703</u>	<u>27,028,869</u>	<u>272,398,628</u>	<u>4,036,200</u>
(Accumulated Depreciation)	<u>(68,606,487)</u>	<u>(28,148,018)</u>	<u>(7,465,371)</u>	<u>(104,219,876)</u>	<u>(2,923,575)</u>
Total Capital Assets, Net of Accumulated Depreciation	99,415,569	49,199,685	19,563,498	168,178,752	1,112,625
Other Assets:					
Bond Issue Costs, Net	187,224	130,630		317,854	0
Total Noncurrent Assets	<u>99,602,793</u>	<u>49,330,315</u>	<u>19,563,498</u>	<u>168,496,606</u>	<u>1,112,625</u>
Total Assets	<u>151,655,070</u>	<u>61,452,130</u>	<u>30,400,223</u>	<u>243,507,423</u>	<u>4,338,175</u>

See accompanying notes.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 5,878,386	\$ 545,980	\$ 591,249	\$ 7,015,615	\$ 95,990
Power Costs Recovered in Advance	2,813,268			2,813,268	
Other Accrued Liabilities	637,428	876,102	77,637	1,591,167	119,894
Unearned Revenue		8,679	32,858	41,537	
Estimated Liability for Self-insured Losses				0	829,498
Current Portion of Long-term Debt:					
Compensated Absences	239,087	105,413	6,911	351,411	215,300
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	1,884,800	1,315,200	437,928	3,637,928	
Accrued Interest	517,040	360,181	13,148	890,369	
Customer Deposits	4,729,722			4,729,722	
Total Current Liabilities	16,699,731	3,211,555	1,159,731	21,071,017	1,260,682
Noncurrent Liabilities:					
Revenue Bonds Payable	20,167,475	14,388,858	451,040	35,007,373	
Accrued Compensated Absences	956,350	421,650	27,646	1,405,646	861,209
Other Postemployment Benefits	350,492	162,423	42,742	555,657	
Total Noncurrent Liabilities	21,474,317	14,972,931	521,428	36,968,676	861,209
Total Liabilities	38,174,048	18,184,486	1,681,159	58,039,693	2,121,891
Net Assets					
Invested in Capital Assets, Net of Related Debt	77,550,518	33,626,257	18,674,530	129,851,305	1,112,625
Restricted for:					
Renewal and Replacement	1,500,000	500,000	571,810	2,571,810	
Unrestricted	34,430,504	9,141,387	9,472,724	53,044,615	1,103,659
Total Net Assets	\$ 113,481,022	\$ 43,267,644	\$ 28,719,064	\$ 185,467,730	\$ 2,216,284

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds		
Operating Revenues					
Charges for Services	\$ 99,205,551	\$ 8,724,408	\$ 5,808,257	\$ 113,738,216	\$ 11,294,580
Other	129,869	74,609	547,751	752,229	26,753
Total Operating Revenues	<u>99,335,420</u>	<u>8,799,017</u>	<u>6,356,008</u>	<u>114,490,445</u>	<u>11,321,333</u>
Operating Expenses					
Purchased Power	76,470,502		68,257	76,538,759	
Personal Services	4,178,598	2,582,092	653,423	7,414,113	4,167,237
Purchased Services	955,518	374,827	3,843,002	5,173,347	983,083
Repairs and Maintenance	372,515	634,103	227,762	1,234,380	468,152
Depreciation	4,751,462	1,803,018	863,953	7,418,433	180,798
Materials and Supplies	574,747	255,235	69,691	899,673	485,959
Other Expenses	3,412,808	1,968,728	635,650	6,017,186	5,074,654
(Total Operating Expenses)	<u>(90,716,150)</u>	<u>(7,618,003)</u>	<u>(6,361,738)</u>	<u>(104,695,891)</u>	<u>(11,359,883)</u>
Operating Income (Loss)	<u>8,619,270</u>	<u>1,181,014</u>	<u>(5,730)</u>	<u>9,794,554</u>	<u>(38,550)</u>
Nonoperating Revenues (Expenses)					
Investment Earnings	398,650	246,906	149,528	795,084	44,274
Interest Expense	(1,440,709)	(941,711)	(26,225)	(2,408,645)	
Intergovernmental Revenue	128,063		178,652	306,715	
Gain (Loss) on Disposal of Capital Assets	77,202	(7,882)		69,320	(9,569)
Total Nonoperating Revenues (Expenses)	<u>(836,794)</u>	<u>(702,687)</u>	<u>301,955</u>	<u>(1,237,526)</u>	<u>34,705</u>
Income (Loss) Before Contributions and Transfers	<u>7,782,476</u>	<u>478,327</u>	<u>296,225</u>	<u>8,557,028</u>	<u>(3,845)</u>
Capital Contributions					
Connection Fees	44,910	15,175		60,085	
Capital Grants		6,179,766		6,179,766	
Developer Contributions	74,399	116,028		190,427	
Contributions from Other Funds		3,801,557	4,270,257	8,071,814	
Total Capital Contributions	<u>119,309</u>	<u>10,112,526</u>	<u>4,270,257</u>	<u>14,502,092</u>	<u>0</u>
Transfers					
Transfers in		3,399,058	729,547	4,128,605	
Transfers (out)	(4,027,732)	(731,841)	(287,910)	(5,047,483)	(35,000)
Total Transfers	<u>(4,027,732)</u>	<u>2,667,217</u>	<u>441,637</u>	<u>(918,878)</u>	<u>(35,000)</u>
Change in Net Assets	<u>3,874,053</u>	<u>13,258,070</u>	<u>5,008,119</u>	<u>22,140,242</u>	<u>(38,845)</u>
Total Net Assets, Beginning of Year	<u>109,606,969</u>	<u>30,009,574</u>	<u>23,710,945</u>	<u>163,327,488</u>	<u>2,255,129</u>
Total Net Assets, End of Year	<u>\$ 113,481,022</u>	<u>\$ 43,267,644</u>	<u>\$ 28,719,064</u>	<u>\$ 185,467,730</u>	<u>\$ 2,216,284</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Cash Flows from Operating Activities					
Cash Received from Customers and Users	\$ 105,641,002	\$ 8,662,051	\$ 6,246,247	\$ 120,549,300	\$ 11,200,470
Cash Payments to Vendors for Goods and Services	(81,648,737)	(4,183,691)	(4,456,883)	(90,289,311)	(4,477,710)
Cash Payments to Employees for Services	(4,098,107)	(2,517,390)	(648,652)	(7,264,149)	(4,162,439)
Claims Paid				0	(2,132,303)
Net Cash Provided by (Used in) Operating Activities	19,894,158	1,960,970	1,140,712	22,995,840	428,018
Cash Flows from Noncapital Financing Activities					
Transfers in		3,399,058	729,547	4,128,605	
Intergovernmental Revenue	128,063		178,652	306,715	
Transfers (out)	(4,027,732)	(731,841)	(287,910)	(5,047,483)	(35,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	(3,899,669)	2,667,217	620,289	(612,163)	(35,000)
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets (Excluding Contributed Assets)	(5,099,960)	(13,068,570)	(2,009,448)	(20,177,978)	(179,472)
Removal Costs	(448,962)			(448,962)	
Principal Paid on Revenue Bonds	(1,834,735)	(1,280,265)	(425,196)	(3,540,196)	
Interest Paid on Notes Payable and Long-term Debt	(1,018,418)	(730,886)	(32,514)	(1,781,818)	
Capital Grants		6,791,976		6,791,976	
Connection Fees	44,910	15,175		60,085	
Net Cash Provided by (Used in) Capital and Related Financing Activities	(8,357,165)	(8,272,570)	(2,467,158)	(19,096,893)	(179,472)
Cash Flows from Investing Activities					
Interest Received on Investments	195,604	111,542	149,528	456,674	44,274
Net Cash Provided by (Used in) Investing Activities	195,604	111,542	149,528	456,674	44,274
Net Increase (Decrease) in Cash and Cash Equivalents	7,832,928	(3,532,841)	(556,629)	3,743,458	257,820
Cash and Cash Equivalents, Beginning of Year	23,239,086	12,996,304	10,731,971	46,967,361	2,816,592
Cash and Cash Equivalents, End of Year	\$ 31,072,014	\$ 9,463,463	\$ 10,175,342	\$ 50,710,819	\$ 3,074,412

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>	<u>Totals</u>	Activities - Internal Service Funds
<u>Included on the Accompanying Balance</u>					
<u>Sheet Under the Following Captions</u>					
Current Assets					
Equity in Pooled Cash and Investments	\$ 23,407,800	\$ 7,962,815	\$ 9,150,556	\$ 40,521,171	\$ 3,003,798
Other Operating Cash	6,310	4,073	1,900	12,283	70,614
Restricted Assets					
Equity in Pooled Cash and Investments	7,657,904	1,496,575	1,022,886	10,177,365	
Total	\$ 31,072,014	\$ 9,463,463	\$ 10,175,342	\$ 50,710,819	\$ 3,074,412
<u>Reconciliation of Operating Income (Loss)</u>					
<u>to Net Cash Provided by (Used in)</u>					
<u>Operating Activities</u>					
Operating Income (Loss)	\$ 8,619,270	\$ 1,181,014	\$ (5,730)	\$ 9,794,554	\$ (38,550)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	4,751,462	1,803,018	863,953	7,418,433	180,798
Power Costs Recovered in Advance	8,282,845			8,282,845	
(Decrease) in Estimated Liability for Self-insured Losses					483,499
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	(1,866,204)	(136,060)	(94,481)	(2,096,745)	(120,863)
Due from Other Governments	43,609		20	43,629	
Assessments Receivable		(8,299)		(8,299)	
Inventories	385,545		5,469	391,014	
Prepaid Expenses	(3,848)		1,030	(2,818)	13,321
Accounts Payable and Other Accrued Liabilities	(244,344)	(950,798)	380,981	(814,161)	(94,985)
Customer Deposits	(154,668)			(154,668)	
Accrued Compensated Absences	(16,743)	19,642	(7,087)	(4,188)	4,798
Deferred Revenues		7,393	(15,300)	(7,907)	
Other Postemployment Benefits	97,234	45,060	11,857	154,151	
Net Cash Provided by (Used in)					
Operating Activities	\$ 19,894,158	\$ 1,960,970	\$ 1,140,712	\$ 22,995,840	\$ 428,018
<u>Supplemental Disclosure of Noncash</u>					
<u>Activities</u>					
Capital Assets, Contributed	\$ 74,399	\$ 3,917,585	\$ 4,270,257	\$ 8,262,241	
Amortization of Bond Issue Costs	37,520	26,179		63,699	
Amortization of Bond Discount	10,479	7,312		17,791	
Amortization of Loss on Refunding	374,292	197,825		572,117	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET ASSETS
 ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
 SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Assets

Cash and Cash Equivalents	\$ 2,180,024
Accrued Interest	271,719
Due from Other Governments	80,645
Investments:	
Equities, Including Mutual Funds	32,768,674
Corporate Bonds	13,724,398
U.S. Government Obligations/Agencies	12,482,652
Total Investments	<u>58,975,724</u>
Total Assets	<u><u>61,508,112</u></u>

Liabilities

Accounts Payable	<u>1,799</u>
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Net Assets

Held in Trust for Pension Benefits and Other Purposes	<u><u>\$ 61,506,313</u></u>
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See accompanying notes.

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Additions

Contributions:	
Employee	\$ 1,156,253
Employer	1,429,801
State of Florida	422,174
Total Contributions	<u>3,008,228</u>

Investment Income:	
Investment Earnings	4,921,459
(Investment Expenses)	(208,348)
Net Investment Income	<u>4,713,111</u>

Total Additions	<u>7,721,339</u>
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Deductions

Benefits	4,253,714
Refunds of Contributions	363,833
Administrative Expense	192,831
	<u>4,810,378</u>

(Total Deductions)	<u>(4,810,378)</u>
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Change in Net Assets	2,910,961
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Net Assets, Beginning of Year	<u>58,595,352</u>
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Net Assets, End of Year	<u><u>\$ 61,506,313</u></u>
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See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Jacksonville Beach, Florida, (the City) was founded in 1907 and operates under a City Council/City Manager form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units, if any.

The City has no component units. However, this report does include the accounts and transactions of the following entities, which do not satisfy the definition of component units because they are not legally separate from the City.

- City of Jacksonville Beach General Employees' Retirement System
- City of Jacksonville Beach Police Officers' Retirement System
- City of Jacksonville Beach Fire Fighters' Retirement System
- The City of Jacksonville Beach Community Redevelopment Agency

B. Government-wide and Fund Financial Statements

The City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements required under this statement (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements so as not to distort financial results. Fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements (fund financial statements) are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Concluded)

A reconciliation is provided that converts the results of governmental fund accounting to the governmental activities in the government-wide presentations. The City's fiduciary funds are presented in the fund financial statements by type (pension trust funds only) but as noted above are not included in the government-wide statements.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are allocated among the appropriate governmental and business-type activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as electric, water and sewer, stormwater, sanitation, natural gas and the golf course, or from interfund charges (internal service funds). Operating expenses for these operations include all costs related to providing the service or product. These costs include purchased power, personal and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, accrued compensated absences, and expenditures related to claims and judgments, are recorded only when payment is due. Other postemployment benefits are accrued in governmental funds only if funded.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Only the portion of special assessments collectible within the current period is accrued as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion. All other revenue items are considered to be measurable and available only when cash is received by the government.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

- **General Fund**—is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Most of the essential governmental services such as public safety, street construction and maintenance, culture and recreation, and general administration are provided by the general fund.
- **General Capital Projects Fund**—is the City’s primary capital projects fund. It accounts for the costs of various capital projects, major equipment purchases, and major repairs and renovations.
- **Community Redevelopment Fund**—accounts for the activities of the City’s Community Redevelopment Agency, including the Downtown and Southend redevelopment districts.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major enterprise funds:

- **Electric Fund**—accounts for the activities associated with providing electric service to its customers inside the City, as well as to its service territories in Neptune Beach and Ponte Vedra Beach. The electric fund is a distribution utility, with no significant power generation assets.
- **Water and Sewer Fund**—accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including the capital and operating costs associated with water supply, treatment and distribution, wastewater collection, treatment and disposal, and utility billing and collection.

Governmental and enterprise funds which do not meet the criteria for reporting as *major funds* are grouped together for financial reporting into one column.

In addition, the City reports the following fund types:

- **Internal Service Funds**—account for services provided to other departments within the City on a cost reimbursement basis. These services include: city manager, accounting, data processing, human resources, fleet maintenance, purchasing administration, landscape maintenance, maintenance facility, radio system, and self-insurance. The internal service funds are included in governmental activities for government-wide reporting purposes, and the excess revenue or expenses for the funds are allocated to the appropriate functional activity.
- **Pension Trust Funds**—account for the activities of the general employees' pension, police officers' pension and fire fighters' pension plans, which accumulate resources for defined benefit payments to qualified employees.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the GASB. Governments also have the *option* of following private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges of the City's enterprise activities, which are quasi-external transactions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City does not charge user departments for indirect services provided by general fund departments.

D. Assets, Liabilities and Net Assets or Equity

■ **Cash and Investments**

- **Cash and Cash Equivalents**—for purposes of the statement of cash flows for the proprietary fund types, cash and cash equivalents include demand deposits, certificates of deposit, repurchase agreements with financial institutions, petty cash, state pool investments, mutual funds and equity in pooled cash and investments. 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. Cash equivalents may exclude certain liquid assets held in restricted investment accounts.
- **Equity in Pooled Cash and Investments**—the City maintains an accounting system in which substantially all cash and investments are recorded and are reflected as pooled cash and investments, except for the pension trust fund investments, and certain other investments purchased under the requirements of bond covenants. Investment earnings are distributed monthly in accordance with the participating funds' relative percentage of investments.
- **Restricted Cash and Investments**—represent equity in pooled cash and investments and separately identified investments which are restricted as to use. Bond covenants require certain enterprise funds to establish and maintain prescribed amounts of resources (consisting of cash and investments) that can be used only for specific purposes.

Investments are valued at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

■ **Receivables**

All receivables are reported at their gross value, and where appropriate are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts at September 30, 2010, is \$280,393. In the fund financial statements, recognition of governmental fund type revenues is deferred until they become measurable and available, in accordance with the modified accrual basis of accounting. Estimated unbilled revenues from the electric, water and sewer, stormwater and sanitation funds are recognized at the end of each fiscal year on a pro rata basis. Included in accounts receivable at September 30, 2010, are unbilled amounts totaling \$10,076,004. The estimated amount is based on billings during the month following the close of the fiscal year.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

■ **Interfund Receivables and Payables**

During the course of its operations, the City has numerous transactions between funds to provide services, construct assets and service debt. To the extent that certain transactions between funds were not paid for or received as of September 30, 2010, balances of interfund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of interfund receivables and payables not expected to be liquidated within one year, if any, are recorded as advances to and advances from other funds. Balances of advances to other funds are reserved in the fund balances of the respective funds since these balances are not available for appropriation. Short-term interfund loans to eliminate cash deficits are classified as “interfund receivables/payable.”

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

■ **Inventories**

Inventories are only significant to and reported in proprietary funds. Inventories are valued at the lower of cost or net realizable value, using the first-in, first-out (FIFO) method. Inventory in the internal service funds consist of expendable supplies held for consumption.

■ **Deposits**

Deposits consist of amounts held in escrow by the Florida Department of Transportation as part of a construction agreement with the City for improvements to 9th Street South. This agreement is more fully described in Note 17.

■ **Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial estimated useful life in excess of one year and individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Interest on revenue bonds, the proceeds of which are used to finance the construction of certain assets, is capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds. No net interest cost was capitalized in the enterprise funds or the government-wide financial statements in 2010.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

■ **Capital Assets (Concluded)**

In proprietary fund types, capital assets are capitalized at cost in the fund which acquired or constructed them. Donated assets are recorded at fair value. Depreciation of exhaustible capital assets used by these funds is charged as an expense against operations, and accumulated depreciation is reported on the balance sheets of the funds in which the assets are capitalized. Depreciation has been provided over the estimated useful life of each asset using the straight-line method. The range of estimated useful lives of capital assets are:

Buildings and Improvements	30-35 Years
Infrastructure	15-75 Years
Vehicles and Equipment	3-15 Years

Capital assets are not recorded on the balance sheet of governmental funds.

■ **Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and refunding losses are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Underwriting and other bond issuance costs are deferred and amortized over the term of the bonds also using the straight-line method.

In the fund financial statements, governmental fund types record bond premiums and discounts, as well as bond issuance costs in the year incurred. The face amount of debt and premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

■ **Compensated Absences**

City employees are entitled to certain compensated absences based on their length of employment. Accumulated unpaid vacation and sick pay are accrued when earned in the enterprise and internal service funds, but are only recorded when paid in the governmental fund types.

City employees are permitted to accumulate two years of accrued vacation leave and an unlimited amount of accrued sick leave. If an employee retires from the City with at least five years of service he/she will be paid for unused sick leave up to ninety days not to exceed 720 hours. Additionally, employees retiring with twenty years service may be eligible for a supplemental percentage payment of sick leave as outlined below.

The employee must:

1. Be retiring under the City's pension plan in "good standing"
2. Possess twenty years of service
3. Possess a sick leave balance of 720 hours

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

D. Assets, Liabilities and Net Assets or Equity (Concluded)

■ **Compensated Absences (Concluded)**

If the employee meets the above criteria, he/she is eligible for 25% of any hours accrued over 720 to a maximum of 2,880. Upon termination of employment, an employee is paid for his/her accrued vacation leave based on their current hourly rate of pay. If an employee has not used any sick leave for four consecutive calendar quarters, the employee may elect to convert two days of unused sick leave to either two days vacation or two days pay. In addition, employees using one day of sick leave or less in four consecutive calendar quarters may convert one day of unused sick leave to either one days vacation leave or one days pay. For the governmental activities, compensated absences are generally liquidated by the general fund.

■ **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

■ **Pension Costs**

The provision for pension costs is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

Note 2 - Property Tax Calendar

The City levies property taxes each November 1, which become a lien on real and personal property located in the City. The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of Duval County, Florida.

Details of the tax calendar are presented below:

Lien Date	January 1, 2009
Levy Date	October 1, 2009
Installment Payments	
First Installment	No Later Than June 30, 2009
Second Installment	No Later Than September 30, 2009
Third Installment	No Later Than December 31, 2009
Fourth Installment	No Later Than March 31, 2010
Regular Payments	
Discount Periods	November 2009 Through February 2010
No Discount Period	After March 1, 2010
Delinquent Date	April 1, 2010

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 3 - Stewardship, Compliance and Accountability

Budgets

The City Council annually adopts a budget resolution for all funds of the City except capital projects funds. Project-length financial plans are adopted for all capital projects funds. Governmental fund annual operating budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Encumbrance accounting is employed in the governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbered appropriations are carried forward into the subsequent years' budgets without being rebudgeted. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, department, division, and object of expenditure, and includes information on the previous two years, current year budget and proposed expenditures, and the means of financing them for the next fiscal year. Public hearings are conducted to obtain taxpayer comments.

Prior to October 1, the budget is legally enacted through passage of a resolution. Overall changes to the adopted budget must be approved by a majority vote of the City Council. The City Council may make supplemental appropriations during the year, up to the amount available for appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to further appropriation.

Budgets are monitored at varying levels of classification detail; however, budgetary control is legally maintained at the fund level, except for the general fund, where it is maintained at the departmental level. Management must seek City Council approval to make budgetary amendments at the departmental level in the general fund, and at the fund level for all other funds. Management may, however, make a budget adjustment as long as it does not increase the overall budget for a department within the general fund or for any other fund in total.

