

CITY OF  
JACKSONVILLE BEACH,  
FLORIDA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013

**CITY OF JACKSONVILLE BEACH, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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, 2013**

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LETTER OF TRANSMITTAL

January 28, 2014

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

City of

Jacksonville Beach

City Hall

11 North Third Street

Jacksonville Beach

FL 32250

Phone: 904.247 6274

Fax: 904.270 1 642

[www.jacksonvillebeach.org](http://www.jacksonvillebeach.org)

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). These statements must be 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, 2013.

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, 2013, 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, 2013, 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. The City's federal and state Single Audit Reports are included in this document.



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 complement 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 21,000. 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. 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. 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 27. 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 86.

## 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 66% of the developed land areas of the City. Approximately 55.5% of the City's housing is comprised of single-family homes and 44.5% is multifamily dwellings based on U.S. Census Bureau estimates. Generally, the quality of the housing is high, with approximately 50% of the housing built since 1980. The City is a mature community, which is nearly fully developed.

### Awards and Acknowledgements

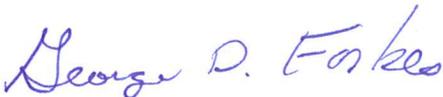
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City 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 Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

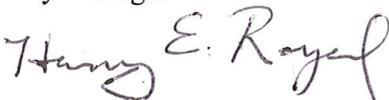
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories: 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 Office



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

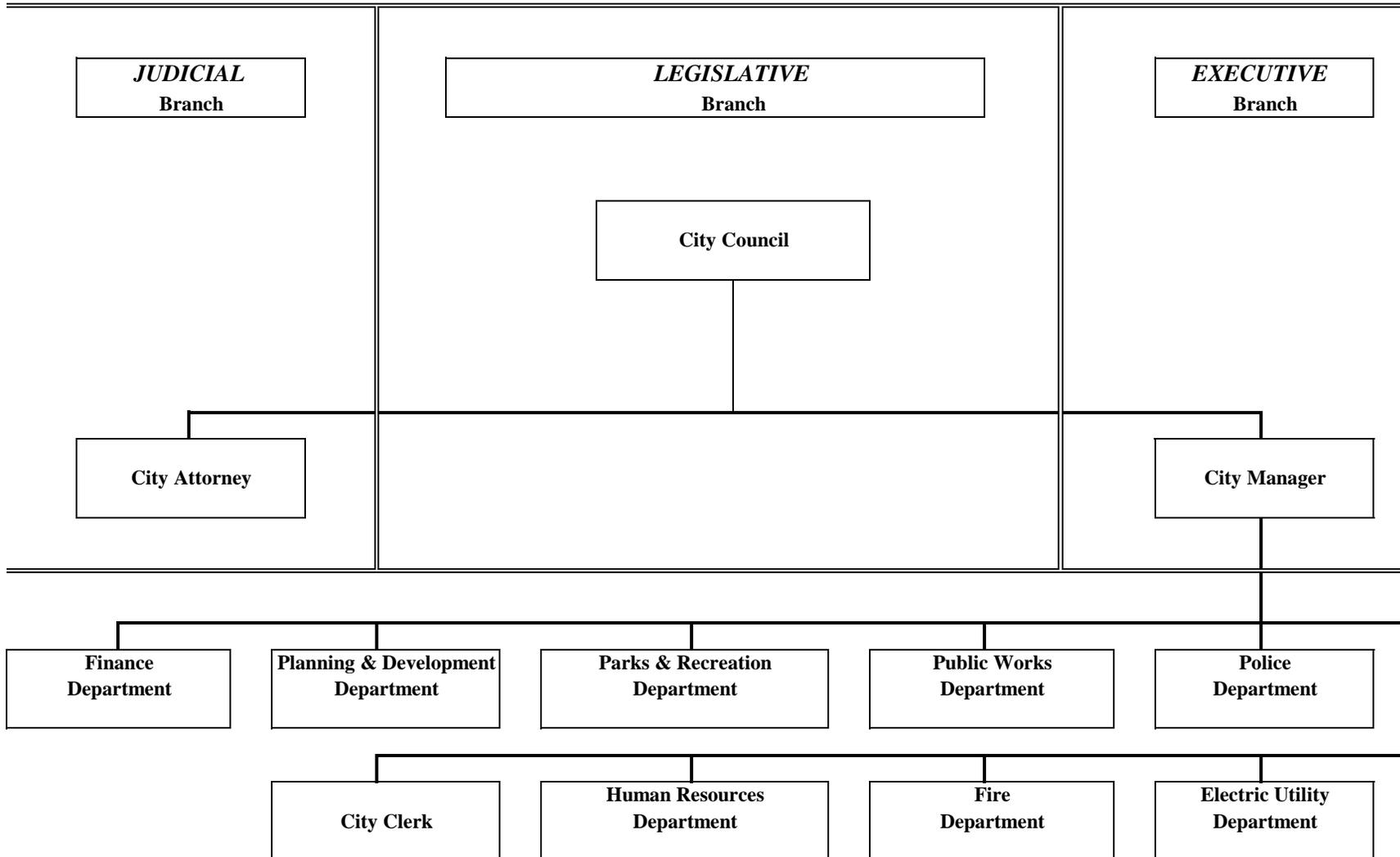
**City of Jacksonville Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