Listed below is a reconciliation of the original budget to final amended budget for the governmental fund types with legally adopted annual budgets:

	<u>Original Budget</u>	<u>Encumbrances Rolled Forward</u>	<u>Supplemental Appropriations</u>	<u>Amended Budget</u>
General Fund	\$ 18,729,369	\$ 130,721	\$ 448,188	\$ 19,308,278
Special Revenue Funds	9,080,410	7,876,824	1,405,879	18,363,113
Debt Service Funds	1,062,740	0	0	1,062,740

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 3 - Stewardship, Compliance and Accountability (Continued)

Budgets (Concluded)

Supplementary budgetary appropriations for the general fund include the following:

- \$5,000 for additional lifeguard staffing
- \$10,500 to purchase new scoreboard at Wingate Park
- \$19,971 for cost of vehicle repairs paid for with insurance proceeds
- \$12,000 for purchase of smoke detectors and supplies paid for by donations and a FIRES grant
- \$10,000 for cost of replacing motor in fire truck
- \$5,000 for cost of sod work at Wingate Park
- \$24,430 for cost of surf camps that was covered by registration fees
- \$75,000 for cost of employee time, security and other services for the Downtown Summer Parking program
- \$2,000 for purchase of security cameras funded by a grant from Target
- \$13,600 for partial cost of police vehicle replacement funded by insurance proceeds
- \$15,787 for purchase of automatic external defibrillators paid for by a grant from the Florida Department of Health
- \$80,553 for cost of removing the failed portion of the bulkhead adjacent to the northeast side of the Beach Boulevard Bridge
- \$185,000 for a transfer to the Golf Course to supplement revenues which were down due to various construction projects
- \$(10,653) reduction in unanticipated budget to offset the cost of other increases

Supplementary budgetary appropriations for the special revenue funds include the following:

- \$100,000 for funding assistance for the American Red Cross Lifeguard station renovation
- \$32,613 for transfer to capital projects to provide partial funding for the Radio Tower project
- \$20,000 to increase budget for the Jazz Series
- \$69,185 for the cost of parking consulting services
- \$230,103 for cost of radios, vehicle and equipment paid for with Justice Assistance Grant
- \$211,960 transfer to capital projects to provide partial funding from a Justice Assistance Grant for the Radio Tower Project
- \$43,455 transfer to the General Fund for partial funding for the Community Response Team provided with a Justice Assistance Grant
- \$35,670 move budget for part-time construction inspector to Local Option Gas Tax Fund
- \$80,553 for cost of removing the failed portion of the bulkhead adjacent to the northeast side of the Beach Boulevard Bridge
- \$24,425 to increase budget for the 2010 asphalt rejuvenation program
- \$60,000 for cost of adding sidewalks to 4th Avenue North
- \$58,541 for costs related to the Downtown Summer Parking program
- \$168,500 for cost of building a water play feature at South Beach Park
- \$270,000 for cost to install concrete footings under the children's play area at South Beach Park
- \$874 various other expenditures

Other Disclosures

During the year, the following individual fund had an excess of expenditures or other financing uses over the related appropriations in the following amount:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 3 - Stewardship, Compliance and Accountability (Concluded)

Other Disclosures (Concluded)

	Excess Expenditures
Special Revenue Funds	
Special Events Fund	\$ 5,567

The above over expenditure related to a special event late in the fiscal year and actual donations received for the event exceeded the over expenditure by a considerable amount.

There was a deficit in fund balance in the J.A.G. grant fund in the amount of (\$35,573). This deficit resulted from the deferral of grant revenues which were not received from the granting agency within the City's 30-day period of availability. This deficit will be resolved in 2011 when funds are received from the granting agency.

Note 4 - Deposits and Investments

Equity in Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earned on pooled cash and investments is allocated to each fund based on the average equity balance. The balance in pooled cash and investments was \$81,714,840 in governmental and business-type funds and \$1,180,012 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$6,355 in petty cash and \$2,465,911 in bank deposits and investments.

Deposits

The City's bank deposits are held in qualified public depositories (QPD's) pursuant to Florida Statutes, Chapter 280. The Act provides protection of public deposits by requiring each QPD to pledge collateral to the State Treasurer. The Treasurer shall establish minimum required collateral pledging levels ranging from 25% to 200% of public deposits held, depending on the depository's financial condition and establishment period. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPD's of the same type as the depositor in default. Therefore, all cash and time deposits held by QPD's are fully insured and collateralized. At September 30, 2010, the carrying amount of the City's deposits held in qualified public depositories was \$8,989,441 and the bank balance was \$9,199,740.

Certain deposits held by trust companies and fully secured under trust business laws are exempt from Chapter 280 requirements. At year-end, the amount of City deposits held in trust was \$2,648,480 and the amount of deposits held in the pension trust funds was \$1,000,012.

Investments

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2010:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Investments (Concluded)

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Investment Maturities</u>			
		<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
U.S. Government Obligations	N/A	\$ 8,954,245	\$ 1,148,546	\$ 5,420,585	\$ 2,385,114
Federal Agency Securities	N/A	7,613,571	1,277,358	6,327,911	8,302
Corporate ABS's	AAA (S&P)	1,065,230		1,065,230	
Corporate Bonds	AAA (S&P)	3,936,132	157,280	3,778,852	
Corporate Bonds	AA+ (S&P)	1,058,742		1,058,742	
Corporate Bonds	AA (S&P)	602,657		602,657	
Corporate Bonds	AA- (S&P)	883,457		883,457	
Corporate Bonds	A+ (S&P)	1,753,244	316,101	1,437,143	
Corporate Bonds	A (S&P)	3,149,043	154,490	2,994,553	
Corporate Bonds	A- (S&P)	798,750		798,750	
Florida State Board of Administration:					
Florida PRIME	AAAm (S&P)	138,787	138,787		
Fund B	Unrated	23,879			23,879
Florida Municipal Investment Trust:					
Short-term Bond Portfolio (0-2 Years)	AAA (S&P)	31,426,116	31,426,116		
Short-term Bond Portfolio (1-3 Years)	AAA (Fitch)	12,138,384		12,138,384	
Intermediate-term Bond Portfolio	AAA (Fitch)	180,616		180,616	
Total		<u>\$ 73,722,853</u>	<u>\$ 34,618,678</u>	<u>\$ 36,686,880</u>	<u>\$ 2,417,295</u>

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Year</u>
Equities	\$ 32,768,674	\$ 32,768,674			
U.S. Government Securities	2,349,224	432,602	\$ 671,541	\$ 1,245,081	
Federal Agency Securities	10,133,428	409,103	2,039,742	1,341,961	\$ 6,342,622
Corporate Bonds	13,724,398	50,911	4,705,555	7,672,931	1,295,001
Total	<u>\$ 58,975,724</u>	<u>\$ 33,661,290</u>	<u>\$ 7,416,838</u>	<u>\$ 10,259,973</u>	<u>\$ 7,637,623</u>

Credit quality distribution for the City's pension trust fund investments with credit exposure as a percentage of the total pension investment is as follows:

<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>Percent of Total</u>
Equities	Unrated	55.56%
U.S. Government Securities	N/A	17.18%
Federal Agency Securities	N/A	3.98%
Corporate Bonds	A1	4.90%
Corporate Bonds	A2	6.85%
Corporate Bonds	A3	2.18%
Corporate Bonds	AA1	2.00%
Corporate Bonds	AA2	2.83%
Corporate Bonds	AA3	1.96%
Corporate Bonds	AAA	2.55%

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Authorized Investments

Florida Statute 218.415 authorizes the City to invest in the state pools and in obligations of the United States Treasury and agencies. Near the end of fiscal year 2010, the City adopted an investment policy for operating funds pursuant to state statutes that allows the City to contract for investment and related services, establish internal controls, and specifies the types of investments that may be purchased. Key objectives of the policy are as follows:

- Safety of principal is the foremost objective of the investment program.
- Provide sufficient liquidity to allow for quick conversion of investments to cash easily and rapidly without loss of principal to meet operating, payroll and capital requirements.
- The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.
- Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

The policy also lists permitted types of investments, limitations as to amounts invested in each type, the amount invested with each issuer, the length of investment maturities, and other statutory or contractual restrictions for each type of investment. The investment in any derivative products or the use of reverse repurchase agreements is not permitted by this investment policy.

The state pools are 2a7-like pools, carried at amortized cost, which approximates market. A 2a7-like pool is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, these pools operate essentially as money market funds. Throughout the year and as of September 30, 2010, the pools contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates. During 2008, the State Board of Administration, who provides oversight for the Local Government Surplus Trust Fund (now Florida PRIME), reported that the fund was exposed to potential risks due to indirect exposure in the subprime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the pool into two separate pools (Florida PRIME and Fund B).

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Concluded)

Authorized Investments (Concluded)

Chapters 175 and 185 of the Florida Statutes authorize the police officers' and fire fighters' pension trust funds to invest in time and savings accounts of banks insured by the Federal Deposit Insurance Corporation.

Under City Ordinance, the pension trust funds are also authorized to invest in obligations of the United States, in obligations guaranteed as to principal and interest by the United States, and in bonds issued by the State of Israel. Additional authorized investments include bonds, stocks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States provided that the corporation is listed on one or more of the recognized national stock exchanges. Corporate fixed income securities must hold a rating of A or higher by Moody's or Standard & Poor's rating services.

Risk Disclosure

The City's investment policy does not address its exposure to interest rate changes, custodial credit risk, or quality credit risk. The following items discuss the City's operating funds and pension funds' exposure to various risks in primarily the fixed rate portions of their investment portfolios:

- **Interest Rate Risk**—the City's fixed rate investments are generally tied to bond reserve requirements and are intended to be held until the funds are needed, at maturity. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's pension funds limit their risk by averaging investment maturities at approximately five to seven years.
- **Custodial Credit Risk**—for an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third party custodians to help manage custodial credit risk.
- **Concentration of Credit Risk**—the investment policy for the operating funds of the City define what percentage of the total investment portfolio may be invested in each type of investment vehicle. The City's policy states that these percentages may be further restricted based on market conditions, risk and diversification investment strategies. The pension funds' investment policies and practices require investments to be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. No more than 10% of an individual investment manager's total fixed income portfolio may be invested in securities of a single issuer (5% in the case of a corporate issuer). No more than 10% of plan assets may be in foreign securities.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 5 - Deferred/Unearned Revenues

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Note 6 - Interfund Receivables and Payables

Interfund receivables/payables represent primarily loans to cover other funds' deficits in pooled cash and investments. At September 30, 2010, the balance in these accounts consists of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 35,149	
Special Revenue Funds		
Community Development Block Grant		\$ 6,145
JAG Grant		29,004
Total	\$ 35,149	\$ 35,149

Note 7 - Transfers In/Out

Interfund transfers during the year ended September 30, 2010, consisted of the following:

	<u>Transfers In</u>						
	<u>General Fund</u>	<u>General Capital Projects</u>	<u>Community Redevelopment</u>	<u>Other Governmental</u>	<u>Water and Sewer</u>	<u>Other Enterprise</u>	
Transfers Out							
General Fund		\$ 100,019 (2)	\$ 2,304 (3)	\$ 146,199 (1)	\$ 3,057 (3)	\$ 188,720 (1)	\$ 440,299
Community Redevelopment					3,396,001 (2)		3,396,001
Other Governmental	\$ 591,220 (3)	244,572 (2)		1,057,963 (4)			1,893,755
Electric Fund	3,421,905 (5)			65,000 (1)		540,827 (6)	4,027,732
Water and Sewer		731,841 (2)					731,841
Other Enterprise		287,910 (2)					287,910
Internal Service		35,000 (2)					35,000
Total Transfers Out	\$ 4,013,125	\$ 1,399,342	\$ 2,304	\$ 1,269,162	\$ 3,399,058	\$ 729,547	\$ 10,812,538

Transfer Purpose

- (1) Supplemental Program Funding
- (2) Capital Projects Funding
- (3) Reimburse Fund for Expenditures/Expenses Incurred on its Behalf
- (4) Debt Service Payment Transfer
- (5) Payment in Lieu of Taxes
- (6) Initial Funding of Natural Gas System

Note 8 - Capital Assets

Capital asset activity for the year ended September 30, 2010, was as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 29,224,644			\$ 29,224,644
Construction in Progress	<u>10,925,296</u>	\$ 1,570,439	\$ (10,108,989)	<u>2,386,746</u>
Total Capital Assets Not Being Depreciated	<u>40,149,940</u>	<u>1,570,439</u>	<u>(10,108,989)</u>	<u>31,611,390</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	28,586,678	2,286,790		30,873,468
Equipment	9,521,371	958,360	(292,540)	10,187,191
Road Network	22,634,745	1,790,103	(212,879)	24,211,969
Other Infrastructure Networks	<u>24,179,237</u>	<u>1,155,098</u>	<u>(165,786)</u>	<u>25,168,549</u>
Total Capital Assets Being Depreciated	<u>84,922,031</u>	<u>6,190,351</u>	<u>(671,205)</u>	<u>90,441,177</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,663,333)	(959,862)		(8,623,195)
Equipment	(7,162,309)	(730,127)	282,964	(7,609,472)
Road Network	(8,509,127)	(444,991)	97,372	(8,856,746)
Other Infrastructure Networks	<u>(13,704,698)</u>	<u>(659,364)</u>	<u>118,133</u>	<u>(14,245,929)</u>
Total Accumulated Depreciation	<u>(37,039,467)</u>	<u>(2,794,344)</u>	<u>498,469</u>	<u>(39,335,342)</u>
Total Being Depreciated, Net	<u>47,882,564</u>	<u>3,396,007</u>	<u>(172,736)</u>	<u>51,105,835</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,032,504</u>	<u>\$ 4,966,446</u>	<u>\$ (10,281,725)</u>	<u>\$ 82,717,225</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,659,469			\$ 3,659,469
Construction in Progress	<u>13,416,156</u>	\$ 20,269,117	\$ (8,484,627)	<u>25,200,646</u>
Total Capital Assets Not Being Depreciated	<u>17,075,625</u>	<u>20,269,117</u>	<u>(8,484,627)</u>	<u>28,860,115</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	220,060,777	16,343,965	(11,126)	236,393,616
Equipment	<u>6,942,922</u>	<u>390,908</u>	<u>(188,932)</u>	<u>7,144,898</u>
Total Capital Assets Being Depreciated	<u>227,003,699</u>	<u>16,734,873</u>	<u>(200,058)</u>	<u>243,538,514</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(92,688,966)	(6,890,068)	452,206	(99,126,828)
Equipment	<u>(4,751,675)</u>	<u>(528,365)</u>	<u>186,991</u>	<u>(5,093,049)</u>
Total Accumulated Depreciation	<u>(97,440,641)</u>	<u>(7,418,433)</u>	<u>639,197</u>	<u>(104,219,877)</u>
Total Being Depreciated, Net	<u>129,563,058</u>	<u>9,316,440</u>	<u>439,139</u>	<u>139,318,637</u>
Business-type Activities Capital Assets, Net	<u>\$ 146,638,683</u>	<u>\$ 29,585,557</u>	<u>\$ (8,045,488)</u>	<u>\$ 168,178,752</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities	
General Government	\$ 425,827
Law Enforcement	389,161
Fire Control	166,489
Building Inspections	5,101
Physical Environment	346,254
Roads and Streets	873,283
Parks and Recreation	407,431
Internal Service Funds	<u>180,798</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,794,344</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Capital Assets (Concluded)

Business-type Activities

Electric	\$	4,751,461
Water and Sewer		1,803,018
Stormwater		589,153
Sanitation		39,484
Golf Courses		73,027
Leased Facilities		162,290
Total Depreciation Expense - Business-type Activities	\$	<u>7,418,433</u>

Note 9 - Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2010:

	<u>Balance</u>		<u>Other</u>	<u>Balance</u>	<u>Due Within</u>
	<u>9/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/10</u>	<u>One Year</u>
Governmental Activities					
Revenue Bonds	\$ 17,378,595		\$ (2,567,041)	\$ 14,811,554	\$ 2,665,155
Accrued Compensated Absences	3,190,697	\$ 1,292,896	(1,202,714)	3,280,879	656,175
Accrued Other Postemployment Benefits	555,929	213,441		769,370	
Total Governmental Activities	<u>\$ 21,125,221</u>	<u>\$ 1,506,337</u>	<u>\$ (3,769,755)</u>	<u>\$ 18,861,803</u>	<u>\$ 3,321,330</u>
Business-type Activities					
Revenue Bonds - Par	\$ 45,129,165		\$ (3,540,198)	\$ 41,588,967	\$ 3,637,928
(Unamortized Discount)	(106,571)		17,792	(88,779)	
(Unamortized Refunding Loss)	(3,427,005)		572,117	(2,854,888)	
Revenue Bonds, Net	41,595,589	\$ 0	(2,950,289)	38,645,300	3,637,928
Accrued Compensated Absences	1,761,245	772,001	(776,188)	1,757,058	351,411
Accrued Other Postemployment Benefits	401,505	154,152		555,657	
Total Business-type Activities	<u>\$ 43,758,339</u>	<u>\$ 926,153</u>	<u>\$ (3,726,477)</u>	<u>\$ 40,958,015</u>	<u>\$ 3,989,339</u>

Bonds and notes outstanding at September 30, 2010, consist of the following for governmental activities:

	<u>Note</u>	<u>Maturity</u>	<u>Originally</u>	<u>Outstanding</u>	<u>Interest</u>
			<u>Issued</u>	<u>Amount</u>	<u>Rate</u>
Governmental Activities					
Revenue Bonds:					
2006 Series, Infrastructure Sales Surtax	1	2019	\$ 5,000,000	\$ 3,820,000	3.88%
2007 Series, Infrastructure Sales Surtax	1	2019	5,000,000	3,840,000	3.98%
2003 Series, (AMT), Southend	2	2016	1,543,022	818,938	4.53%
2003-1 Series, Southend	3	2016	4,986,347	2,691,647	3.83%
2003-2 Series, Southend	4	2014	1,698,749	727,034	3.70%
2003 Series, Southend	5	2011	2,197,825	296,855	2.95%
2003 Series, Downtown	6	2014	1,697,411	677,860	3.28%
2003A Series, Downtown	7	2012	2,756,968	665,759	3.05%
2003 B & C Series, Downtown	8	2013	3,892,515	1,273,461	3.05%
Total Governmental Activities				<u>\$ 14,811,554</u>	

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 9 - Long-term Debt (Continued)

Note Explanation - Purpose of Issue

1. Modifications to the City's wastewater treatment facilities and other authorized projects
2. Refunded 1996B Southend Redevelopment Bonds (originally for Ocean Cay Development)
3. Refunded 1998 Southend Redevelopment Bonds (original funds were for street paving, storm drainage improvements, land acquisition, and water and wastewater facilities in the Southend Redevelopment Area)
4. Refunded 1999 Southend Redevelopment Bonds (originally for land and improvements at South Beach Park)
5. Refunded 2002 Southend Redevelopment Bonds (original funds were for land and improvements at Paradise Key, Coastal Heights, and South Beach Park)
6. Refunded 2002 Downtown Redevelopment Bonds (original funds were for various improvements in Downtown Redevelopment Area)
7. Refunded 2002A Downtown Redevelopment Bonds (originally for a community center and seawalk/parking improvements)
8. Refunded 2002B and 2002C Downtown Redevelopment Bonds (original funds were for downtown plaza improvements and downtown street reconstruction)

Bonds outstanding at September 30, 2010, consist of the following for business-type activities:

	<u>Note</u>	<u>Maturity</u>	<u>Originally Issued</u>	<u>Amount</u>	<u>Interest Rate</u>
Business-type Activities					
Revenue Bonds:					
2002 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 36,040,910	\$ 23,972,300	2 - 5%
Water and Sewer Fund			<u>25,149,090</u>	<u>16,727,700</u>	
Total 2002 Series			61,190,000	40,700,000	
2003 Series, Utility Revenue	2	2012	<u>3,648,500</u>	<u>888,967</u>	2.95%
Total Business-type Activities			<u>\$ 64,838,500</u>	<u>\$ 41,588,967</u>	

1. Refunded remaining 1985, 1993, and 1998 Utility Revenue Bonds (originally for electric, water and wastewater improvements)
2. Refunded 2002 Utility Revenue Bonds (originally for drainage improvements)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 9 - Long-term Debt (Continued)

Note Explanation - Purpose of Issue (Continued)

The bonds listed above are secured by a pledge of the revenue source listed in the bond name. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, the Utility Revenue Bonds, Series 2002, require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

Electric and Water and Sewer Fund To receive the gross revenues of the electric and sewer systems (the systems) from which monies can be spent for operations and maintenance, debt service payments, required transfers to the reserve accounts, and the costs of extensions, enlargements, additions, or replacement of capital assets.

Electric and Water and Sewer Reserve Accounts To receive and maintain an amount equivalent to the lesser of the maximum annual debt service requirement or an amount equivalent to 1.25 times the average annual debt service requirement. In lieu of this reserve the City may establish a reserve account credit facility which is an insurance policy that may be drawn on to make debt service payments when a deficiency of gross revenues exists. If such a withdrawal is made, the City is required to reinstate the reserve account credit facility.

Renewal and Replacement Accounts To accumulate and disburse funds only for repair and replacement of the systems following damage by hurricane or other unforeseen emergency or catastrophe.

Rate Stabilization Fund To accumulate and disburse excess revenues generated from rates, as budgeted.

Annual debt service requirements as of September 30, 2010, are as follows:

Governmental Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2011	\$ 2,665,155	\$ 534,898	\$ 3,200,053
2012	2,454,679	442,473	2,897,152
2013	2,198,579	351,646	2,550,225
2014	1,845,463	276,539	2,122,002
2015	1,520,799	207,994	1,728,793
2016	1,591,879	147,216	1,739,095
2017	985,000	90,017	1,075,017
2018	1,025,000	50,974	1,075,974
2019	525,000	10,289	535,289
Total	\$ 14,811,554	\$ 2,112,046	\$ 16,923,600

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 9 - Long-term Debt (Concluded)

Note Explanation - Purpose of Issue (Concluded)

Fiscal Year	Business-type Activities		
	Revenue Bonds		Total
	Principal	Interest	
2011	\$ 3,637,928	\$ 1,683,228	\$ 5,321,156
2012	3,766,039	1,558,646	5,324,685
2013	3,445,000	1,432,375	4,877,375
2014	3,565,000	1,303,431	4,868,431
2015	3,710,000	1,161,625	4,871,625
2016	3,855,000	1,011,825	4,866,825
2017	4,025,000	848,656	4,873,656
2018	4,210,000	660,306	4,870,306
2019	4,400,000	461,925	4,861,925
2020	4,610,000	262,913	4,872,913
2021	2,365,000	53,213	2,418,213
Total	\$ 41,588,967	\$ 10,438,143	\$ 52,027,110

Interest paid and incurred in the governmental activities totaled \$626,379 for the year ended September 30, 2010. Interest costs incurred in the business-type activities (excluding amortization) totaled \$1,741,726 for the same period.

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2010, were as follows:

Description of Bond	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Governmental Activities						
2003 Series, Downtown, 2003A Series, Downtown, 2003B&C Series, Downtown	Downtown Tax Increment	\$ 5,596,404	\$ 974,203	17.41%	\$ 2,759,157	2014
2003 Series, (AMT) Southend, 2003-1 Series, Southend 2003-2 Series, Southend 2003 Series, Southend	Southend Tax Increment	2,765,994	1,161,477	42.10%	5,075,783	2016
Infrastructure Sales Surtax Bonds, Series 2006 and 2007	Infrastructure Surtax	971,342	1,057,740	103.96%	9,088,661	2019
Business-type Activities						
Series 2002, Utility Revenue Bonds	Net Electric Bonds Utility Revenue	13,814,292	2,874,532	19.81%	30,104,785	2021
Series 2002, Utility Revenue Bonds	Net Water & Sewer Utility Revenue	3,246,116	2,005,828	13.85%	21,006,904	2021
Series 2003, Utility Revenue Bonds	Gross Stormwater Revenue	1,286,551	457,711	35.58%	915,421	2012

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 10 - Restricted Assets

The following table indicates the balances at September 30, 2010, for all restricted assets in the proprietary fund types:

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total Enterprise</u>
Sinking Funds:				
Principal	\$ 930,620	\$ 649,380	\$ 437,928	\$ 2,017,928
Interest	497,562	347,195	13,148	857,905
Renewal and Replacement	1,500,000	500,000	571,810	2,571,810
Customer Deposits	<u>4,729,722</u>			<u>4,729,722</u>
Total Restricted Assets	<u>\$ 7,657,904</u>	<u>\$ 1,496,575</u>	<u>\$ 1,022,886</u>	<u>\$ 10,177,365</u>

Restricted cash in governmental funds totaled \$2,166,644, which is restricted for community redevelopment capital projects.

Note 11 - Defeased Debt

The City has defeased certain revenue bonds by using the proceeds of new bonds to purchase U.S. government securities, which were placed in irrevocable trusts. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matured. For financial reporting purposes, the debt has been considered defeased, and therefore, neither the trust account assets nor the liability for the defeased bonds are included on the statement of net assets of the City's enterprise funds.

The City has the following revenue bonds outstanding, which are legally defeased:

	<u>Series</u>	<u>Date Defeased</u>	<u>Amount Defeased</u>	<u>Outstanding as of 9/30/10 (at Par)</u>
Business-type Activities				
Utility Revenue Bonds	1980	1985	\$ <u>9,500,000</u>	\$ <u>3,565,000</u>

Note 12 - Reserved Fund Balances and Restricted Net Assets

The reserved fund balances for governmental funds and restricted net assets for governmental activities at September 30, 2010, are as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Reserved Fund Balances and Restricted Net Assets (Concluded)

	Governmental Funds Reserved Fund Balance	Governmental Activities Restricted Net Assets
Reserve/Restriction		
Prepaid Expenditures	\$ 18,000	
Encumbrances	1,958,389	
Redevelopment	6,318,120	\$ 6,941,163
Tourism	517,760	535,760
Transportation Improvements	1,633,108	1,813,003
Capital Projects	4,818,342	497,882
Law Enforcement	72,414	72,414
Utility Assistance	24,686	24,686
Total	<u>\$ 15,360,819</u>	<u>\$ 9,884,908</u>

The restricted net assets for enterprise funds and business-type activities at September 30, 2010, are as follows:

	Enterprise Funds Restricted Net Assets	Business-type Activities Restricted Net Assets
Reserve/Restriction		
Renewal and Replacement	<u>\$ 2,571,810</u>	<u>\$ 2,571,810</u>

Note 13 - Florida Municipal Power Affiliation

The City is a member of the Florida Municipal Power Agency (FMPA) and a participant in two of its projects: the St. Lucie Project and the All Requirements Project. FMPA currently has four major power supply projects in operation: (1) the St. Lucie Project; (2) the Stanton 1 Project; (3) the Tri-City Project; and (4) the All Requirements Project.

St Lucie

On May 12, 1983, FMPA purchased from Florida Power & Light Company (FPL) an 8.806% undivided ownership interest in St. Lucie Unit No. 2 (the St. Lucie Project), a nuclear generating unit with a summer Seasonal Net Capability of approximately 833 megawatts (MW) and a winter Seasonal Net Capability of approximately 851 MW. The St. Lucie Project was declared in commercial operation on August 8, 1983, and in Firm Operation, as defined in the participation agreement, on August 14, 1983. Fifteen of FMPA's members, including the City, are participants in the St. Lucie Project. As a participant in the St. Lucie Project, the City is entitled to 7.329% of FMPA's capacity and energy associated with the St. Lucie Project.

Total expense for 2010 under this contract was \$2,937,547. The City's St. Lucie Power Supply and Sales contracts with FMPA extend through the later of (1) the date on which related bond principal or other obligations are fully retired, or (2) the date St. Lucie Project is fully decommissioned or otherwise disposed of, or (3) the date all obligations of FMPA under its participation agreement with FPL has been fully satisfied.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Florida Municipal Power Affiliation (Continued)

All Requirements

FMPA's All Requirements Project provides (1) each Participant's power supply requirements above Excluded Power Supply Resources and Back-up and Support Services (capitalized terms are defined in the All Requirements Power Supply Contracts), if any, under All Requirements Services; and (2) reserves, losses, firming capacity, backup energy, and certain associated transmission and dispatching services required for Excluded Power Supply Resources under Back-up and Support Services. In order to meet its long-term power supply responsibilities to the Participants in the All Requirements Project, FMPA's All Requirements Project facilities and arrangements currently include:

1. Capacity and energy from FMPA's 6.506% undivided ownership interests in Stanton Unit No. 1 (28 MW) and 5.2% undivided ownership interest in Stanton Unit No. 2 (22 MW), both coal-fired.
2. Capacity and energy from FMPA's 39% undivided ownership interests in two 49 MW combustion turbines at Orlando Utilities Commission's (OUC) Indian River Plant (38 MW) and FMPA's 21% undivided ownership interests in two other 129 MW combustion turbines at Indian River (54 MW).
3. Capacity and energy purchases from FMPA's 50% undivided ownership interest in the Cane Island Unit No. 1 (130 MW) combustion turbines (15 MW), Cane Island Unit No. 2 (120 MW) combined cycle unit (60 MW), and Cane Island Unit No. 3 (250 MW) combined cycle unit (125 MW) and 100% ownership of Cane Island Unit No. 4 (300 MW) scheduled for operation in 2011.
4. Capacity and energy purchases from FMPA's 3.5% undivided ownership interest in the Stanton Unit A combined cycle unit.
5. Capacity "credits" for member generation at the cities of Key West (72 MW) is scheduled to end January 2011 and Lake Worth (90 MW) in 2014.
6. Capacity and energy purchases from Southern Company, FPL, and Progress Energy. In addition, the ARP participates in the Florida Municipal Power Pool (FMPP) with Lakeland Electric and OUC for nonfirm (interruptible) economic energy purchases.
7. Transmission services from Progress Energy Florida, FPL, and OUC.
8. Capacity and energy purchases from FMPA's 100% ownership of Treasure Coast (300 MW).
9. FMPA has a Total All Requirements Project (TARP) with Kissimmee Utility Authority (KUA) where FMPA operates and maintains KUA generation (244 MW).
10. Capacity and energy purchases from FMPA's 100% undivided ownership interest in the Key West Unit No. 2 and 3 (14 MW each) combustion turbines and 100% ownership of Key West Unit No. 4 (44 MW) combustion turbine.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Florida Municipal Power Affiliation (Concluded)

All Requirements (Concluded)

The electric system's load in excess of that served from the St. Lucie Project is provided for by FMPA under the All Requirements Project. The City's participation in the St. Lucie Project provides the electric system with approximately 5.5 MW of capacity based on the winter Seasonal Net Capability of the unit. The total system peak load in January 2010, was 222.58 MW. Total expense under the All Requirements Project for 2010 was \$73,186,296. The contract extends through October 1, 2030.

The City also has a contract for backup interconnection and electric service with Jacksonville Electric Authority (JEA) through an interconnection point at the Neptune Beach Substation. Total expense for 2010, under this contract, was \$346,659 and the FMPA contribution was \$110,400.

Note 14 - Prepaid Power Costs/Power Costs Recovered in Advance

The City uses a power true-up recomputed monthly. At September 30, 2010, the City was over-recovered from customers by \$2,813,268. This amount will be returned to customers during 2011. At September 30, 2009, the City was under-recovered by \$5,469,577. This asset was collected from customers during 2010.

Note 15 - Retirement Systems

Plan Descriptions

Substantially all full-time employees of the City were covered by the City of Jacksonville Beach, Florida Public Employees' Retirement System (the PERS) through March 31, 2000.

Effective April 1, 2000, substantially all full-time employees were covered under one of three separate defined benefit pension plans formed on April 1, 2000, as a result of amendments to Florida Statutes mandated by the state legislature. Chapter 175.061 governing fire fighters' pensions and Chapter 185.05 governing police officers' pensions were amended to require separate pension plans for each of these groups of employees. On March 31, 2000, the predecessor pension plan (the PERS) ceased operations and its assets, liabilities, and fund balance were divided among the following three distinct pension plans:

- General Employees' Retirement System (GERS)
- Police Officers' Retirement System (PORS)
- Fire Fighters' Retirement System (FFRS)

Each plan is considered a single-employer, defined benefit pension plan. Each of the plans present separate financial statements, and are included as part (reporting as pension trust funds) of the City's financial reporting entity since they are not "legally separate." The plans issue publicly available financial reports that include financial statements and required supplementary information. The reports may be obtained by writing to the City Clerk, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida, 32250, or by calling (904) 247-6250.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Retirement Systems (Continued)

Plan Descriptions (Continued)

As of October 1, 2009 (date of the latest annual actuarial valuation), employee membership data related to the pension plan were:

	<u>General</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Retirees and Beneficiaries Currently Receiving Benefits (Including DROP Participants)	135	35	24	194
Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	<u>11</u>	<u>2</u>	<u>2</u>	<u>15</u>
Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	<u>146</u>	<u>37</u>	<u>26</u>	<u>209</u>
Active Plan Participants				
Vested	161	35	17	213
Nonvested	<u>78</u>	<u>24</u>	<u>13</u>	<u>115</u>
Total Active Plan Participants	<u>239</u>	<u>59</u>	<u>30</u>	<u>328</u>

The pension plans provide retirement benefits, deferred allowances, and death and disability benefits. The plan assets are available to pay the general, police, and fire fighters categories of employees, respectively. A member who is a general employee may retire after reaching the age of sixty, with five or more years of service, or accumulating thirty years of service with the City, regardless of age. A member who is a police officer or fire fighter may retire after reaching the age of fifty-two with twenty-five or more years of service, age fifty-five with five or more years of service, or accumulating thirty years of service with the City, regardless of age. Early retirement is available to all members with a reduced benefit.

General employees who retired prior to October 1, 1990, are entitled to pension payments for the remainder of their lives equal to 2% of their final five-year average compensation times the number of years they were employed by the City. The maximum annual pension payment to these employees is 60% of their final average compensation. General employees who retire after September 30, 1990, are entitled to benefit payments equal to 2-1/2% of their final average compensation times the number of years they were employed by the City. The maximum annual pension payments to these employees is 75% of their final average compensation.

Police officers and fire fighters who retired prior to October 1, 1990, are entitled to pension payments for the remainder of their lives equal to 2-1/2% of their final average compensation times the number of years they were employed by the City. The maximum annual pension benefit to these employees is 75% of their final average compensation. Police officers and fire fighters who retire after September 30, 1990, are entitled to pension payments for the remainder of their lives equal to 3% of their final average compensation times the number of years they were employed by the City up to a maximum of thirty years. After thirty years, the pension benefit is reduced to 2% of their final average compensation times the number of years of service over thirty years. The maximum annual pension benefit to these employees is 100% of their final average compensation.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Retirement Systems (Continued)

Plan Descriptions (Concluded)

The normal form of benefit is a benefit payable for the life of the retired member with the first ten years guaranteed for police officers and fire fighters. Optional benefit forms are available on an actuarial equivalent basis.

A deferred retirement benefit is available upon attainment of retirement eligibility. Benefits begin to accrue upon the election to participate in the deferred retirement option program (DROP). Benefits are computed as a normal retirement, but based upon service and final average compensation at time of election.

Pension provisions include disability benefits, whereby a disabled employee is entitled to receive normal retirement benefits as long as the employee has attained ten or more years of service. The ten-year credited service requirement is waived if the employee has a duty-related disability. An employee with a duty-related disability receives additional service credit granted from the date of retirement to the later of normal retirement age or five years after date of disability. At which time, the member who is retired because of duty disability has the option of converting his or her benefit to a normal retirement or remaining on duty disability. Until an employee reaches regular retirement age, the minimum nonduty disability benefit is 25% and the minimum duty disability benefit is 50% of their final average compensation. At regular retirement age, the minimum duty disability benefit is 42% of their final average compensation.

Pension provisions include death benefits when the death is nonduty-related, whereby the surviving spouse is entitled to receive annually an amount equal to 100% of the employee's normal retirement benefit as long as the employee has attained ten or more years of service.

When the death is duty-related, the surviving spouse is entitled to receive 100% of the employee's normal retirement benefit, with a minimum benefit of 35% of their final average compensation.

Funding Policy

For the plan year beginning October 1, 2009, all participating employees of the City were required to pay 6.45% of their annual compensation to their respective pension plan. The payments are deducted from the employees' wages or salary and remitted by the City to the respective plan at the end of each pay period. If an employee leaves the employment of the City before attaining five years of service, the accumulated contributions plus earned interest are refunded to the employee or the employee's designated beneficiary. If an employee leaves the employment of the City after attaining five years of service, but before attaining retirement age or accumulating thirty years of service (twenty-five for police officers and fire fighters), the employee or the employee's designated beneficiary has the option of being refunded the accumulated contributions plus earned interest or keeping the funds in the plan and receiving benefits under the plan upon reaching retirement age.

The City makes periodic contributions totaling 100% of the actuarially determined amount annually to the pension plan. The required City contribution for the fiscal year ended September 30, 2010, was determined in the actuarial valuation dated October 1, 2008, to be \$1,837,006 (\$1,506,128 employer and \$330,878 state).

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Retirement Systems (Continued)

Funding Policy (Concluded)

In addition to the employer contribution, the police officers' and fire fighters' pension plans receive a distribution of casualty premium tax monies from the State of Florida pursuant to Chapters 175 and 185, Florida Statutes. The estimated state contributions in the October 1, 2008, actuarial valuation were \$197,425 (police officers) and \$133,453 (fire fighters). The actual state contributions were \$177,836 (police officers) and \$244,338 (fire fighters).

For the year ended September 30, 2010, the City's total covered payroll amounted to \$17,926,523. Covered payroll refers to all compensation paid by the City to active employees covered by the plans (on which contributions to the pension plans are based). Total payroll for the City (covered and uncovered) for the year ended September 30, 2010, was \$20,039,917.

Annual Pension Cost and Net Pension Asset

The City's annual pension cost for the year ended September 30, 2010, was \$1,504,653 (City share). The annual required contribution for the 2010 fiscal year was determined as part of the October 1, 2008, actuarial valuation using the entry age actuarial cost method. A net pension asset resulted from the City overfunding the required contribution in 2008. Contributions in 2010 were reduced by \$74,852 to return the overpayment to the City, including interest, and eliminate the net pension asset. The following is a reconciliation of the annual required contribution to pension cost, and the change in the net pension asset for the year:

	<u>General</u>	<u>Police Officers*</u>	<u>Fire Fighters*</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 749,331	\$ 516,440	\$ 240,357	\$ 1,506,128
Interest	(926)	(295)	(4,767)	(5,988)
Adjustments	<u>698</u>	<u>222</u>	<u>3,593</u>	<u>4,513</u>
Pension Cost	749,103	516,367	239,183	1,504,653
(Actual Contributions Made)	<u>(737,532)</u>	<u>(512,679)</u>	<u>(179,590)</u>	<u>(1,429,801)</u>
Increase/Decrease in Net Pension Obligation	11,571	3,688	59,593	74,852
Net Pension Obligation/(Asset), Beginning	<u>(11,571)</u>	<u>(3,688)</u>	<u>(59,593)</u>	<u>(74,852)</u>
Net Pension Obligation/(Asset), Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Excludes State of Florida contributions under Chapters 175 and 185, Florida Statutes.

The actuarial assumptions in the October 1, 2008, valuations included (a) 8% investment rate of return (net of administrative expenses); (b) projected salary increases ranging from 4.2% to 12.5% per year; and (c) 3.5% rate of inflation. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2008, was one to twenty-five years. Following is three-year trend information for each plan:

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

Note 15 - Retirement Systems (Continued)

Annual Pension Cost and Net Pension Asset (Concluded)

General Employees' Trend Information

Year Ended September 30,	Pension Cost (PC)	Percentage of PC Contributed	Net Pension Asset/(Liability)
2008	\$ 612,047	101.9%	\$ 11,330
2009	612,175	100.0%	11,571
2010	749,103	98.5%	0

Police Officers' Trend Information

Year Ended September 30,	Pension Cost (PC)*	Percentage of PC Contributed	Net Pension Asset/(Liability)
2008	\$ 336,392	101.1%	\$ 3,611
2009	370,645	100.0%	3,688
2010	516,367	99.3%	0

Fire Fighters' Trend Information

Year Ended September 30,	Pension Cost (PC)*	Percentage of PC Contributed	Net Pension Asset/(Liability)
2008	\$ 227,331	125.7%	\$ 58,350
2009	194,421	100.6%	59,593
2010	239,183	75.1%	0

* Excludes State of Florida contributions under Chapters 175 and 185, Florida Statutes.

Funded Status and Funding Progress

The following is funded status information for each plan as of October 1, 2009, the most recent actuarial valuation date:

General Employees (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2009	\$ 41,538	\$ 51,118	\$ 9,580	81.3%	\$ 11,677	82.0%

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

Note 15 - Retirement Systems (Continued)

Funded Status and Funding Progress (Concluded)

Police Officers (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2009	\$ 15,342	\$ 20,083	\$ 4,741	76.4%	\$ 3,873	122.4%

Fire Fighters (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2009	\$ 8,468	\$ 11,472	\$ 3,004	73.8%	\$ 1,985	151.4%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fund Balance Reserves

Three separate fund balance reserves are required in each plan to separately account for the net plan assets available for plan benefits. Investment income is allocated to the members' savings and DROP reserves based on a predetermined formula. The remainder of net investment income (realized gains and appreciation of fair value of investments, plus interest and dividends, net of administrative costs) is allocated to the retirement reserve. The purpose of these three reserve fund balances and the formula used to allocate net investment income is summarized as follows:

- **Retirement Reserve**—this reserve accounts for all City and state contributions, transfers from the member's savings reserves, and pension benefit payments made to retired employees (transfers in are assumed to be made as of the beginning of the year). The amount of net investment income recorded into this reserve is the balance remaining after allocations are made to both the members' savings reserve and DROP reserve.
- **Members' Savings Reserve**—this reserve includes all employee contributions. Investment income is allocated to this reserve based on 3.5% of the average reserve balance outstanding during the year. Transfers are made from this reserve to the retirement reserve as employees retire during the year. Termination refunds are remitted back to the employee, or maintained in this reserve at the option of the terminated employee depending on the employee's total years of service.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Retirement Systems (Concluded)

Fund Balance Reserves (Concluded)

- **DROP Reserve**—the Deferred Retirement Option Program (DROP) was established in 1998. This program allows participants eligible for regular retirement to continue employment for a maximum of three years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. Investment income is allocated to this reserve based on rates determined by the Pension Boards.

Investments

Investments in securities are reported at fair value. Corporate bond securities are assigned a value based on yields currently available on securities of issuers with credit ratings similar to the securities held by the pension plan. Unrestricted capital stock securities are assigned a value based on quoted market prices. There are no investments in, loans to, or leases with parties related to the pension plans.

Note 16 - Interlocal Agreement

In 1984, pursuant to an interlocal agreement authorized by Florida Statutes, Section 163.01, the City joined with the Cities of Neptune Beach and Atlantic Beach, Florida, to construct and operate effluent outfall lines, together with all the lands, right-of-ways, easements, and other entitlements necessary for the construction and use thereof.