**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

Charlie Latham

Chris Hoffman

Phil Vogelsang

Keith Doherty

Steve Hartkemeyer

Jeanell Wilson

Tom Taylor

City Attorney:

Susan Erdelyi

City Auditors:

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

City Clerk

Judy L. Bullock

City Manager

George D. Forbes

Chief, Fire Department

Gary Frazier

Chief of Police Department

Patrick K. Dooley

Director of Beaches Energy

Roy Trotter

Director of Human Resources

Karen Nelson

Director of Parks and Recreation

Gary Meadors

Director of Planning and Development

Steven G. Lindorff

Director of Public Works

William T. Edwards, P.E.

Finance Officer

Harry E. Royal, C.P.A.

AGENCY, BOARDS AND COMMISSION

Board of Adjustment

Community Redevelopment Agency

Planning Commission

General Employees' Pension Board

Police Officers' Pension Board

Firefighters' Pension Board

# FINANCIAL SECTION

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (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**  
*(Continued)*

**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, 2013, and the respective changes in financial position, and where applicable, cash flows 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund 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 basic financial statements. The schedule of expenditures of federal awards 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 is also not a required part of the basic financial statements.

The combining and individual nonmajor fund 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 the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

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

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Matters (Concluded)**

*Other Information (Concluded)*

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund 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 the schedule of expenditures of federal awards are 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Purvis, Gray and Company, LLP*

January 28, 2014  
Gainesville, Florida

MANAGEMENT'S DISCUSSION  
AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

As the management of the City of Jacksonville Beach (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, 2013. 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-viii of this report and the City's financial statements beginning on page 21.

**Financial Highlights**

- The assets plus deferred outflows of resources of the City exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$316.6 million (net position). Of this amount, \$73 million (unrestricted net position) 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 position increased by \$10.5 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 \$30.1 million, an increase of \$843 thousand in comparison with the prior year. Of this amount, \$15 million is restricted for specific uses related to redevelopment, tourism, law enforcement, transportation, and capital projects. \$4.7 million is committed for revenue stabilization and another \$4.1 million is assigned for emergencies or unanticipated events. In addition, \$5.5 million has been assigned for capital projects, \$100 thousand has been assigned as a budget reserve to help fund the 2014 budget, and \$623 thousand for repayment of infrastructure surtax bonds.

**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 City's government-wide financial statements include the statement of net position and statement of activities. As described below, these statements do not include the City's fiduciary funds because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary funds are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties.

The *Statement of Net Position* presents financial and capital resources of the City. Assets are reported when the City acquires ownership over the assets and liabilities are reported when they are incurred, regardless of the timing of the related cash flows. The difference between the City's total assets and outflows and total liabilities and inflows is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

The *Statement of Activities* presents revenue and expenses and shows how the government's net position changed during the most recent fiscal year. All changes in net position 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.

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, economic environment, 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 21-22 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 net position presented in the governmental activities column on the statement of net position. 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

all governmental funds to the change in net position 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 Schedules", on pages 80-108. The City's governmental fund financial statements are presented on pages 23-28.

***Proprietary Funds***

Proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in fund net position 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 (electric, natural gas, water and sewer, stormwater and sanitation), golf course, and the City's leased facilities operations.

*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 29-33 of this report.

***Fiduciary Funds***

Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. 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 34-35 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 36-73 of this report.

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**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 and other postemployment benefits to its employees. Required supplementary information can be found on pages 74-79 of this report.

This section also includes a comparison between the City's adopted and final budget and actual financial results. The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the general fund and for the major special revenue funds to demonstrate compliance with this budget.