Certain individually used segments were constructed and financed directly by the user municipality. Two shared segments of the outfall lines were funded by the municipalities in the following proportions:

	Atlantic Beach to Discharge	Neptune Beach to Jacksonville Beach
Atlantic Beach, Florida	33.06%	00.00%
Jacksonville Beach, Florida	55.78%	83.33%
Neptune Beach, Florida	<u>11.16%</u>	<u>16.67%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

The City of Atlantic Beach, Florida, provided all accounting and purchasing services for the interlocal agreement. Until June 2000, annual repair and maintenance of the shared outfall lines were being shared by the participating municipalities in the percentages noted above. Effective June 26, 2000, those percentages were amended to reflect the parties' updated respective plant capacity. The new percentages are as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Interlocal Agreement (Concluded)

	Atlantic Beach to Discharge	Neptune Beach to Jacksonville Beach
Atlantic Beach, Florida	33.33%	00.00%
Jacksonville Beach, Florida	50.00%	75.00%
Neptune Beach, Florida	16.67%	25.00%
Total	100.00%	100.00%

The City made no contributions to the interlocal agreement during 2010. The interlocal agreement has no debt outstanding as of September 30, 2010. There are no separate financial statements prepared for the interlocal agreement. The City's share of the capital assets of the interlocal agreement were recorded and are being depreciated in the water/sewer enterprise fund.

Note 17 - Commitments and Contingencies

Grants

The City participates in federal, state, and county programs that are fully or partially funded by grants received from other governmental units. In management's opinion, there are no material instances of noncompliance relating to these grants.

Litigation

The City is a party to claims and lawsuits arising in the normal course of business. Management does not expect that these matters will have a material effect on the financial position or results of operations of the City.

Construction Commitments

As of September 30, 2010, the City had the following commitments related to significant unfinished capital projects:

Project	Expended as of 9/30/10	Remaining Commitment
9 th Street South Corridor Improvements	\$ 463,702	\$ 61,630
Total Maximum Daily Load Project	18,330,470	4,403,786
Reconstruct SeaWalk Pavillion	88,743	128,323
Natural Gas Distribution System	2,084,483	1,394,773
Avalon Residential Infrastructure Improvement	836,380	136,429
Water Main Improvements 2 nd Ave. & 4 th Ave. N	96,636	777,073
2 nd Street N Sewer Replacement Project	76,311	89,248
Ocean Forest Drainage Project	82,727	100,974
Electric MSD Conversion San Juan Drive	584,650	615,350
Electric De-Leon Shore Phase 2	245,811	79,189

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 17 - Commitments and Contingencies (Concluded)

Construction Commitments (Concluded)

As part of an agreement with the Florida Department of Transportation (the Department) for improvements to 9th Street South, the City deposited \$1,516,512 into an escrow account held by the Department. The total costs of the project are estimated at \$5,974,525, of which the Department's share is estimated at \$4,458,013. The Department will use this escrow account to pay the costs of the project. Construction on the project is expected to continue into next year. The City's deposit is currently included in Deposits in the accompanying financial statements.

Note 18 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In response to that risk, the City has implemented a risk management program. The major features of the program include the following:

- Self-insuring workers' compensation risks up to \$150,000 per claim
- Self-insuring health insurance claims up to a maximum of \$1,725,483
- Continuing a \$25,000 general liability coverage deductible
- Funding adequate reserves to cover self-insuring workers' compensation retentions and liability and property insurance deductibles
- Competitive solicitation of insurance and self-insurance proposals
- Assigning a part-time risk coordinator
- Contracting with a safety consultant

During 2010, the City purchased commercial insurance against losses for the following types of risk:

- Real and personal property damage, including flood damage
- General and automobile liability
- Commercial crime
- Police professional liability

Substantially all risk management activities are accounted for by the City within its internal service fund. Total expenses for risk management services (including claims and commercial insurance) were \$3,307,624 in 2010 and \$1,214,568 in 2009.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 18 - Risk Management (Concluded)

The City is self-insured for workers' compensation risks with the Florida League of Cities, Inc. providing aggregate excess coverage. The City is also self-insured for health insurance with CIGNA HealthCare providing excess aggregate coverage. The total of all claims paid during 2010 and 2009, were \$2,132,303 and \$217,537, respectively.

The internal service fund is charging other funds of the City for risk management services based on costs incurred subsequent to the implementation of the new program. For 2010, interdepartmental charges and other earnings were less than actual costs by \$127,767. For 2009, interdepartmental charges and other earnings exceeded actual costs by \$210,379. The self-insurance fund has unrestricted net assets of \$2,175,849 at September 30, 2010.

There were no significant reductions in insurance coverage from 2009 to 2010. In addition, no settlements exceeded insurance coverage in the past three years.

The estimated liability for self-insured losses of \$814,601 accrued in the self-insurance fund at September 30, 2010, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the self-insurance fund's estimated liability were as follows for September 30:

	<u>2010</u>	<u>2009</u>
Beginning Balance	\$ 331,102	\$ 448,283
Current Year Claims and Changes in Estimates	2,630,699	100,356
(Claim Payments)	<u>(2,132,303)</u>	<u>(217,537)</u>
Ending Balance	<u>\$ 829,498</u>	<u>\$ 331,102</u>

Note 19 - Community Redevelopment Agency

The five-member Jacksonville Beach Community Redevelopment Agency (CRA) was established in 1978, pursuant to Chapter 163, Part III of the Florida Statutes. The CRA was created for the purpose of carrying out a community redevelopment program for the City. The Jacksonville Beach program consists of a variety of redevelopment activities in two districts: Downtown and Southend.

The initial focus of the CRA was the rejuvenation of the Downtown District. The plan for the redevelopment of the Downtown District was adopted in June 1987, following the creation of the Tax Increment District in 1984. The successful redevelopment effort has been centered on improvements to the public infrastructure to facilitate private investment in the area. As the result of a Downtown Visioning Study completed in 2010, the CRA has approved the funding for a \$6.2 million Streetscape project and a Seawalk Construction project of \$1.5 million.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 19 - Community Redevelopment Agency (Concluded)

In November 1985, the Southend District was designated for redevelopment. A plan for the redevelopment of the area was adopted and a tax increment trust fund was established in 1987. Since the adoption of the redevelopment plan, six major public-private projects have been completed (Riptide, South Beach Regional Shopping Center, South Beach Parkway Shopping Center, Ocean Cay, Paradise Key, and the South Beach Mixed Use Development).

In addition, numerous public infrastructure and recreational projects have been constructed or are under construction to support the redevelopment activity in both districts. The CRA has also expended funds for the acquisition of land parcels in the Downtown District for future redevelopment purposes, including but not limited to off street parking. The schedule below summarizes revenue and expenditure activity for the two districts in fiscal year 2010:

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
Revenues and Transfers In			
Ad Valorem Taxes	\$ 4,974,232	\$ 2,728,902	\$ 7,703,134
Intergovernmental Revenues	494,612		494,612
Interest and Other	127,560	37,092	164,652
Transfer from General Fund	<u>2,304</u>		<u>2,304</u>
Total Revenues and Transfers In	<u>\$ 5,598,708</u>	<u>\$ 2,765,994</u>	<u>\$ 8,364,702</u>
Expenditures and Transfers Out			
General Government	\$ 177,824	\$ 80,006	\$ 257,830
Public Safety	367,477		367,477
Capital Projects:			
Downtown Landscape/Streetscape Improvement	1,400,014		1,400,014
Downtown Infrastructure Improvement	214,244		214,244
Seawalk Construction	23,993		23,993
2 nd Street Stormwater Project	1,854,524		1,854,524
Other Capital	24,887		24,887
Debit Service:			
Principal	872,561	959,480	1,832,041
Interest	101,643	202,001	303,644
Transfer to Water and Sewer Fund*	<u>2,014,552</u>	<u>1,381,449</u>	<u>3,396,001</u>
(Total Expenditures and Transfers Out)	<u>\$ (7,051,719)</u>	<u>\$ (2,622,936)</u>	<u>\$ (9,674,655)</u>

* Funding of wastewater treatment plant.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 20 - Lease Revenue

The City has four facilities that have rental space available. Revenues from the facilities' operating leases and the related maintenance expenses are accumulated in the City's Lease Facilities Fund; fund net income is used to make technology purchases. Lease agreements for the Community Services Center, the Industrial Park, the cell tower, and the Marina building are generally three to five-year leases, with the option for either party to cancel the lease given ninety days notice. Charges for space at the Community Services Center, the Industrial Park, and the Marina building are based on the size of the area leased; cell tower charges are a flat rate. There are no contingent rentals or subleases at any of the facilities. Cost, accumulated depreciation, and carrying value on the leased assets are:

	Cost	Accumulated Depreciation	Carrying Amount
Buildings	\$ 832,874	\$ (568,743)	\$ 264,131
Improvements	43,168	(23,350)	19,818
Total	\$ 876,042	\$ (592,093)	\$ 283,949

Note 21 - Other Postemployment Benefits (OPEB)

Plan Description

As part of a single-employer postemployment benefit plan, the City offers postemployment medical, dental, and life insurance benefits to any employee who satisfies the vesting, disability, early or normal retirement provisions of the applicable retirement plan (GERS, PORS or FFRS). Eligibility requirements for retirement under the City's three retirement systems may be obtained by writing to the City Clerk, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida 32250, or by calling (904) 247-6250. According to the Substantive Plan, retired police officers, fire fighters and general employees as well as their dependents are permitted to remain covered under the City's medical plans as long as they pay the premium charged by the insurance company for the plan and coverage elected. This conforms to the minimum requirements of governmental employers under Chapter 112.08, FS. The plan does not issue separate financial statements.

Dental benefits and life insurance coverage is not considered other postemployment benefits for purposes of GASB Statement No. 45. As of October 1, 2008, the latest actuarial valuation date, there were 311 active participants and 35 retirees receiving medical benefits. The amount of the contributions required for retiree and dependent coverage may change from time-to-time.

Funding Policy

Currently the City's OPEB benefits are unfunded. That is, there is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by the general assets of the City, which are invested in very short-term fixed income instruments. Although an actuarial valuation for OPEBs was completed to measure current year's subsidies and project future subsidies, the City Council has not determined if a separate trust fund or equivalent arrangement will be established.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 21 - Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is unfunded, the only offset to that expense comes from premiums paid by the current retirees. These premiums are payroll deducted from the retiree's pension payment. The cumulative difference between the annual OPEB cost since inception and the retiree premiums paid (employer contribution) since inception is called the net OPEB obligation. The total net OPEB obligation is \$1,325,027 and is reflected as a liability in the statement of net assets (\$769,370 governmental, \$555,657 business-type). GASB Statement No. 45 was implemented prospectively in 2007. Pursuant to that standard, the net OPEB obligation was reset to zero at implementation on October 1, 2006. The following table shows the components of the City's annual OPEB cost for the year and the net pension obligation for fiscal year ended September 30, 2010:

	<u>2010</u>	<u>2009</u>
Normal Cost	\$ 312,495	\$ 312,495
Amortization of Unfunded Actuarial Accrued Liability	259,422	249,444
Interest on Normal Cost and Amortization	<u>12,500</u>	<u>0</u>
Annual Required Contribution (ARC)	<u>\$ 584,417</u>	<u>\$ 561,939</u>
Net OPEB Obligation, Beginning of Year	<u>\$ 957,434</u>	<u>\$ 582,574</u>
Annual Required Contribution	584,417	561,939
Interest on Net OPEB Obligation	38,297	23,303
Adjustment to ARC	<u>(34,194)</u>	<u>(20,806)</u>
Annual OPEB Cost	<u>588,520</u>	<u>564,436</u>
Employer Contribution Toward the OPEB Cost	<u>(220,927)</u>	<u>(189,576)</u>
Net OPEB Obligation, End of Year	<u>\$ 1,325,027</u>	<u>\$ 957,434</u>

The schedule of employer contributions is as follows:

<u>Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Estimated Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Estimated Net OPEB Obligation</u>
2008	\$ 493,759	\$ 202,472	41.00%	\$ 582,574
2009	564,436	189,576	33.59%	957,434
2010	588,520	220,927	37.54%	1,325,027

Funded Status and Funding Progress

The funded status of the plan is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Pavroll</u>	<u>UAAL as a Percentage of Covered Pavroll</u>
10/1/2006	\$ 0	\$ 6,442,900	\$ 6,442,900	0.00%	\$ 16,901,893	38.12%
10/1/2008	0	6,848,807	6,848,807	0.00%	\$ 17,280,037	39.63%

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

Note 21 - Other Postemployment Benefits (OPEB) (Concluded)

Funded Status and Funding Progress (Concluded)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funding status of a plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2008, actuarial valuation, the entry age normal cost method with an increasing normal cost pattern with salary increase assumptions was used. The actuarial assumptions included a 4% investment rate of return (since there are no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in City funds pursuant to its investment policy) and an annual health care cost trend rate. Per capita costs for medical and Rx benefits are expected to increase in 2010 by 6% over the per capital cost in the prior year. The UAAL, as calculated pursuant to the individual entry age actuarial cost method, is being amortized as a level percent of payroll over a thirty-year period with twenty-seven years remaining. A closed amortization method is used. The assumed rate of payroll growth is a weighted-average of such rates used in pension valuations and is equal to 4%.

Note 22 - Subsequent Event

On December 10, 2010, the City refunded the Series 2002 Utility Bonds with the issuance of the Series 2010 Utility Refunding Bonds in the par amount of \$37,285,000. Interest on the bonds will range from 2-4%. The bonds will mature on October 1, 2020. The purpose of the issuance was to take advantage of lower borrowing costs. The net present value of the savings on the refunding was \$3,196,844.

REQUIRED SUPPLEMENTARY
INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

(In Thousands, Except Percentages)

General Employees' Retirement System

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
2004	\$ 33,674	\$ 36,614	\$ 2,940	92.0%	\$ 9,697	30.3%
2005	34,445	40,242	5,797	85.6%	10,714	54.1%
2006	36,644	43,650	7,006	83.9%	11,575	60.5%
2007	39,424	46,208	6,784	85.3%	11,700	58.0%
2008	40,975	49,110	8,135	83.4%	11,556	70.4%
2009	41,538	51,118	9,580	81.3%	11,677	82.0%

Police Officers' Retirement System

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
2004	\$ 12,833	\$ 14,497	\$ 1,664	88.5%	\$ 2,820	59.0%
2005	13,021	15,867	2,846	82.1%	3,231	88.1%
2006	13,707	16,513	2,806	83.0%	3,181	88.2%
2007	14,694	17,434	2,740	84.3%	3,572	76.7%
2008	15,104	19,480	4,376	77.5%	3,931	111.3%
2009	15,342	20,083	4,741	76.4%	3,873	122.4%

Fire Fighters' Retirement System

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
2004	\$ 7,549	\$ 9,058	\$ 1,509	83.3%	\$ 1,468	102.8%
2005	7,483	9,707	2,224	77.1%	1,651	134.7%
2006	7,502	9,662	2,160	77.6%	1,768	122.2%
2007	8,044	10,099	2,055	79.7%	1,726	119.1%
2008	8,366	10,726	2,360	78.0%	1,928	122.4%
2009	8,468	11,472	3,004	73.8%	1,985	151.4%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

General Employees' Retirement System

Period Ended	Actuarial Valuation Date 10/1	Required Contribution	Actual Contribution	Percentage Contribution
9/30/05	2003	\$ 82,709	\$ 82,709	100.0%
9/30/06	2004	241,358	241,358	100.0%
9/30/07	2005	389,150	389,150	100.0%
9/30/08	2006	612,047	623,377	101.9%
9/30/09	2007	612,416	612,416	100.0%
9/30/10	2008	749,331	737,532	98.4%

Police Officers' Retirement System

Period Ended	Actuarial Valuation Date 10/1	Required Contribution (1)	Actual Contribution (1)	Percentage Contribution
9/30/05	2003	\$ 335,787	\$ 403,589	120.2%
9/30/06	2004	376,586	425,205	112.9%
9/30/07	2005	443,557	532,674	120.1%
9/30/08	2006	468,951	528,361	112.7%
9/30/09	2007	503,281	550,995	109.5%
9/30/10	2008	713,865	690,515	96.7%

Fire Fighters' Retirement System

Period Ended	Actuarial Valuation Date 10/1	Required Contribution (1)	Actual Contribution (1)	Percentage Contribution
9/30/05	2003	\$ 201,242	\$ 195,785	97.3%
9/30/06	2004	289,937	313,076	108.0%
9/30/07	2005	345,883	518,567	149.9%
9/30/08	2006	347,184	584,172	168.3%
9/30/09	2007	329,117	425,843	129.4%
9/30/10	2008	373,810	423,928	113.4%

(1) Includes contributions from the State of Florida under Chapters 175 and 185, Florida Statutes.

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

The information presented in the required supplementary schedules was determined as part of actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2009
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent - Open
Remaining Amortization Period:	
General Employee	1 to 25 Years
Police	2 to 25 Years
Firefighters	5 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Investment Return*	8.0%
Projected Salary Increases**	4.2% to 12.1%

* Includes Inflation Rate of 3.5%

**Includes Inflation Rate of 3.0%

**SCHEDULE OF FUNDING PROGRESS
CITY OF JACKSONVILLE BEACH, FLORIDA
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Other Postemployment Benefit Plan

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
2006 10/1	\$ 0	\$ 6,442,900	\$ 6,442,900	0.00%	\$ 16,901,893	38.12%
2008	0	6,848,807	6,848,807	0.00%	17,280,037	39.63%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF JACKSONVILLE BEACH, FLORIDA
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Other Postemployment Benefit Plan

Period Ended	Actuarial Valuation Date 10/1	Annual OPEB Cost	Estimated Amount Contributed	Percentage Contribution	Estimated Net OPEB Obligation
9/30/07	2006	\$ 472,901	\$ 181,614	38.40%	\$ 291,287
9/30/08	2006	493,759	202,472	41.00%	582,574
9/30/09	2008	564,436	189,576	33.59%	957,434
9/30/10	2009	588,520	220,927	37.54%	1,325,027

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF JACKSONVILLE BEACH, FLORIDA
OTHER POSTEMPLOYMENT BENEFIT PLAN**

The information presented in the required supplementary schedules was determined as part of actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2008
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent - Closed
Remaining Amortization Period	27 Years

Actuarial Assumptions:

Investment Return**	4.0%
Payroll Growth Rate	4.0%
Health-care Cost Trend Rates	4.0%

**Includes Inflation Rate of 3.0%

**COMBINING AND INDIVIDUAL NONMAJOR FUND
STATEMENTS AND OTHER SCHEDULES**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds			
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund
Assets				
Equity in Pooled Cash and Investments	\$ 452,796	\$ 222,822	\$ 177,048	\$ 350,882
Accounts Receivable				
Special Assessments Receivable			34,785	17,318
Due from Other Governmental Units	83,364		124,000	148,000
Deposit				
Total Assets	536,160	222,822	335,833	516,200
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	400	355	4,198	
Other Accrued Liabilities			358	
Interfund Payables				
Deposits				
Deferred Revenues	18,000		158,786	165,318
Total Liabilities	18,400	355	163,342	165,318
Fund Balances				
Reserved for:				
Encumbrances			55,895	60,000
Tourism Expenses	517,760			
Transportation Improvements			116,596	
Capital Projects				290,882
Law Enforcement				
Utility Assistance				
Unreserved:				
Undesignated		222,467		
Total Fund Balances	517,760	222,467	172,491	350,882
Total Liabilities and Fund Balances	\$ 536,160	\$ 222,822	\$ 335,833	\$ 516,200

Special Revenue Funds

Community Development Block Grant Fund	Radio Communications Fund	Special Events Fund	Emergency Management Fund	J.A.G. Grant Fund	Tree Protection Fund
	\$ 160,642	\$ 39,550	\$ 72,370		\$ 18,247 1,400
\$ 6,145				\$ 35,573	
<u>6,145</u>	<u>160,642</u>	<u>39,550</u>	<u>72,370</u>	<u>\$ 35,573</u>	<u>19,647</u>
				6,569	
6,145		1,311		29,004	
		725		35,573	1,400
<u>6,145</u>	<u>0</u>	<u>2,036</u>	<u>0</u>	<u>71,146</u>	<u>1,400</u>
	160,642	37,514	72,370	(35,573)	18,247
<u>0</u>	<u>160,642</u>	<u>37,514</u>	<u>72,370</u>	<u>(35,573)</u>	<u>18,247</u>
<u>\$ 6,145</u>	<u>\$ 160,642</u>	<u>\$ 39,550</u>	<u>\$ 72,370</u>	<u>\$ 35,573</u>	<u>\$ 19,647</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>
	<u>Law Enforcement Trust Fund</u>	<u>Equitable Sharing Trust Fund</u>	<u>CARE Trust Fund</u>	<u>Infrastructure Surtax Bonds</u>
Assets				
Equity in Pooled Cash and Investments	\$ 72,855	\$ 332,340	\$ 30,010	\$ 54,227
Accounts Receivable			1,560	
Special Assessments Receivable				
Due from Other Governmental Units				
Deposit				
Total Assets	<u>72,855</u>	<u>332,340</u>	<u>31,570</u>	<u>54,227</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable			6,884	
Other Accrued Liabilities	441			
Interfund Payables				
Deposits				
Deferred Revenues				
Total Liabilities	<u>441</u>	<u>0</u>	<u>6,884</u>	<u>0</u>
Fund Balances				
Reserved for:				
Encumbrances				
Tourism Expenses				
Transportation Improvements				
Capital Projects				
Law Enforcement	72,414			
Utility Assistance			24,686	
Unreserved:				
Undesignated		332,340		54,227
Total Fund Balances	<u>72,414</u>	<u>332,340</u>	<u>24,686</u>	<u>54,227</u>
Total Liabilities and Fund Balances	<u>\$ 72,855</u>	<u>\$ 332,340</u>	<u>\$ 31,570</u>	<u>\$ 54,227</u>

Capital Projects Funds			
Infrastructure Tax Capital Projects Fund	Beaches Park Project for Kids Fund	Dog Park Fund	Total Nonmajor Governmental Funds
\$ 4,812,150	\$ 5,595	\$ 13,571	\$ 6,815,105
			2,960
			52,103
			397,082
505,442			505,442
<u>5,317,592</u>	<u>5,595</u>	<u>13,571</u>	<u>7,772,692</u>
		264	18,670
1,000			3,110
			35,149
			725
			<u>379,077</u>
<u>1,000</u>	<u>0</u>	<u>264</u>	<u>436,731</u>
283,690			399,585
			517,760
505,442			622,038
4,527,460			4,818,342
			72,414
			24,686
	5,595	13,307	881,136
<u>5,316,592</u>	<u>5,595</u>	<u>13,307</u>	<u>7,335,961</u>
<u>\$ 5,317,592</u>	<u>\$ 5,595</u>	<u>\$ 13,571</u>	<u>\$ 7,772,692</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds			
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund
Revenues				
Taxes	\$ 220,694		\$ 747,903	\$ 950,140
Licenses and Permits				
Intergovernmental				
Charges for Services			285	9,749
Fines and Forfeitures		\$ 5,894		
Other Revenue	8,408	4,511	7,693	11,453
Total Revenues	<u>229,102</u>	<u>10,405</u>	<u>755,881</u>	<u>971,342</u>
Expenditures				
Current:				
General Government				709
Public Safety		39,874		
Physical Environment				
Roads and Streets			862,096	48,140
Human Services				
Parks and Recreation	121,351			
Debt Service:				
Principal				
Interest and Fees				
Capital Outlay				
(Total Expenditures)	<u>(121,351)</u>	<u>(39,874)</u>	<u>(862,096)</u>	<u>(48,849)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>107,751</u>	<u>(29,469)</u>	<u>(106,215)</u>	<u>922,493</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers (out)	(25,000)		(372,000)	(1,057,963)
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>0</u>	<u>(372,000)</u>	<u>(1,057,963)</u>
Net Change in Fund Balance	82,751	(29,469)	(478,215)	(135,470)
Fund Balances, Beginning of Year	<u>435,009</u>	<u>251,936</u>	<u>650,706</u>	<u>486,352</u>
Fund Balances, End of Year	<u>\$ 517,760</u>	<u>\$ 222,467</u>	<u>\$ 172,491</u>	<u>\$ 350,882</u>

Special Revenue Funds					
Community Development Block Grant Fund	Radio Communication Fund	Special Events Fund	Emergency Management Fund	J.A.G. Grant Fund	Tree Protection Fund
		\$ 3,350		\$ 449,944	
\$ 170,765					\$ 2,000
	\$ 16,748	73,396	\$ 1,375		457
<u>170,765</u>	<u>20,037</u>	<u>76,746</u>	<u>1,375</u>	<u>449,944</u>	<u>2,457</u>
			123		
	294			230,103	10,218
20,000		227,951			
<u>(20,000)</u>	<u>(294)</u>	<u>(227,951)</u>	<u>(123)</u>	<u>(230,103)</u>	<u>(10,218)</u>
<u>150,765</u>	<u>19,743</u>	<u>(151,205)</u>	<u>1,252</u>	<u>219,841</u>	<u>(7,761)</u>
		145,931			
<u>(150,765)</u>	<u>(32,613)</u>	<u>145,931</u>	<u>0</u>	<u>(255,414)</u>	<u>0</u>
<u>(150,765)</u>	<u>(32,613)</u>	<u>145,931</u>	<u>0</u>	<u>(255,414)</u>	<u>0</u>
0	(12,870)	(5,274)	1,252	(35,573)	(7,761)
0	173,512	42,788	71,118	0	26,008
<u>\$ 0</u>	<u>\$ 160,642</u>	<u>\$ 37,514</u>	<u>\$ 72,370</u>	<u>\$ (35,573)</u>	<u>\$ 18,247</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>
	<u>Law Enforcement Trust Fund</u>	<u>Equitable Sharing Trust Fund</u>	<u>CARE Trust Fund</u>	<u>Infrastructure Surtax Bonds</u>
Revenues				
Taxes				
Licenses and Permits				
Intergovernmental		\$ 7,632		
Charges for Services				
Fines and Forfeitures	\$ 8,094	288,432		
Other Revenue	5,627	8,128	\$ 12,800	\$ 4,183
Total Revenues	<u>13,721</u>	<u>304,192</u>	<u>12,800</u>	<u>4,183</u>
Expenditures				
Current:				
General Government				
Public Safety	23,570	37,452		
Physical Environment				
Roads and Streets				
Human Services			61,754	
Parks and Recreation				
Debt Service:				
Principal				735,000
Interest and Fees				323,065
Capital Outlay				
(Total Expenditures)	<u>(23,570)</u>	<u>(37,452)</u>	<u>(61,754)</u>	<u>(1,058,065)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,849)</u>	<u>266,740</u>	<u>(48,954)</u>	<u>(1,053,882)</u>
Other Financing Sources (Uses)				
Transfers in	268		65,000	1,057,963
Transfers (out)				
Total Other Financing Sources (Uses)	<u>268</u>	<u>0</u>	<u>65,000</u>	<u>1,057,963</u>
Net Change in Fund Balance	(9,581)	266,740	16,046	4,081
Fund Balances, Beginning of Year	<u>81,995</u>	<u>65,600</u>	<u>8,640</u>	<u>50,146</u>
Fund Balances, End of Year	<u>\$ 72,414</u>	<u>\$ 332,340</u>	<u>\$ 24,686</u>	<u>\$ 54,227</u>

Capital Projects Funds			
Infrastructure Tax Capital Projects Fund	Beaches Park Project for Kids Fund	Dog Park Fund	Total Nonmajor Governmental Funds
			\$ 1,918,737
			3,350
			628,341
			10,034
			321,168
\$ 123,518	\$ 106	\$ 12,962	277,906
<u>123,518</u>	<u>106</u>	<u>12,962</u>	<u>3,159,536</u>
			832
			331,293
496,939			507,157
			910,236
			81,754
	9	12,449	361,760
			735,000
			323,065
728,582			728,582
<u>(1,225,521)</u>	<u>(9)</u>	<u>(12,449)</u>	<u>(3,979,679)</u>
<u>(1,102,003)</u>	<u>97</u>	<u>513</u>	<u>(820,143)</u>
			1,269,162
			<u>(1,893,755)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(624,593)</u>
(1,102,003)	97	513	(1,444,736)
6,418,595	5,498	12,794	8,780,697
<u>\$ 5,316,592</u>	<u>\$ 5,595</u>	<u>\$ 13,307</u>	<u>\$ 7,335,961</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONVENTION DEVELOPMENT TAX FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 175,000	\$ 175,000	\$ 220,694	\$ 45,694
Other Revenue	10,000	10,000	8,408	(1,592)
Total Revenues	<u>185,000</u>	<u>185,000</u>	<u>229,102</u>	<u>44,102</u>
Expenditures				
Current:				
Parks and Recreation	140,341	240,341	121,351	118,990
(Total Expenditures)	<u>(140,341)</u>	<u>(240,341)</u>	<u>(121,351)</u>	<u>118,990</u>
Excess of Revenues Over Expenditures	44,659	(55,341)	107,751	163,092
Other Financing Sources (Uses)				
Transfers (out)	(25,000)	(25,000)	(25,000)	0
Net Change in Fund Balance	<u>\$ 19,659</u>	<u>\$ (80,341)</u>	<u>\$ 82,751</u>	<u>\$ 163,092</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COURT COSTS TRAINING FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 11,000	\$ 11,000	\$ 5,894	\$ (5,106)
Other Revenue	1,500	1,500	4,511	3,011
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>10,405</u>	<u>(2,095)</u>
Expenditures				
Current:				
Public Safety	40,000	40,000	39,874	126
(Total Expenditures)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(39,874)</u>	<u>126</u>
Net Change in Fund Balance	<u>\$ (27,500)</u>	<u>\$ (27,500)</u>	<u>\$ (29,469)</u>	<u>\$ (1,969)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
LOCAL OPTION GAS TAX FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 735,000	\$ 735,000	\$ 747,903	\$ 12,903
Charges for Services			285	285
Other Revenue	12,500	12,500	7,693	(4,807)
Total Revenues	<u>747,500</u>	<u>747,500</u>	<u>755,881</u>	<u>8,381</u>
Expenditures				
Current:				
Roads and Streets	433,808	1,086,247	862,096	224,151
(Total Expenditures)	<u>(433,808)</u>	<u>(1,086,247)</u>	<u>(862,096)</u>	<u>224,151</u>
(Deficiency) of Revenues (Under)				
Expenditures	313,692	(338,747)	(106,215)	232,532
Other Financing Sources (Uses)				
Transfers (out)	<u>(372,000)</u>	<u>(372,000)</u>	<u>(372,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (58,308)</u>	<u>\$ (710,747)</u>	<u>\$ (478,215)</u>	<u>\$ 232,532</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
INFRASTRUCTURE SURTAX FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,050,000	\$ 1,050,000	\$ 950,140	\$ (99,860)
Charges for Services			9,749	9,749
Other Revenue	10,000	10,000	11,453	1,453
Total Revenues	<u>1,060,000</u>	<u>1,060,000</u>	<u>971,342</u>	<u>(88,658)</u>
Expenditures				
Current:				
General Government			709	(709)
Roads and Streets	65,000	156,252	48,140	108,112
(Total Expenditures)	<u>(65,000)</u>	<u>(156,252)</u>	<u>(48,849)</u>	<u>107,403</u>
Excess of Revenues Over Expenditures	995,000	903,748	922,493	18,745
Other Financing Sources (Uses)				
Transfers (out)	<u>(1,057,963)</u>	<u>(1,057,963)</u>	<u>(1,057,963)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (62,963)</u>	<u>\$ (154,215)</u>	<u>\$ (135,470)</u>	<u>\$ 18,745</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 161,491	\$ 161,491	\$ 170,765	\$ 9,274
Expenditures				
Current:				
Human Services	20,000	20,000	20,000	0
(Total Expenditures)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Excess of Revenues Over Expenditures	141,491	141,491	150,765	9,274
Other Financing Sources (Uses)				
Transfers (out)	<u>(161,491)</u>	<u>(161,491)</u>	<u>(150,765)</u>	<u>10,726</u>
Net Change in Fund Balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ 0</u>	<u>\$ 20,000</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
RADIO COMMUNICATION FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 35,000	\$ 35,000	\$ 16,748	\$ (18,252)
Other Revenue	3,000	3,000	3,289	289
Total Revenues	<u>38,000</u>	<u>38,000</u>	<u>20,037</u>	<u>(17,963)</u>
Expenditures				
Current:				
Public Safety	145,368	145,368	294	145,074
(Total Expenditures)	<u>(145,368)</u>	<u>(145,368)</u>	<u>(294)</u>	<u>145,074</u>
Excess of Revenues Over Expenditures	(107,368)	(107,368)	19,743	127,111
Other Financing Sources (Uses)				
Transfers in	73,981			0
Transfers (out)		(32,613)	(32,613)	0
Total Other Financing Sources (Uses)	<u>73,981</u>	<u>(32,613)</u>	<u>(32,613)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (33,387)</u>	<u>\$ (139,981)</u>	<u>\$ (12,870)</u>	<u>\$ 127,111</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL EVENTS FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$ 4,600	\$ 4,600	\$ 3,350	\$ (1,250)
Other Revenue	51,739	51,739	73,396	21,657
Total Revenues	<u>56,339</u>	<u>56,339</u>	<u>76,746</u>	<u>20,407</u>
Expenditures				
Current:				
Parks and Recreation	202,384	222,384	227,951	(5,567)
(Total Expenditures)	<u>(202,384)</u>	<u>(222,384)</u>	<u>(227,951)</u>	<u>(5,567)</u>
(Deficiency) of Revenues (Under) Expenditures	(146,045)	(166,045)	(151,205)	14,840
Other Financing Sources (Uses)				
Transfers in	145,931	145,931	145,931	0
Net Change in Fund Balance	<u>\$ (114)</u>	<u>\$ (20,114)</u>	<u>\$ (5,274)</u>	<u>\$ 14,840</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 EMERGENCY MANAGEMENT FUND
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Revenue	\$ 1,500	\$ 1,500	\$ 1,375	\$ (125)
Expenditures				
Current:				
General Government	34,800	34,800	123	34,677
(Total Expenditures)	<u>(34,800)</u>	<u>(34,800)</u>	<u>(123)</u>	<u>34,677</u>
Net Change in Fund Balance	<u>\$ (33,300)</u>	<u>\$ (33,300)</u>	<u>\$ 1,252</u>	<u>\$ 34,552</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 J.A.G. GRANT FUND
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 73,981	\$ 485,518	\$ 449,944	\$ (35,574)
Total Revenues	<u>73,981</u>	<u>485,518</u>	<u>449,944</u>	<u>(35,574)</u>
Expenditures				
Current:				
Public Safety	0	230,103	230,103	0
(Total Expenditures)	<u>0</u>	<u>(230,103)</u>	<u>(230,103)</u>	<u>0</u>
Excess of Revenues Over Expenditures	73,981	255,415	219,841	(35,574)
Other Financing Sources (Uses)				
Transfers (out)	<u>(73,981)</u>	<u>(298,870)</u>	<u>(255,414)</u>	<u>43,456</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ (43,455)</u>	<u>\$ (35,573)</u>	<u>\$ 7,882</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TREE PROTECTION FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures		\$ 2,000	\$ 2,000	\$ 0
Other Revenue	\$ 1,750	1,750	457	(1,293)
Total Revenues	<u>1,750</u>	<u>3,750</u>	<u>2,457</u>	<u>(1,293)</u>
Expenditures				
Current:				
Physical Environment	10,030	12,030	10,218	1,812
(Total Expenditures)	<u>(10,030)</u>	<u>(12,030)</u>	<u>(10,218)</u>	<u>1,812</u>
Net Change in Fund Balance	<u>\$ (8,280)</u>	<u>\$ (8,280)</u>	<u>\$ (7,761)</u>	<u>\$ 519</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
LAW ENFORCEMENT TRUST FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 12,000	\$ 12,000	\$ 8,094	\$ (3,906)
Other Revenue	2,100	2,100	5,627	3,527
Total Revenues	<u>14,100</u>	<u>14,100</u>	<u>13,721</u>	<u>(379)</u>
Expenditures				
Current:				
Public Safety	66,327	71,964	23,570	48,394
(Total Expenditures)	<u>(66,327)</u>	<u>(71,964)</u>	<u>(23,570)</u>	<u>48,394</u>
(Deficiency) of Revenues (Under) Expenditures	(52,227)	(57,864)	(9,849)	48,015
Other Financing Sources (Uses)				
Transfers in	<u>0</u>	<u>268</u>	<u>268</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (52,227)</u>	<u>\$ (57,596)</u>	<u>\$ (9,581)</u>	<u>\$ 48,015</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
EQUITABLE SHARING TRUST FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental			\$ 7,632	\$ 7,632
Fines and Forfeitures	\$ 11,000	\$ 288,432	288,432	0
Other Revenue	1,250	6,299	8,128	1,829
Total Revenues	<u>12,250</u>	<u>294,731</u>	<u>304,192</u>	<u>9,461</u>
Expenditures				
Current:				
Public Safety	50,000	50,000	37,452	12,548
(Total Expenditures)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(37,452)</u>	<u>12,548</u>
Net Change in Fund Balance	<u>\$ (37,750)</u>	<u>\$ 244,731</u>	<u>\$ 266,740</u>	<u>\$ 22,009</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CARE TRUST FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Revenue	\$ 13,000	\$ 13,000	\$ 12,800	\$ (200)
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>12,800</u>	<u>(200)</u>
Expenditures				
Current:				
Human Services	71,000	96,000	61,754	34,246
(Total Expenditures)	<u>(71,000)</u>	<u>(96,000)</u>	<u>(61,754)</u>	<u>34,246</u>
(Deficiency) of Revenues (Under)				
Expenditures	(58,000)	(83,000)	(48,954)	34,046
Other Financing Sources (Uses)				
Transfers in	40,000	65,000	65,000	0
Net Change in Fund Balance	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>	<u>\$ 16,046</u>	<u>\$ 34,046</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
INFRASTRUCTURE SURTAX BONDS
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Earnings	\$ 1,800	\$ 1,800	\$ 4,183	\$ 2,383
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>4,183</u>	<u>2,383</u>
Expenditures				
Debt Service:				
Principal	735,000	735,000	735,000	0
Interest and Fees	<u>327,740</u>	<u>327,740</u>	<u>323,065</u>	<u>4,675</u>
(Total Expenditures)	<u>(1,062,740)</u>	<u>(1,062,740)</u>	<u>(1,058,065)</u>	<u>4,675</u>
(Deficiency) of Revenues (Under)				
Expenditures	(1,060,940)	(1,060,940)	(1,053,882)	7,058
Other Financing Sources (Uses)				
Transfers in	<u>1,057,963</u>	<u>1,057,963</u>	<u>1,057,963</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (2,977)</u>	<u>\$ (2,977)</u>	<u>\$ 4,081</u>	<u>\$ 7,058</u>

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Assets	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Total</u>
Current Assets						
Equity in Pooled Cash and Investments	\$ 2,010,132	\$ 4,484,454	\$ 71,883	\$ 1,269,407	\$ 1,314,680	\$ 9,150,556
Other Operating Cash			1,900			1,900
Receivables:						
Accounts, Net	158,423	409,528		24,766	47,284	640,001
Inventory			16,339			16,339
Prepaid Expenses			4,380	663		5,043
Restricted Assets:						
Equity in Pooled Cash and Investments	1,022,886					1,022,886
Total Current Assets	<u>3,191,441</u>	<u>4,893,982</u>	<u>94,502</u>	<u>1,294,836</u>	<u>1,361,964</u>	<u>10,836,725</u>
Noncurrent Assets						
Capital Assets:						
Land	329,263		388,980	28,000		746,243
Buildings and Improvements	19,451,854		1,977,219	970,691		22,399,764
Equipment	281,130	221,764	82,196	907,044		1,492,134
Construction in Progress	198,811				2,191,917	2,390,728
	<u>20,261,058</u>	<u>221,764</u>	<u>2,448,395</u>	<u>1,905,735</u>	<u>2,191,917</u>	<u>27,028,869</u>
(Accumulated Depreciation)	<u>(5,230,061)</u>	<u>(89,155)</u>	<u>(823,548)</u>	<u>(1,322,607)</u>	<u>0</u>	<u>(7,465,371)</u>
Total Noncurrent Assets	<u>15,030,997</u>	<u>132,609</u>	<u>1,624,847</u>	<u>583,128</u>	<u>2,191,917</u>	<u>19,563,498</u>
Total Assets	<u>18,222,438</u>	<u>5,026,591</u>	<u>1,719,349</u>	<u>1,877,964</u>	<u>3,553,881</u>	<u>30,400,223</u>

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

Liabilities	Stormwater	Sanitation	Golf Course	Leased Facilities	Natural Gas	Total
Current Liabilities						
Accounts Payable	\$ 17,552	\$ 213,826	\$ 10,499	\$ 1,127	\$ 348,245	\$ 591,249
Other Accrued Liabilities	3,868	3,477	16,748	1,197	52,347	77,637
Unearned Revenues			32,858			32,858
Current Portion of Long-term Debt:						
Compensated Absences		1,124	5,787			6,911
Current Liabilities Payable from Restricted Assets:						
Bonds Payable - Current Portion	437,928					437,928
Accrued Interest	13,148					13,148
Total Current Liabilities	472,496	218,427	65,892	2,324	400,592	1,159,731
Noncurrent Liabilities						
Revenue Bonds Payable	451,040					451,040
Accrued Compensated Absences		4,497	23,149			27,646
Other Postemployment Benefits	4,274		38,468			42,742
Total Noncurrent Liabilities	455,314	4,497	61,617	0	0	521,428
Total Liabilities	927,810	222,924	127,509	2,324	400,592	1,681,159
Net Assets						
Invested in Capital Assets, Net of Related Debt	14,142,029	132,609	1,624,847	583,128	2,191,917	18,674,530
Restricted for:						
Renewal and Replacement	571,810					571,810
Unrestricted	2,580,789	4,671,058	(33,007)	1,292,512	961,372	9,472,724
Total Net Assets	\$ 17,294,628	\$ 4,803,667	\$ 1,591,840	\$ 1,875,640	\$ 3,153,289	\$ 28,719,064

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Operating Revenues						
Charges for Services	\$ 1,242,265	\$ 3,141,500	\$ 1,336,437		\$ 88,055	\$ 5,808,257
Other		4,960	(194)	\$ 541,785	1,200	547,751
Total Operating Revenues	<u>1,242,265</u>	<u>3,146,460</u>	<u>1,336,243</u>	<u>541,785</u>	<u>89,255</u>	<u>6,356,008</u>
Operating Expenses						
Purchased Power					68,257	68,257
Personal Services	147,115	127,412	378,693	203		653,423
Purchased Services	179,074	2,734,589	888,024	12,358	28,957	3,843,002
Repairs and Maintenance	29,531	3,863	26,021	168,347		227,762
Depreciation	589,153	39,484	73,027	162,289		863,953
Materials and Supplies	14,343	26,131	29,217			69,691
Other Expenses	217,063	108,535	280,732	26,730	2,590	635,650
(Total Operating Expenses)	<u>(1,176,279)</u>	<u>(3,040,014)</u>	<u>(1,675,714)</u>	<u>(369,927)</u>	<u>(99,804)</u>	<u>(6,361,738)</u>
Operating Income (Loss)	<u>65,986</u>	<u>106,446</u>	<u>(339,471)</u>	<u>171,858</u>	<u>(10,549)</u>	<u>(5,730)</u>
Nonoperating Income (Expense)						
Investment Earnings	44,286	83,008	1,666	20,568		149,528
Interest Expense	(26,225)					(26,225)
Intergovernmental Revenue		178,652				178,652
Total Nonoperating Income (Expense)	<u>18,061</u>	<u>261,660</u>	<u>1,666</u>	<u>20,568</u>	<u>0</u>	<u>301,955</u>
Income (Loss) Before Contributions and Transfers	<u>84,047</u>	<u>368,106</u>	<u>(337,805)</u>	<u>192,426</u>	<u>(10,549)</u>	<u>296,225</u>
Capital Contributions						
Contributions from Other Funds	3,985,135	0	285,122	0	0	4,270,257
Total Capital Contributions	<u>3,985,135</u>	<u>0</u>	<u>285,122</u>	<u>0</u>	<u>0</u>	<u>4,270,257</u>
Transfers						
Transfers in		3,720	185,000		540,827	729,547
Transfers (out)	(287,910)					(287,910)
Total Transfers	<u>(287,910)</u>	<u>3,720</u>	<u>185,000</u>	<u>0</u>	<u>540,827</u>	<u>441,637</u>
Change in Net Assets	3,781,272	371,826	132,317	192,426	530,278	5,008,119
Total Net Assets, Beginning of Year	13,513,356	4,431,841	1,459,523	1,683,214	2,623,011	23,710,945
Total Net Assets, End of Year	<u>\$ 17,294,628</u>	<u>\$ 4,803,667</u>	<u>\$ 1,591,840</u>	<u>\$ 1,875,640</u>	<u>\$ 3,153,289</u>	<u>\$ 28,719,064</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Cash Flows from Operating Activities						
Cash Received from Customers and Users	\$ 1,232,058	\$ 3,118,760	\$ 1,320,950	\$ 532,508	\$ 41,971	\$ 6,246,247
Cash Payments to Vendors for Goods and Services	(438,750)	(2,889,809)	(1,218,719)	(210,393)	300,788	(4,456,883)
Cash Payments to Employees for Services	(145,929)	(132,441)	(370,079)	(203)		(648,652)
Net Cash Provided by (Used in) Operating Activities	<u>647,379</u>	<u>96,510</u>	<u>(267,848)</u>	<u>321,912</u>	<u>342,759</u>	<u>1,140,712</u>
Cash Flows from Noncapital Financing Activities						
Transfers in		3,720	185,000		540,827	729,547
Intergovernmental Revenue		178,652				178,652
Operating Transfers (out)	(287,910)					(287,910)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(287,910)</u>	<u>182,372</u>	<u>185,000</u>	<u>0</u>	<u>540,827</u>	<u>620,289</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets (Excluding Contributed Assets)	(198,811)				(1,810,637)	(2,009,448)
Principal Paid on Revenue Bonds	(425,196)					(425,196)
Interest Paid on Notes Payable and Long-term Debt	(32,514)					(32,514)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(656,521)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,810,637)</u>	<u>(2,467,158)</u>
Cash Flows from Investing Activities						
Interest Received on Investments	44,286	83,008	1,666	20,568	0	149,528
Net Increase (Decrease) in Cash and Cash Equivalents	(252,766)	361,890	(81,182)	342,480	(927,051)	(556,629)
Cash and Cash Equivalents, Beginning of Year	<u>3,285,784</u>	<u>4,122,564</u>	<u>154,965</u>	<u>926,927</u>	<u>2,241,731</u>	<u>10,731,971</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,033,018</u>	<u>\$ 4,484,454</u>	<u>\$ 73,783</u>	<u>\$ 1,269,407</u>	<u>\$ 1,314,680</u>	<u>\$ 10,175,342</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<u>Included on the Accompanying Balance Sheet</u>						
<u>Under the Following Captions</u>						
Current Assets						
Equity in Pooled Cash and Investments	\$ 2,010,132	\$ 4,484,454	\$ 71,883	\$ 1,269,407	\$ 1,314,680	\$ 9,150,556
Other Operating Cash			1,900			1,900
Restricted Assets						
Equity in Pooled Cash and Investments	1,022,886					1,022,886
Total	<u>\$ 3,033,018</u>	<u>\$ 4,484,454</u>	<u>\$ 73,783</u>	<u>\$ 1,269,407</u>	<u>\$ 1,314,680</u>	<u>\$ 10,175,342</u>
<u>Reconciliation of Operating Income (Loss) to Net</u>						
<u>Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 65,986	\$ 106,446	\$ (339,471)	\$ 171,858	\$ (10,549)	\$ (5,730)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in)						
Operating Activities:						
Depreciation	589,153	39,484	73,027	162,289		863,953
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	(10,207)	(27,700)		(9,290)	(47,284)	(94,481)
Due from Other Governments			7	13		20
Inventories			5,469			5,469
Prepaid Expenses			1,024	6		1,030
Accounts Payable and Other Accrued Liabilities	1,261	(16,691)	(1,217)	(2,964)	400,592	380,981
Deferred Revenues			(15,300)			(15,300)
Accrued Compensated Absences		(5,029)	(2,058)			(7,087)
Other Postemployment Benefits	1,186		10,671			11,857
Net Cash Provided by (Used in) Operating Activities	<u>\$ 647,379</u>	<u>\$ 96,510</u>	<u>\$ (267,848)</u>	<u>\$ 321,912</u>	<u>\$ 342,759</u>	<u>\$ 1,140,712</u>
<u>Supplemental Disclosure of Noncash Activities</u>						
Capital Assets - Contributed	<u>\$ 3,985,135</u>	<u>\$ 0</u>	<u>\$ 285,122</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,270,257</u>

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Assets			
Current Assets			
Equity in Pooled Cash and Investments	\$ 2,786,116	\$ 217,682	\$ 3,003,798
Other Operating Cash	70,614		70,614
Accounts Receivable	120,863		120,863
Prepaid Expenses	30,275		30,275
Total Current Assets	<u>3,007,868</u>	<u>217,682</u>	<u>3,225,550</u>
Noncurrent Assets			
Capital Assets:			
Buildings and Improvements		1,610,007	1,610,007
Equipment		2,426,193	2,426,193
	<u>0</u>	<u>4,036,200</u>	<u>4,036,200</u>
(Accumulated Depreciation)	<u>0</u>	<u>(2,923,575)</u>	<u>(2,923,575)</u>
Total Noncurrent Assets	<u>0</u>	<u>1,112,625</u>	<u>1,112,625</u>
Total Assets	<u>3,007,868</u>	<u>1,330,307</u>	<u>4,338,175</u>
Liabilities			
Current Liabilities			
Accounts Payable	2,081	93,909	95,990
Other Accrued Liabilities	440	119,454	119,894
Estimated Liability for Self-insured Losses	829,498		829,498
Current Portion of Long-term Debt - Compensated Absences		215,300	215,300
Total Current Liabilities	<u>832,019</u>	<u>428,663</u>	<u>1,260,682</u>
Noncurrent Liabilities			
Accrued Compensated Absences	<u>0</u>	<u>861,209</u>	<u>861,209</u>
Total Liabilities	<u>832,019</u>	<u>1,289,872</u>	<u>2,121,891</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt		1,112,625	1,112,625
Unrestricted	2,175,849	(1,072,190)	1,103,659
Total Net Assets	<u>\$ 2,175,849</u>	<u>\$ 40,435</u>	<u>\$ 2,216,284</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Self-insurance Fund	Other Internal Service Fund	Totals
Operating Revenues			
Charges for Services	\$ 3,109,835	\$ 8,184,745	\$ 11,294,580
Other Revenue	25,748	1,005	26,753
Total Operating Revenues	<u>3,135,583</u>	<u>8,185,750</u>	<u>11,321,333</u>
Operating Expenses			
Personal Services	13,282	4,153,955	4,167,237
Purchased Services	60,780	922,303	983,083
Repairs and Maintenance		468,152	468,152
Depreciation		180,798	180,798
Materials and Supplies	1,684	484,275	485,959
Other Expenses	3,231,878	1,842,776	5,074,654
(Total Operating Expenses)	<u>(3,307,624)</u>	<u>(8,052,259)</u>	<u>(11,359,883)</u>
Operating (Loss) (Income)	<u>(172,041)</u>	<u>133,491</u>	<u>(38,550)</u>
Nonoperating Income (Expense)			
Investment Earnings	44,274		44,274
(Loss) on Disposal of Capital Assets		(9,569)	(9,569)
Total Nonoperating Income (Expense)	<u>44,274</u>	<u>(9,569)</u>	<u>34,705</u>
(Loss) Income Before Transfers	(127,767)	123,922	(3,845)
Transfers (out)	<u>0</u>	<u>(35,000)</u>	<u>(35,000)</u>
Change in Net Assets	(127,767)	88,922	(38,845)
Total Net Assets, Beginning of Year	<u>2,303,616</u>	<u>(48,487)</u>	<u>2,255,129</u>
Total Net Assets, End of Year	<u>\$ 2,175,849</u>	<u>\$ 40,435</u>	<u>\$ 2,216,284</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 3,014,720	\$ 8,185,750	\$ 11,200,470
Cash Payments to Vendors for Goods and Services	(662,573)	(3,815,137)	(4,477,710)
Cash Payments to Employees for Services	(13,282)	(4,149,157)	(4,162,439)
Claims Paid	(2,132,303)		(2,132,303)
Net Cash Provided by (Used in) Operating Activities	<u>206,562</u>	<u>221,456</u>	<u>428,018</u>
Cash Flows from Noncapital Financing Activities			
Transfers (out)	<u>0</u>	<u>(35,000)</u>	<u>(35,000)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	<u>0</u>	<u>(179,472)</u>	<u>(179,472)</u>
Cash Flows from Investing Activities			
Interest Received on Investments	<u>44,274</u>	<u>0</u>	<u>44,274</u>
Net Increase (Decrease) in Cash and Cash Equivalents	250,836	6,984	257,820
Cash and Cash Equivalents, Beginning of Year	<u>2,605,894</u>	<u>210,698</u>	<u>2,816,592</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,856,730</u>	<u>\$ 217,682</u>	<u>\$ 3,074,412</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>			
Current Assets			
Equity in Pooled Cash and Investments	\$ 2,786,116	\$ 217,682	\$ 3,003,798
Other Operating Cash	70,614		70,614
Total Current Assets	<u>\$ 2,856,730</u>	<u>\$ 217,682</u>	<u>\$ 3,074,412</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ (172,041)	\$ 133,491	\$ (38,550)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		180,798	180,798
(Decrease) in Estimated Liability for Self-insured Losses	483,499		483,499
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
A/R and Unbilled Revenue	(120,863)		(120,863)
Prepaid Expenses	13,321		13,321
Accounts Payable and Other Accrued Liabilities	2,646	(97,631)	(94,985)
Accrued Compensated Absences		4,798	4,798
Net Cash Provided by (Used in) Operating Activities	<u>\$ 206,562</u>	<u>\$ 221,456</u>	<u>\$ 428,018</u>

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Totals</u>
Assets				
Cash and Cash Equivalents	\$ 1,353,030	\$ 712,333	\$ 114,661	\$ 2,180,024
Accrued Interest	172,729	63,768	35,222	271,719
Due from Other Governments			80,645	80,645
Investments:				
Equities, Including Mutual Funds	20,830,743	7,690,276	4,247,655	32,768,674
Corporate Bonds	8,724,473	3,220,893	1,779,032	13,724,398
U.S. Government Obligations/Agencies	7,935,106	2,929,476	1,618,070	12,482,652
Total Investments	<u>37,490,322</u>	<u>13,840,645</u>	<u>7,644,757</u>	<u>58,975,724</u>
Total Assets	<u>39,016,081</u>	<u>14,616,746</u>	<u>7,875,285</u>	<u>61,508,112</u>
Liabilities				
Accounts Payable	<u>1,124</u>	<u>406</u>	<u>269</u>	<u>1,799</u>
Net Assets				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 39,014,957</u>	<u>\$ 14,616,340</u>	<u>\$ 7,875,016</u>	<u>\$ 61,506,313</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Totals</u>
Additions				
Contributions:				
Employee	\$ 763,283	\$ 258,993	\$ 133,977	\$ 1,156,253
Employer	737,532	512,679	179,590	1,429,801
State of Florida		177,836	244,338	422,174
Total Contributions	<u>1,500,815</u>	<u>949,508</u>	<u>557,905</u>	<u>3,008,228</u>
Investment Income:				
Investment Earnings	3,128,526	1,154,988	637,945	4,921,459
(Investment Expenses)	<u>(132,445)</u>	<u>(48,896)</u>	<u>(27,007)</u>	<u>(208,348)</u>
Net Investment Income	<u>2,996,081</u>	<u>1,106,092</u>	<u>610,938</u>	<u>4,713,111</u>
Total Additions	<u>4,496,896</u>	<u>2,055,600</u>	<u>1,168,843</u>	<u>7,721,339</u>
Deductions				
Benefits	2,489,528	1,040,390	723,796	4,253,714
Refunds of Contributions	162,315	92,815	108,703	363,833
Administrative Expense	<u>78,619</u>	<u>57,433</u>	<u>56,779</u>	<u>192,831</u>
(Total Deductions)	<u>(2,730,462)</u>	<u>(1,190,638)</u>	<u>(889,278)</u>	<u>(4,810,378)</u>
Change in Net Assets	1,766,434	864,962	279,565	2,910,961
Net Assets, Beginning of Year	<u>37,248,523</u>	<u>13,751,378</u>	<u>7,595,451</u>	<u>58,595,352</u>
Net Assets, End of Year	<u>\$ 39,014,957</u>	<u>\$ 14,616,340</u>	<u>\$ 7,875,016</u>	<u>\$ 61,506,313</u>

**SCHEDULE OF COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND
SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District	Southend Redevelopment District	Totals
Assets			
Equity in Pooled Cash and Investments	\$ 3,294,129	\$ 1,515,315	\$ 4,809,444
Assessments, Net		3,647	3,647
Deposits		1,011,070	1,011,070
Restricted Cash	2,166,644		2,166,644
Total Assets	<u>5,460,773</u>	<u>2,530,032</u>	<u>7,990,805</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	23,544	110	23,654
Other Accrued Liabilities	10,240	1,031	11,271
Deferred Revenue		3,647	3,647
Total Liabilities	<u>33,784</u>	<u>4,788</u>	<u>38,572</u>
Fund Balances			
Reserved for:			
Encumbrances	586,603	36,440	623,043
Redevelopment	4,840,386	1,477,734	6,318,120
Transportation Improvements		1,011,070	1,011,070
Total Fund Balances	<u>5,426,989</u>	<u>2,525,244</u>	<u>7,952,233</u>
Total Liabilities and Fund Balances	<u>\$ 5,460,773</u>	<u>\$ 2,530,032</u>	<u>\$ 7,990,805</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment	Southend Redevelopment	Totals
Revenues			
Taxes	\$ 4,974,232	\$ 2,728,902	\$ 7,703,134
Intergovernmental	494,612		494,612
Charges for Services		4,472	4,472
Interest and Other Revenue	127,560	32,620	160,180
Total Revenues	5,596,404	2,765,994	8,362,398
Expenditures			
Current:			
General Government	177,824	80,006	257,830
Public Safety	367,477		367,477
Debt Service:			
Principal	872,561	959,480	1,832,041
Interest and Fees	101,643	202,001	303,644
Capital Outlay	3,517,662		3,517,662
(Total Expenditures)	(5,037,167)	(1,241,487)	(6,278,654)
Excess of Revenues Over Expenditures	559,237	1,524,507	2,083,744
Other Financing Sources (Uses)			
Transfers in	2,304		2,304
Transfers (out)	(2,014,552)	(1,381,449)	(3,396,001)
Total Other Financing Sources (Uses)	(2,012,248)	(1,381,449)	(3,393,697)
Net Change in Fund Balances	(1,453,011)	143,058	(1,309,953)
Fund Balances, Beginning of Year	6,880,000	2,382,186	9,262,186
Fund Balances, End of Year	\$ 5,426,989	\$ 2,525,244	\$ 7,952,233

BOND COVENANT INFORMATION

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
ELECTRIC, WATER AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 114,876,543	\$ 107,929,959	\$ (6,946,584)
Other	276,469	204,478	(71,991)
Total Operating Revenues	<u>115,153,012</u>	<u>108,134,437</u>	<u>(7,018,575)</u>
Operating Expenses			
Purchased Power	74,621,537	76,470,502	(1,848,965)
Personal Services	8,266,515	6,760,690	1,505,825
Purchased Services	1,859,881	1,330,345	529,536
Repairs and Maintenance	1,269,269	1,006,618	262,651
Materials and Supplies	1,036,473	829,982	206,491
Other Expenses	6,845,845	5,381,536	1,464,309
(Total Operating Expenses)	<u>(93,899,520)</u>	<u>(91,779,673)</u>	<u>2,119,847</u>
Operating Income	<u>21,253,492</u>	<u>16,354,764</u>	<u>(4,898,728)</u>
Nonoperating Income (Expense)			
Investment Earnings	912,171	645,556	(266,615)
Interest Expense	(1,735,503)	(1,728,813)	6,690
Intergovernmental Revenue		128,063	128,063
Connection Fees	240,000	60,085	(179,915)
Gain on Disposal of Capital Assets	35,000	69,320	34,320
Capital Outlay	(25,441,389)	(18,168,530)	7,272,859
System Removal Costs		(448,962)	(448,962)
Debt Service, Principal	(3,115,000)	(3,115,000)	0
Capital Grant Revenue	7,756,500	6,179,766	(1,576,734)
Total Nonoperating Income (Expense)	<u>(21,348,221)</u>	<u>(16,378,515)</u>	<u>4,969,706</u>
Income Before Operating Transfers	(94,729)	(23,751)	70,978
Transfers in	3,399,058	3,399,058	0
Transfers (out)	<u>(4,027,732)</u>	<u>(4,759,573)</u>	<u>(731,841)</u>
Net Income	<u>\$ (723,403)</u>	<u>\$ (1,384,266)</u>	<u>\$ (660,863)</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
ELECTRIC, WATER AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 17,132,123</u>
Adjustments	
Depreciation	6,554,480
Capital Outlay, Purchased	(18,168,530)
Capital Outlay, Contributed	(190,427)
Contributions from Other Funds	(3,801,557)
Removal Costs	(448,962)
Debt Service, Principal	(3,115,000)
Amortization:	
Bond Issue Costs	63,699
Bond Discount	17,791
Loss on Refunding	572,117
(Total Adjustments)	<u>(18,516,389)</u>
Net Income - Budgetary Basis	<u>\$ (1,384,266)</u>

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
STORMWATER ENTERPRISE FUND ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 1,222,863	\$ 1,242,265	\$ 19,402
Total Operating Revenues	<u>1,222,863</u>	<u>1,242,265</u>	<u>19,402</u>
Operating Expenses			
Personal Services	159,791	147,115	12,676
Purchased Services	235,474	179,074	56,400
Repair and Maintenance	70,400	29,531	40,869
Materials and Supplies	29,000	14,343	14,657
Other Expenses	278,243	217,063	61,180
(Total Operating Expenses)	<u>(772,908)</u>	<u>(587,126)</u>	<u>185,782</u>
Operating Income	<u>449,955</u>	<u>655,139</u>	<u>205,184</u>
Nonoperating Income (Expense)			
Investment Earnings	51,072	44,286	(6,786)
Interest Expense	(31,225)	(26,225)	5,000
Capital Outlay	(804,943)	(198,811)	606,132
Debt Service, Principal	(425,197)	(425,196)	1
Total Nonoperating Income (Expense)	<u>(1,210,293)</u>	<u>(605,946)</u>	<u>604,347</u>
Transfers Out	<u>0</u>	<u>(287,910)</u>	<u>(287,910)</u>
Net Income	<u>\$ (760,338)</u>	<u>\$ (238,717)</u>	<u>\$ 521,621</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
STORMWATER ENTERPRISE FUND ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 3,781,272</u>
Adjustments	
Depreciation	589,153
Capital Outlay, Purchased	(198,811)
Capital Outlay, Contributed	(3,985,135)
Debt Service, Principal	<u>(425,196)</u>
(Total Adjustments)	<u>(4,019,989)</u>
Net Income - Budgetary Basis	<u>\$ (238,717)</u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED
 UNDER UTILITY REVENUE BOND COVENANTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Utility Customers Connected and Active

	<u>2010</u>	<u>2009</u>
Electrical Customers		
Jacksonville Beach	13,560	13,489
Neptune Beach	3,888	3,888
Other	15,548	13,974
Total Electrical Customers	<u>32,996</u>	<u>31,351</u>
Water and Wastewater Customers		
Water	9,610	9,585
Wastewater	9,472	9,436
Total Water and Wastewater Customers	<u>19,082</u>	<u>19,021</u>

Insurance in Existence

Electrical Department

Buildings, Equipment, Transformers, Regulators, Substations and Equipment	<u>\$ 49,189,685</u>	<u>\$ 46,491,762</u>
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Water Department

Buildings and Equipment	<u>\$ 19,030,085</u>	<u>\$ 21,370,296</u>
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General Liability

	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
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Automobile Liability

	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
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STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

Statistical Section (Unaudited)

This part of the City of Jacksonville Beach, Florida's (the City) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends Information These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	116
Revenue Capacity Information These schedules contain information to help the reader assess the City's local revenue source.	121
Debt Capacity Information These schedules present information to help the reader assess the City's debt burden and its ability to issue additional debt in the future.	125
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.	129
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	131

Sources: Unless otherwise noted, the information in these schedules were obtained from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

FINANCIAL TRENDS INFORMATION

Schedule 1
City of Jacksonville Beach, Florida
Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 37,711,247	\$ 43,300,636	\$ 46,542,636	\$ 53,881,212	\$ 64,648,677	\$ 73,400,569	\$ 76,567,062	\$ 72,717,821
Restricted	9,951,867	8,071,789	8,319,972	10,774,562	13,621,430	11,541,695	13,288,522	9,884,908
Unrestricted	12,005,127	12,490,147	14,054,508	14,287,663	12,569,477	14,225,981	12,122,024	13,645,936
Total Governmental Activities Net Assets	59,668,241	63,862,572	68,917,116	78,943,437	90,839,584	99,168,245	101,977,608	96,248,665
Business-type Activities								
Invested in Capital Assets, Net of Related Debt	58,074,915	66,590,982	74,108,491	77,751,329	88,134,565	97,378,366	105,424,647	129,851,305
Restricted	2,558,852	2,346,492	2,729,471	2,466,144	2,522,999	2,582,388	2,587,835	2,571,810
Unrestricted	50,884,988	50,190,823	53,439,669	58,643,292	53,428,787	50,577,648	55,315,006	53,044,615
Total Business-type Activities Net Assets	111,518,755	119,128,297	130,277,631	138,860,765	144,086,351	150,538,402	163,327,488	185,467,730
Primary Government								
Invested in Capital Assets, Net of Related Debt	95,786,162	109,891,618	120,651,127	131,632,541	152,783,242	170,778,935	181,991,709	202,569,126
Restricted	12,510,719	10,418,281	11,049,443	13,240,706	16,144,429	14,124,083	15,876,357	12,456,718
Unrestricted	62,890,115	62,680,970	67,494,177	72,930,955	65,998,264	64,803,629	67,437,030	66,690,551
Total Primary Government Net Assets	\$ 171,186,996	\$ 182,990,869	\$ 199,194,747	\$ 217,804,202	\$ 234,925,935	\$ 249,706,647	\$ 265,305,096	\$ 281,716,395

Schedule 2
City of Jacksonville Beach, Florida
Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
General Government	\$ 2,129,580	\$ 2,710,295	\$ 2,884,475	\$ 2,947,878	\$ 2,851,952	\$ 3,072,996	\$ 3,002,929	\$ 2,773,496
Law Enforcement	6,431,053	6,614,791	6,774,847	6,786,133	7,561,290	7,993,757	8,373,116	8,551,929
Fire Control	2,652,217	2,740,546	2,843,348	3,024,034	3,207,739	3,480,364	3,336,130	3,540,877
Building Inspections	497,649	542,448	535,243	808,782	564,002	582,524	554,407	448,328
Physical Environment	303,184	295,016	296,654	282,946	351,125	348,893	25,401	367,166
Roads and Streets	1,887,342	2,321,679	2,415,431	2,579,906	2,642,995	2,993,898	2,419,751	5,531,743
Economic Environment	108,574	108,575	108,574	108,574	108,574	0	0	0
Human Services	38,437	36,398	48,237	64,798	52,967	72,908	102,705	81,754
Parks and Recreation	2,121,655	2,317,115	2,445,167	2,689,134	2,782,834	2,767,921	3,432,407	2,920,198
Interest on Long-term Debt	1,016,078	828,910	707,425	616,590	843,849	799,470	714,233	626,709
Total Governmental Activities Expenses	17,185,769	18,515,773	19,059,401	19,908,775	20,967,327	22,112,731	21,961,079	24,842,200
Business-type Activities:								
Electric	57,883,949	62,320,817	69,482,284	80,297,092	80,022,090	91,773,891	94,504,462	92,079,658
Water and Sewer	7,138,557	7,684,024	7,627,250	7,929,875	8,447,018	8,736,166	8,130,979	8,567,596
Stormwater	954,713	889,176	984,910	1,045,624	1,151,344	1,102,946	1,141,190	1,202,504
Sanitation	1,740,597	2,602,484	1,986,868	2,072,581	2,691,311	3,184,459	3,078,358	3,040,014
Golf Course	1,504,824	1,494,718	1,513,555	1,567,269	1,733,805	1,677,223	1,646,381	1,675,714
Leased Facilities	273,907	386,424	238,354	190,490	409,283	341,061	473,711	369,927
Natural Gas	0	0	0	0	0	0	1,323	99,804
Total Business-type Activities Expenses	69,496,547	75,377,643	81,833,221	93,102,931	94,454,851	106,815,746	108,976,404	107,035,217
Total Primary Government Expenses	86,682,316	93,893,416	100,892,622	113,011,706	115,422,178	128,928,477	130,937,483	131,877,417
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	311,927	331,464	380,185	364,698	344,011	353,199	334,774	54,617
Law Enforcement	319,105	532,788	276,969	286,226	264,479	697,090	207,411	145,164
Building Inspections	504,322	440,196	963,930	616,215	521,039	323,726	347,700	257,693
Physical Environment	72,231	66,408	42,036	36,608	52,656	40,667	52,029	23,866
Roads and Streets	4,360	4,360	5,040	5,720	3,560	3,120	25,085	129,850
Parks and Recreation	79,816	51,422	79,209	61,855	66,325	129,393	75,389	104,251
Operating Grants and Contributions	1,108,329	1,403,063	1,188,167	1,217,927	1,196,752	1,261,790	1,190,906	1,403,135
Capital Grants and Contributions	684,377	1,225,913	370,093	2,805,273	3,168,120	606,676	1,427,044	1,901,182
Total Governmental Activities								
Program Revenues	3,084,467	4,055,614	3,305,629	5,394,522	5,616,942	3,415,661	3,660,338	4,019,758

Schedule 2 (Concluded)
City of Jacksonville Beach, Florida
Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues (Concluded)								
Business-type Activities:								
Charges for Services:								
Electric	\$ 66,239,703	\$ 71,382,087	\$ 81,039,235	\$ 88,556,273	\$ 85,003,991	\$ 99,402,126	\$ 102,109,894	\$ 99,335,420
Water and Sewer	7,727,854	7,713,574	7,677,393	7,613,195	7,877,881	8,114,095	8,285,652	8,799,017
Stormwater	1,148,760	1,189,009	1,204,030	1,160,866	1,187,770	1,223,464	1,240,510	1,242,265
Sanitation	2,905,490	3,034,830	3,103,650	3,014,376	3,056,234	3,180,523	3,156,520	3,146,460
Golf Course	1,298,122	1,369,242	1,589,583	1,683,338	1,656,950	1,596,557	1,254,826	1,336,243
Leased Facilities	463,317	416,999	539,337	515,700	415,581	494,476	498,717	541,785
Natural Gas	0	0	0	0	0	0	0	89,255
Operating Grants and Contributions	0	840,039	16,829	0	0	299,832	(265,331)	306,715
Capital Grants and Contributions	442,217	405,365	732,955	947,321	1,772,041	1,169,269	2,988,839	6,430,278
Total Business-type Activities								
Program Revenues	80,225,463	86,351,145	95,903,012	103,491,069	100,970,448	115,480,342	119,269,627	121,227,438
Total Primary Government Program Revenues	83,309,930	90,406,759	99,208,641	108,885,591	106,587,390	118,896,003	122,929,965	125,247,196
Net (Expense) Revenue								
Governmental Activities	(14,101,302)	(14,460,159)	(15,753,772)	(14,514,253)	(15,350,385)	(18,697,070)	(18,300,741)	(20,822,442)
Business-type Activities	10,728,916	10,973,502	14,069,791	10,388,138	6,515,597	8,664,596	10,293,223	14,192,221
Total Primary Government Net Expense	(3,372,386)	(3,486,657)	(1,683,981)	(4,126,115)	(8,834,788)	(10,032,474)	(8,007,518)	(6,630,221)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property Taxes	7,631,555	8,635,535	9,332,953	12,025,449	14,098,914	15,325,208	16,020,874	15,625,045
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	890,714	925,301	1,060,370	1,150,436	1,109,323	1,062,472	973,627	944,140
Communication Service Tax	1,241,387	824,812	1,308,742	1,470,286	1,363,762	1,416,442	1,385,211	1,275,419
Convention Development Tax	194,597	197,166	198,762	203,508	179,442	235,080	208,957	220,694
Fuel Taxes	788,221	794,717	804,025	839,717	806,961	783,579	725,730	747,903
Other Taxes	0	0	0	0	0	0	0	273,107
State-shared Revenues	2,568,419	2,683,704	2,930,135	3,174,993	2,985,674	2,617,563	2,470,415	2,434,706
Other Intergovernmental Revenues	50,068	32,287	38,051	31,653	39,876	38,334	33,964	35,033
Interest	495,916	442,608	937,211	1,687,137	2,820,596	1,811,187	1,030,966	663,193
Miscellaneous	295,742	(90,241)	18,856	1,837	26,747	225,061	4,736	21,916
Net Transfers	3,291,758	4,203,321	4,173,931	3,950,278	3,809,957	3,505,525	(1,908,495)	(7,152,937)
Total Governmental Activities	17,453,657	18,654,490	20,808,316	24,540,574	27,246,532	27,025,731	20,951,265	15,093,499
Business-type Activities:								
Interest	806,678	754,465	1,234,670	2,123,457	2,477,537	1,267,824	606,533	795,084
Miscellaneous	51,746	84,896	18,804	21,817	42,409	25,156	(19,165)	0
Net Transfers	(3,291,758)	(4,203,321)	(4,173,931)	(3,950,278)	(3,809,957)	(3,505,525)	1,908,495	7,152,937
Total Business-type Activities	(2,433,334)	(3,363,960)	(2,920,457)	(1,805,004)	(1,290,011)	(2,212,545)	2,495,863	7,948,021
Total Primary Government	15,020,323	15,290,530	17,887,859	22,735,570	25,956,521	24,813,186	23,447,128	23,041,520
Change in Net Assets								
Governmental Activities	3,352,355	4,194,331	5,054,544	10,026,321	11,896,147	8,328,661	2,650,524	(5,728,943)
Business-type Activities	8,295,582	7,609,542	11,149,334	8,583,134	5,225,586	6,452,051	12,789,086	22,140,242
Total Primary Government	\$ 11,647,937	\$ 11,803,873	\$ 16,203,878	\$ 18,609,455	\$ 17,121,733	\$ 14,780,712	\$ 15,439,610	\$ 16,411,299

Schedule 3
City of Jacksonville Beach, Florida
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 30,274	\$ 46,402	\$ 282,542	\$ 181,612	\$ 291,479	\$ 231,530	\$ 116,148	\$ 190,292	\$ 140,701	\$ 114,442
Unreserved	5,706,445	5,614,152	5,992,713	6,434,823	6,014,717	6,484,046	6,652,414	7,266,918	7,879,457	8,258,521
Total General Fund	\$ 5,736,719	\$ 5,660,554	\$ 6,275,255	\$ 6,616,435	\$ 6,306,196	\$ 6,715,576	\$ 6,768,562	\$ 7,457,210	\$ 8,020,158	\$ 8,372,963
All Other Governmental Funds										
Reserved	\$ 5,865,642	\$ 8,829,226	\$ 9,753,016	\$ 7,641,780	\$ 11,183,119	\$ 12,129,093	\$ 23,030,084	\$ 20,332,022	\$ 18,906,029	\$ 15,246,377
Unreserved, Reported in:										
Special Revenue Funds	1,535,840	5,394,583	235,784	207,110	355,838	525,474	315,996	538,436	313,426	808,007
Debt Service Funds	0	0	569,730	657,157	403,867	86,105	99,026	50,777	50,146	54,227
Capital Projects Fund	2,282,065	3,627,759	3,098,410	3,305,563	2,304,445	3,452,300	4,155,813	5,219,459	3,989,455	4,507,823
Total All Other Governmental Funds	\$ 9,683,547	\$ 17,851,568	\$ 13,656,940	\$ 11,811,610	\$ 14,247,269	\$ 16,192,972	\$ 27,600,919	\$ 26,140,694	\$ 23,259,056	\$ 20,616,434

Schedule 4
City of Jacksonville Beach, Florida
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Taxes	\$ 8,548,313	\$ 10,314,596	\$ 10,767,730	\$ 11,389,229	\$ 12,677,157	\$ 15,646,176	\$ 17,592,682	\$ 18,835,061	\$ 19,342,679	\$ 19,109,588
Licenses and Permits	643,059	615,639	755,304	692,010	1,275,226	894,925	671,728	608,246	618,240	229,564
Intergovernmental	3,475,499	4,226,634	4,075,813	4,925,362	4,444,256	6,275,595	6,325,289	4,215,103	4,750,430	5,687,676
Charges for Services	133,594	244,413	223,930	157,606	164,856	433,984	227,186	257,255	181,526	289,680
Fines and Forfeitures	338,260	355,152	445,140	669,729	446,998	422,586	452,653	743,505	298,613	510,579
Interest and Other Revenue	1,696,313	1,085,274	790,463	740,564	1,238,508	2,003,352	2,943,256	2,058,022	1,227,435	836,043
Total Revenues	<u>14,835,038</u>	<u>16,841,708</u>	<u>17,058,380</u>	<u>18,574,500</u>	<u>20,247,001</u>	<u>25,676,618</u>	<u>28,212,794</u>	<u>26,717,192</u>	<u>26,418,923</u>	<u>26,663,130</u>
Expenditures										
Current:										
General Government	1,721,279	1,643,503	1,802,848	2,281,707	2,468,800	2,500,821	2,485,052	2,585,363	2,570,445	2,257,807
Public Safety	8,155,657	8,632,176	9,300,490	9,698,775	9,894,822	10,452,658	10,950,523	11,455,467	11,847,147	12,125,856
Physical Environment	1,962	2,416	9,825	23	26	4,840	24,986	12,435	25,401	507,257
Roads and Streets	1,697,260	1,514,968	2,449,485	3,697,864	2,588,041	2,206,594	2,409,065	2,508,986	1,761,805	2,484,625
Human Services	35,574	36,091	38,437	36,398	48,237	64,798	52,967	72,908	102,705	81,754
Parks and Recreation	1,946,436	1,826,172	2,194,792	2,607,841	2,390,783	2,798,019	2,786,423	2,583,648	2,668,329	2,525,052
Debt Service:										
Principal	1,085,935	1,387,706	1,860,925	2,245,189	2,345,627	2,424,904	3,860,469	2,346,929	2,471,321	2,567,041
Interest	963,678	1,029,206	1,016,078	828,910	707,425	616,590	843,849	799,470	714,236	626,709
Capital Outlay	7,411,447	1,663,450	5,449,793	2,982,213	1,877,553	7,603,666	7,421,006	8,804,664	5,905,526	6,730,724
Grants and Aid	0	1,000,000	0	0	0	0	0	0	0	0
(Total Expenditures)	<u>(23,019,228)</u>	<u>(18,735,688)</u>	<u>(24,122,673)</u>	<u>(24,378,920)</u>	<u>(22,321,314)</u>	<u>(28,672,890)</u>	<u>(30,834,340)</u>	<u>(31,169,870)</u>	<u>(28,066,915)</u>	<u>(29,906,825)</u>
(Deficiency) of Revenues										
(Under) Expenditures	<u>(8,184,190)</u>	<u>(1,893,980)</u>	<u>(7,064,293)</u>	<u>(5,804,420)</u>	<u>(2,074,313)</u>	<u>(2,996,272)</u>	<u>(2,621,546)</u>	<u>(4,452,678)</u>	<u>(1,647,992)</u>	<u>(3,243,695)</u>
Other Financing Sources (Uses)										
Proceeds from Borrowing	2,500,000	16,728,779	14,339,456	6,685,096	0	0	10,000,000	0	0	0
Proceeds from Refunding	0	(10,805,781)	(14,339,456)	(6,685,096)	0	0	0	0	0	0
Transfers in	10,872,030	10,245,554	9,722,138	9,730,842	12,559,234	10,094,602	9,145,906	7,441,787	6,660,953	6,683,933
Transfers (out)	(6,431,963)	(6,165,886)	(6,337,283)	(5,430,572)	(8,359,501)	(4,743,247)	(5,063,427)	(3,760,686)	(7,490,490)	(5,730,055)
Total Other Financing Sources (Uses)	<u>6,940,067</u>	<u>10,002,666</u>	<u>3,384,855</u>	<u>4,300,270</u>	<u>4,199,733</u>	<u>5,351,355</u>	<u>14,082,479</u>	<u>3,681,101</u>	<u>(829,537)</u>	<u>953,878</u>
Net Change in Fund Balance	<u>\$ (1,244,123)</u>	<u>\$ 8,108,686</u>	<u>\$ (3,679,438)</u>	<u>\$ (1,504,150)</u>	<u>\$ 2,125,420</u>	<u>\$ 2,355,083</u>	<u>\$ 11,460,933</u>	<u>\$ (771,577)</u>	<u>\$ (2,477,529)</u>	<u>\$ (2,289,817)</u>
Debt Service as a % of Noncapital Expenditures*	14.3%	14.6%	16.9%	16.6%	16.0%	15.3%	21.2%	14.5%	14.7%	14.4%

* Noncapital expenditures are total expenditures less capital outlay.

REVENUE CAPACITY INFORMATION

Schedule 5
City of Jacksonville Beach, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

FY Ended September 30,	Assessed Taxable Values			Tax-Exempt Property	Estimated Actual Value (1)	Total Direct Tax Rate (2)	Taxable Assessed Value as a % of Actual Value
	Real Property	Personal Property	Total Taxable Assessed Value				
2001	\$ 1,112,114,324	\$ 68,550,075	\$ 1,180,664,399	\$ 401,988,674	\$ 1,582,653,073	3.9071	74.60%
2002	1,256,100,317	71,322,848	1,327,423,165	497,676,453	1,825,099,618	3.9071	72.73%
2003	1,402,984,312	79,284,317	1,482,268,629	561,863,033	2,044,131,662	3.9071	72.51%
2004	1,619,075,506	83,634,587	1,702,710,093	655,815,630	2,358,525,723	3.9071	72.19%
2005	1,819,825,773	81,441,278	1,901,267,051	724,095,855	2,625,362,906	3.9071	72.42%
2006	2,280,438,617	84,593,400	2,365,032,017	1,015,979,952	3,381,011,969	3.9071	69.95%
2007	2,606,024,508	90,973,052	2,696,997,560	1,148,720,832	3,845,718,392	3.9071	70.13%
2008	3,089,463,181	90,297,385	3,179,760,566	1,268,800,772	4,448,561,338	3.6556	71.48%
2009	3,123,832,280	74,861,428	3,198,693,708	1,305,647,708	4,504,341,416	3.6940	71.01%
2010	2,972,830,597	75,403,738	3,048,234,335	1,249,263,603	4,297,497,938	3.8180	70.93%

Source: Duval County Ad Valorem Assessment Rolls for Jacksonville Beach.

(1) Estimated actual values are the total "just" values of property subject to taxation, as defined by Section 193.001, Florida Statutes.

Note: Property is assessed each year as of January 1 at market value. However, assessed value is limited by the Amendment 10 or the "Save Our Homes" tax cap. This 1992 amendment to the Florida Constitution limits increases in value of homesteads (an individual's primary residence) to 3% or less per year. The taxable value is the assessed value less any exemptions.

(2) Tax rate is per \$1,000 of assessed value.

Schedule 6
City of Jacksonville Beach, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$1,000 of Assessed Value)

Fiscal Year September 30,	Direct Rates (1)	Overlapping Rates			Duval County	Total Millage Rate
	City of Jacksonville Beach	Florida Inland Navigation	Water Management District	School District		
2001	3.9071	0.0410	0.4720	9.2580	8.1316	21.8097
2002	3.9071	0.0385	0.4620	8.8720	7.8968	21.1764
2003	3.9071	0.0385	0.4620	8.9200	7.6835	21.0111
2004	3.9071	0.0385	0.4620	9.0510	7.3091	20.7677
2005	3.9071	0.0385	0.4620	8.5650	6.3972	19.3698
2006	3.9071	0.0385	0.4620	8.4250	6.3593	19.1919
2007	3.9071	0.0385	0.4620	8.0420	6.3493	18.7989
2008	3.6556	0.0345	0.4158	7.7550	5.1934	17.0543
2009	3.6940	0.0345	0.4158	7.5610	5.1934	16.8987
2010	3.8180	0.0345	0.4158	7.5820	5.4480	17.2983

Source: Duval County Property Appraiser

(1) Direct rate consists of operating millage only.

Schedule 7
City of Jacksonville Beach, Florida
Principal Property Tax Payers
Fiscal Year 2010 and Nine Years Ago

	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Broadstone Beach House at Jax. Beach	\$ 19,864,100	1	0.67%			
South Beach Regional Shopping Center	16,642,900	2	0.56%	\$ 7,397,681	7	0.665%
Pablo Plaza	15,097,700	3	0.51%	11,925,350	2	1.072%
Ocean Park Partnership Ltd.	14,218,600	4	0.48%	8,428,620	5	0.758%
Beach Marine	13,661,778	5	0.46%	7,815,950	6	0.703%
Courtyard Marriot	11,643,467	6	0.39%			
Comfort Inn	11,405,300	7	0.38%	7,304,554	8	0.657%
South Beach Parkway Shopping Center	9,702,900	8	0.33%			
Gordon Bank	9,583,400	9	0.32%			
Beach Plaza	8,939,200	10	0.30%			
Ashford Court Assisted Living	8,499,772	11	0.29%			
Adventure Landing Amusement Park	8,163,821	12	0.27%			
Home Depot	7,860,283	13	0.26%			
Target	7,761,850	14	0.26%			
Quality Suites Oceanfront	7,013,400	15	0.24%			
Tides at Marsh Landing				24,512,455	1	2.204%
Baptist Medical Center				9,146,347	4	0.822%
Kall, Ltd. (Days Inn Oceanfront)				6,139,810	9	0.552%
Pacific Mutual Life Insurance Company				11,620,275	3	1.045%
Summit Insures Equity LP				6,083,922	10	0.547%
Total	<u>\$ 170,058,471</u>		<u>5.72%</u>	<u>\$ 100,374,964</u>		<u>9.026%</u>
Total Assessed Real Property Valuation from Schedule 5	<u>\$ 2,972,830,597</u>			<u>\$ 1,112,114,324</u>		

Source: Duval County Property Appraiser

**Schedule 8
City of Jacksonville Beach, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year September 30,</u>	<u>Taxes Levied for Fiscal Year (1)</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections To-date</u>	
		<u>Amount Net of Discount (2)</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2001	\$ 3,744,652	\$ 3,595,336	96.01%	1,652	\$ 3,596,988	96.06%
2002	4,233,090	4,081,883	96.43%	1,558	4,083,441	96.46%
2003	4,699,816	4,549,701	96.81%	279	4,549,980	96.81%
2004	5,410,422	5,235,474	96.77%	1,703	5,237,177	96.80%
2005	6,044,799	5,854,974	96.86%	(417)	5,854,557	96.85%
2006	7,250,932	6,933,459	95.62%	25,983	6,959,442	95.98%
2007	7,966,508	7,554,503	94.83%	49,010	7,603,513	95.44%
2008	8,510,330	7,994,927	93.94%	77,060	8,071,987	94.85%
2009	8,369,112	7,972,842	95.27%	44,241	8,017,083	95.79%
2010	8,297,074	7,717,072	93.01%	59,334	7,776,406	93.72%

Source: Duval County Property Appraiser and City of Jacksonville Beach Finance Department.

(1) Taxes Levied does not include the taxes levied for the Community Redevelopment Agencies.

(2) Section 197.012 of the Florida Statutes allows a discount for early payment of taxes: 4% in November, 3% in December, 2% in January and 1% in February.

DEBT CAPACITY INFORMATION

Schedule 9
City of Jacksonville Beach, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities								Total Debt	Percentage of Personal Income (2)	Total Debt Per Capita (2)	
	Redevelopment Bonds	Sales Tax Bonds	Infrastructure Sales Tax Bonds	Total Governmental	Percentage of Personal Income	Electric Bonds	Outstanding Debt Per Electric Customers(1)	Water and Sewer Bonds	Outstanding Debt Per Water Customers (1)	Stormwater Bonds	Outstanding Debt Per Stormwater Customer (1)	Sales Tax Bonds	Outstanding Debt Per Round of Golf				Total Business-type
2001	\$ 17,946,013	\$ 2,452,656	\$ 0	\$ 20,398,669	3.3424%	\$ 51,452,667	1,614	\$ 28,624,631	3,102	\$ 4,034,475	437	\$ 230,224	3.58	\$ 84,341,997	\$ 104,740,666	0.46%	4,971
2002	19,865,839	2,251,716	2,816,406	24,933,961	3.9973%	51,452,667	1,632	28,624,631	3,063	4,034,475	432	230,224	3.89	84,341,997	109,275,958.0	0.46%	5,190
2003	18,743,645	2,037,195	2,292,196	23,073,036	3.5721%	35,669,840	1,119	24,890,160	2,607	3,648,500	382	208,290	3.55	64,416,790	87,489,826.0	0.35%	4,137
2004	17,270,448	1,807,692	1,749,707	20,827,847	2.8714%	34,223,845	1,069	23,881,155	2,532	3,261,903	346	184,825	3.07	61,551,728	82,379,575.0	0.31%	3,824
2005	15,722,683	1,571,420	1,188,119	18,482,222	2.5454%	32,618,820	995	22,761,180	2,321	2,894,888	295	160,668	2.56	58,435,556	76,917,778.0	0.27%	3,572
2006	14,122,224	1,328,178	606,916	16,057,318	2.0355%	30,981,400	938	21,618,600	2,216	2,517,018	258	135,798	2.17	55,252,816	71,310,134.0	0.23%	3,310
2007	12,466,848	0	9,730,000	22,196,848	2.5934%	29,302,750	889	20,447,250	2,106	2,127,835	219	0	0	51,877,835	74,074,683.0	0.23%	3,329
2008	10,754,919	0	9,095,000	19,849,919	2.2105%	27,576,980	880	19,243,020	2,008	1,727,070	180	0	0	48,547,070	68,396,989.0	0.20%	3,007
2009	8,983,595	0	8,395,000	17,378,595	N/A	25,807,035	782	18,007,965	1,879	1,314,165	137	0	0	45,129,165	62,507,760.0	N/A	2,752
2010	7,151,554	0	7,660,000	14,811,554	N/A	23,972,300	727	16,727,700	1,741	888,967	93	0	0	41,588,967	56,400,521.0	N/A	2,444

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Number of electric, water/sewer, and stormwater customers can be found on Schedule 17.
- (2) See the Schedule of Demographic and Economic Statistics on Schedule 14 for personal income and population data.
- (3) The Sales Tax bonds listed relates to the Golf Course.

N/A - Not yet available

Schedule 10
City of Jacksonville Beach, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	Redevelopment Bonds	% of Actual Taxable Value of Property (1)	Sales Tax Bonds	Sales Tax Debt Per Capita	Infrastructure Sales Tax Bonds	Infrastructure Debt Per Capita	Total Government Debt
2001	\$ 17,946,013	7.88%	\$ 2,452,656	\$ 116	\$ 0	\$ 0	\$ 20,398,669
2002	19,865,839	8.13%	2,251,716	107	2,816,406	134	24,933,961
2003	18,743,645	6.71%	2,037,195	96	2,292,196	108	23,073,036
2004	17,270,448	5.43%	1,807,692	84	1,749,707	81	20,827,847
2005	15,722,683	4.44%	1,571,420	73	1,188,119	55	18,482,222
2006	14,122,224	2.77%	1,328,178	62	606,916	28	16,057,318
2007	12,466,848	1.89%	0	0	9,730,000	437	22,196,848
2008	10,754,919	1.26%	0	0	9,095,000	400	19,849,919
2009	8,983,595	0.96%	0	0	8,395,000	370	17,378,595
2010	7,151,554	0.82%	0	0	7,660,000	332	14,811,554

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Total redevelopment debt outstanding divided by total assessed taxable valuation in tax increment districts.

Schedule 11
City of Jacksonville Beach, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2010
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Percentage (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Duval County School Board	\$ 0		<u>\$ 0</u>
Subtotal, Overlapping Debt			0
City of Jacksonville Beach, Direct Debt			<u>14,811,554</u>
Total Direct and Overlapping Debt			<u><u>\$ 14,811,554</u></u>

(1) The debt outstanding includes only debt which is secured by the authority to levy taxes on real estate.

(2) The estimated percentage applicable to City of Jacksonville Beach.

Schedule 12
City of Jacksonville Beach, Florida
Legal Debt Margin Information

Neither the City of Jacksonville Beach Charter or Code, nor the Florida Statutes limits the amount of debt the City can issue.

Schedule 13
City of Jacksonville Beach, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Electric, Water and Sewer Revenue Bonds						Stormwater Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Debt Service Coverage	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest					Principal	Interest	
2001	\$ 72,325,892	\$ (54,147,585)	\$ 18,178,307	\$ 2,486,779	\$ 4,994,517	2.43	\$ 1,133,157	\$ (324,714)	\$ 808,443	\$ 302,962	\$ 187,102	1.65
2002	71,238,585	(52,291,335)	18,947,250	2,970,890	4,833,157	2.43	1,159,606	(298,936)	860,670	316,726	170,462	1.77
2003	73,967,557	(56,579,269)	17,388,288	3,667,426	2,576,709	2.78	1,148,760	(504,630)	644,130	385,975	132,016	1.24
2004	79,095,661	(61,960,815)	17,134,846	2,455,000	2,173,035	3.70	1,189,009	(437,491)	751,518	386,597	96,226	1.56
2005	88,716,628	(69,012,179)	19,704,449	2,725,000	2,118,823	4.07	1,204,030	(488,815)	715,215	367,015	85,434	1.58
2006	96,169,468	(79,946,165)	16,223,303	2,780,000	2,053,160	3.36	1,160,866	(517,558)	643,308	377,870	74,252	1.42
2007	92,881,872	(80,035,936)	12,845,936	2,850,000	1,981,630	2.66	1,187,770	(590,609)	597,161	389,183	62,771	1.32
2008	107,516,221	(91,902,712)	15,613,509	2,930,000	1,903,020	3.23	1,223,464	(540,688)	682,776	400,765	50,949	1.51
2009	110,395,546	(93,872,454)	16,523,092	3,005,000	1,812,713	3.43	1,240,510	(584,556)	655,954	412,907	38,741	1.45
2010	108,134,437	(91,779,673)	16,354,764	3,115,000	1,715,503	3.39	1,242,265	(587,126)	655,139	425,197	26,225	1.45

(1) Excludes depreciation expense.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Schedule 14
City of Jacksonville Beach, Florida
Demographic and Economic Statistics
Last Ten Calendar Years

Fiscal Year	Population (1)	Duval County Unemployment Rate (2)	Duval County Total Personal Income (thousands) (3)	Duval County Per Capita Income (3)
2001	21,072	4.0%	\$ 22,828,124	\$ 28,860
2002	21,056	5.9%	23,651,670	29,473
2003	21,146	5.8%	25,016,241	30,809
2004	21,544	5.5%	26,694,119	32,502
2005	21,531	4.5%	28,740,416	34,610
2006	21,544	3.8%	31,434,445	37,387
2007	22,253	4.1%	32,575,928	38,462
2008	22,749	5.7%	33,675,423	39,473
2009	22,715	9.9%	N/A	N/A
2010	23,077	12.9%	N/A	N/A

(1) **Source:** U.S. Census Bureau and City Planning and Development Department.

(2) **Source:** U.S. Department of Labor.

(3) **Source:** Florida Research & Economic Database

N/A - Not yet available.

Schedule 15
City of Jacksonville Beach, Florida
Principal Employers
Current Year

Employer	2010		
	Employees	Rank	Percentage of Total City Employment
Naval Station Mayport	14,677	1	N/A
Baptist Medical Center - Beaches	800	2	N/A
PGA Tour	650	3	N/A
Ponte Vedra Inn & Club	650	4	N/A
Sawgrass Marriott	632	5	N/A
Honeywell	575	6	N/A
City of Jacksonville Beach	400	7	N/A
U.S. Coast Guard	325	8	N/A
Vicar's Landing	290	9	N/A
Fleet Landing	280	10	N/A

Source: Jacksonville Chamber of Commerce

Note: Principal Employer ranking includes the four beach communities of Jacksonville, Neptune and Atlantic Beach (Duval County), Ponte Vedra Beach (St. Johns County) and Mayport Naval Base.

N/A - Total beaches workforce number is not available.

Information from 2001 is not available.

OPERATING INFORMATION

Schedule 16
City of Jacksonville Beach, Florida
City Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	15	16	16	16	16	16	17	18	16	16
Finance	26	26	27	28	28	28	32	32	32	33
Planning and Development	11	11	11	11	11	11	11	11	9	9
Electric	72	72	76	76	81	82	82	85	86	76
Central Services	13	13	13	13	12	11	6	4	4	4
Public Works	66	65	65	65	65	65	65	66	65	65
Human Resources	7	7	7	7	7	7	7	7	7	7
Parks and Recreation**	57	57	57	58	59	56	55	55	57	100
Grounds and Maintenance	26	27	27	25	25	25	24	24	22	20
Golf Course	18	18	18	19	19	19	19	19	19	19
Police	107	107	109	109	110	110	114	98	95	95
Fire Fighters	31	31	31	31	31	31	32	32	32	31
Total	449	450	457	458	464	461	464	451	444	475

Source: City of Jacksonville Beach Annual Budget.

Note: Figures include both full-time and part-time positions and have not been converted to full-time equivalent positions.

** Beginning in 2010 the number of lifeguards increased due to the use of part-time employees. The total budgeted dollars remained unchanged.

Schedule 17
City of Jacksonville Beach, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Physical Arrests	3,776	3,729	3,156	2,960	3,336	2,490	2,436	2,429	1,986	1,665
Parking Violations	3,720	2,834	3,382	4,526	4,803	3,636	2,127	1,955	2,456	2,726
Law Violations	5,688	5,604	10,024	9,279	11,547	9,174	8,408	7,620	6,362	6,898
Fire										
Emergency Incidents	2,904	2,941	2,865	2,994	2,994	2,876	3,034	3,196	2,975	2,947
Inspections (Total)	640	746	954	1,865	1,917	2,154	1,684	1,890	2,719	2,648
Other Public Works										
Street Resurfacing (Miles)	11.0	15.6	17.4	14.0	30.6	0.0	0.0	2.9	4.0	1.2
Water										
Number of Active Water Customers	9,182	9,228	9,344	9,547	9,433	9,806	9,756	9,709	9,585	9,610
Average Residential Monthly										
Consumption in Gallons	5,080	5,190	5,130	4,900	4,700	4,620	4,743	4,267	4,245	4,373
Electric										
Number of Active Electric Customers	31,025	31,552	31,532	31,887	32,023	32,773	33,038	32,976	31,351	32,996
Average Residential Monthly										
Consumption in Kilowatt Hours	1,407	1,348	1,479	1,442	1,442	1,486	1,353	1,304	1,301	1,395
Wastewater										
Number of Active Wastewater Customers	8,996	9,053	9,171	9,351	9,244	9,598	9,583	9,557	9,436	9,472
Sanitary/Storm Mains Cleaned (ft.)	13,800	10,900	28,000	43,800	40,788	26,839	35,623	28,408	65,550	73,670

Schedule 18
City of Jacksonville Beach, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Stations (Including Satellite Stations)	2	2	2	2	2	2	2	2	2	2
Patrol Units	37	51	45	51	53	53	53	54	51	51
Fire Stations	1	1	1	1	2	2	2	2	2	2
Other Public Works										
Paved Roads (Miles)	76.0	76.9	76.9	76.9	76.9	85.0	87.1	88	88.1	88.9
Streetlights	5,572	5,659	5,636	5,659	5,700	5,701	5,198	5,262	5,229	5,376
Water										
Water Mains (Miles)	105	105	105	105	105	108	108	108	108	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	636	687	729	779	815	833	840	842	849	859
Wastewater										
Sanitary Sewer Mains (Gravity) in Miles	83	83	83	83	83	83	84	84	84	85
Sanitary Sewer Mains (Force) in Miles	16	16	16	16	16	16	16	17	16	16
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	34	34	34	34	34	35	36	36	38	38
Treatment Capacity (Thousands of Gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Parks and Recreation										
Acreage	34	34	80	80	80	80	84	84	84	84
Parks	9	9	12	12	12	12	10	10	10	10
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	7	7	8	8	8	8	8	8	8	8

SINGLE AUDIT SECTION

SINGLE AUDIT SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Pass-Through Grantor's Number	Federal/ State Award Amount	Beginning (Receivable) Deferred	Receipts	(Federal/ State Expenditures)	Ending Receivable (Deferred)
Federal Awards							
U.S. Department of Housing and Urban Development Passed Through City of Jacksonville							
Community Development Block Grant	14.218	3177-81	\$ 170,765		\$ 164,620	\$ 170,765	\$ 6,145
U.S. Department of Justice							
Direct Programs:							
Bulletproof Vest Partnership Program	16.607	2009BUBX09047072	10,800		7,632	7,632	0
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-1135	17,978		17,978	17,978	0
ARRA - Recovery Act Edward Byrne Memorial Justice Assistance Grant	16.803	2009-SB-B9-3065	73,981		73,981	73,981	0
Indirect Programs:							
U.S. Department of Justice Passed Through Florida Department of Law Enforcement							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-JAGC-DUVA-1-4X-127	120,000		120,000	120,000	0
ARRA - Recovery Act Edward Byrne Memorial Justice Assistance Grant	16.803	2010-ARRC-DUVA-17-W7-122	43,455		43,455	43,455	0
ARRA - Recovery Act Edward Byrne Memorial Justice Assistance Grant	16.803	2010-ARRC-DUVA-4-W7-214	230,103		194,530	230,103	35,573
<i>Subtotal Expenditures - CFDA No. 16.607</i>			10,800	\$ 0	7,632	7,632	0
<i>Subtotal Expenditures - CFDA No. 16.738</i>			137,978	0	137,978	137,978	0
<i>Subtotal Expenditures - CFDA No. 16.803</i>			347,539	0	311,966	347,539	35,573
Total U.S. Department of Justice			496,317	0	457,576	493,149	35,573
U.S. Environmental Protection Agency Water Management Division							
Congressionally Mandated Projects	66.202	XP-96476607-0	955,600	(90,856)	824,812	733,956	0
U.S. Department of Homeland Security							
Fire Prevention and Safety Grant	97.044	EMW-2009-FO-00501	179,432	0	179,432	179,432	0
Total Federal Awards			\$ 1,802,114	\$ (90,856)	\$ 1,626,440	\$ 1,577,302	\$ 41,718
State Financial Assistance							
Florida Department of Environmental Protection							
Passed Through St. Johns River Water Management District							
State-wide Surface Water Restoration and Wastewater Project	37.039	SK946AA	\$ 7,000,000	\$ 0	\$ 4,106,596	\$ 4,431,839	\$ 325,243
Florida Department of Transportation							
State Highway Project Reimbursement	55.023	209361-5-58-01	1,003,349	(194,823)	211,218	16,395	0
Florida Department of Health							
Emergency Medical Services Matching Awards	64.003	M9201	11,840	0	11,840	11,840	0
Total State Financial Assistance			\$ 8,015,189	\$ (194,823)	\$ 4,329,654	\$ 4,460,074	\$ 325,243

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

Note 1 - General

The accompanying schedule of expenditures of federal awards and state financial assistance presents the activity of all federal programs and state projects of the City of Jacksonville Beach, Florida (the City). The information in this schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*.

The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2010. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements.

**SCHEDULE OF EXPENDITURES OF GRANT FUNDS PER THE
CITY OF JACKSONVILLE'S ORDINANCE CODE CHAPTER 118.202(e)
FOR THE YEAR ENDED SEPTEMBER 30, 2010
CITY OF JACKSONVILLE BEACH, FLORIDA**

**City of Jacksonville Public Service Grants Received as a
Subgrant Recipient Per Interlocal Agreement**

City of Jacksonville Beach Fiscal Year 2009 - 2010 Grant No. 3177-79 - \$170,765

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
CAPE				
Salaries	\$ 49,526	\$ 49,526		
Benefits	14,419	14,419		
Total CAPE	<u>63,945</u>	<u>63,945</u>	<u>\$ 0</u>	<u>\$ 0</u>
CARVER				
Salaries	55,484	55,484		
Benefits	13,336	13,336		
After School/Summer Program	18,000	18,000		
Total CARVER	<u>86,820</u>	<u>86,820</u>	<u>0</u>	<u>0</u>
Utility Assistance	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 170,765</u>	<u>\$ 170,765</u>	<u>\$ 0</u>	<u>\$ 0</u>

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

Compliance

We have audited the compliance of the City of Jacksonville Beach, Florida, (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2010. The City's major federal programs and state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and major state project is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended September 30, 2010.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material* weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, City Council members, management, the Florida Auditor General, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

Purvis, Gray and Company, LLP

January 20, 2011
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS
IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

PART A - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville Beach, Florida, as of and for the year ended September 30, 2010.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Jacksonville Beach, Florida, were disclosed during the audit (same report as No. 2 above).
4. No significant deficiencies relating to the audit of the major federal programs or state project are reported in the report on compliance with requirements applicable to each major state project and on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
5. The auditors' report on compliance for the major federal programs and state project for the City of Jacksonville Beach, Florida, expresses an unqualified opinion (same report as No. 4 above).
6. The audit disclosed no findings related to federal programs and state projects required to be disclosed under OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* for the City of Jacksonville Beach, Florida.
7. The programs tested as major federal programs and major state project included:
 - **Federal Programs**
 - Office of Justice Programs
 - ▶ Recovery Act Edward Byrne Memorial Justice Assistance Grant
CFDA No. 16.803
 - U.S. Environmental Protection Agency Water Management Division
 - ▶ Congressionally Mandated Projects
CFDA No. 66.202
 - **State Project**
 - Florida Department of Environmental Protection
 - ▶ State-wide Surface Water Restoration and Wastewater Project
CSFA No. 37.039
8. The threshold for distinguishing Type A and Type B federal programs/state projects was \$300,000.
9. The City of Jacksonville Beach, Florida, did not qualify as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133. This does not apply to state financial assistance projects.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS
IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Concluded)**

PART B - FINDINGS - FINANCIAL STATEMENTS

There were no current year findings.

PART C - NOT APPLICABLE

PART D - NOT APPLICABLE

PART E - OTHER ISSUES

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects. No corrective action plan is required because there were no current year findings requiring correction under Federal or Florida Single Audit Acts.

GOVERNMENTAL AUDITING SECTION

GOVERNMENTAL AUDITING SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville Beach, Florida, (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 20, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(*Concluded*)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor and City Council members, management, the Florida Auditor General, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



January 20, 2011
Gainesville, Florida

MANAGEMENT LETTER

The Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

We have audited the financial statements of the City of Jacksonville Beach, Florida, (the City) as of and for the year ended September 30, 2010, and have issued our report thereon dated January 20, 2011.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our report on internal control over financial reporting and on compliance and other matters, report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated January 20, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1, *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations disclosed in the preceding audit report.
- Section 10.554(1)(i)2, *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5, *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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The Honorable Mayor and Members of the City Council
City of Jacksonville Beach
Jacksonville Beach, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)6, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established in 1907 and incorporated in 1937, under the legal authority of the Laws of Florida 18623. In addition, the annual financial audit report for the City also includes the accounts and transactions of the following entities, which do not satisfy the definition of component units because they are not legally separate from the City:

<u>Entity</u>	<u>Presentation</u>
City of Jacksonville Beach General Employees' Retirement System	Blended
City of Jacksonville Beach Police Officers' Retirement System	Blended
City of Jacksonville Beach Fire Fighters' Retirement System	Blended
City of Jacksonville Beach Community Redevelopment Agency	Blended

- Section 10.554(1)(i)7.(a), *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.(b), *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7(c) and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This letter is intended solely for the information and use of the Mayor and City Council members, management, the Florida Auditor General, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



January 20, 2011
Gainesville, Florida