**Government-Wide Financial Analysis**

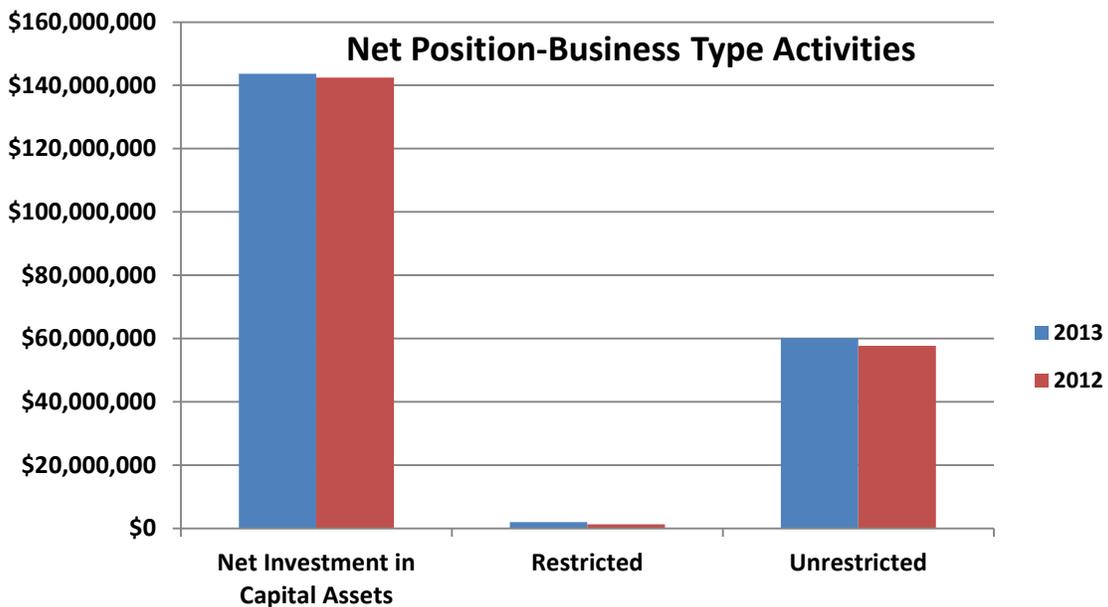
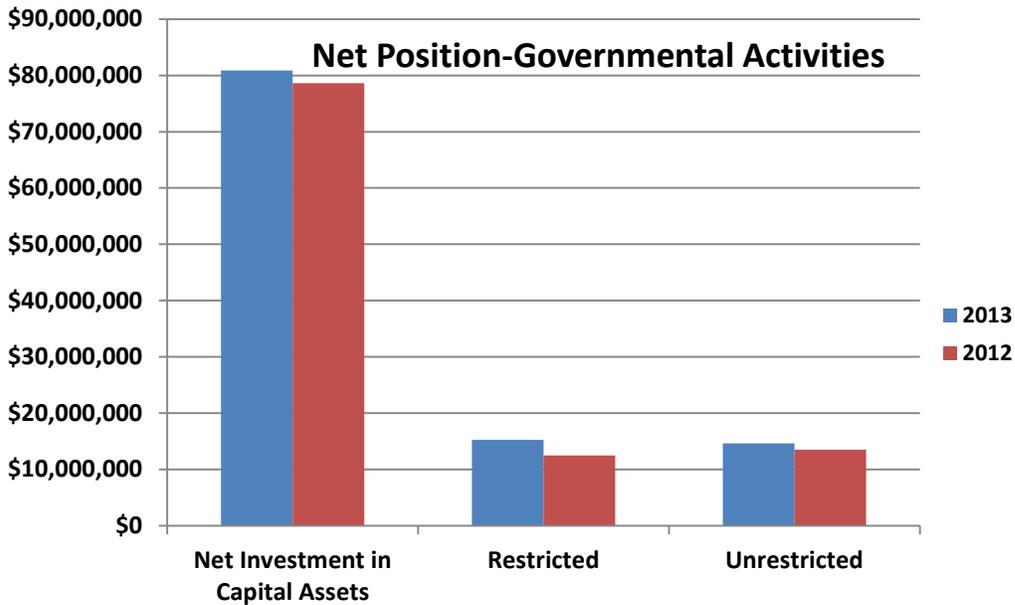
The following schedule is a summary of the fiscal year 2013 Statement of Net Position, which can be found on page 21 of this report with comparative information for fiscal year 2012:

<b>CITY OF JACKSONVILLE BEACH</b>						
<b>Net Position, 2012 restated</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current and Other Assets	\$37,342,353	\$36,030,184	\$99,791,443	\$97,431,207	\$137,133,796	\$133,461,391
Capital Assets, Net of						
Depreciation	88,298,656	85,104,911	173,519,976	173,026,862	261,818,632	258,131,773
<b>Total Assets</b>	<b>125,641,009</b>	<b>121,135,095</b>	<b>273,311,419</b>	<b>270,458,069</b>	<b>398,952,428</b>	<b>391,593,164</b>
<b>Deferred Outflows of Resources</b>						
Unamortized Refunding Loss	0	0	1,670,799	2,179,915	1,670,799	2,179,915
Current and Other						
Liabilities	3,121,281	2,588,293	36,642,025	35,198,962	39,763,306	37,787,255
Long-term Liabilities	11,748,110	13,871,329	32,527,289	36,063,759	44,275,399	49,935,088
<b>Total Liabilities</b>	<b>14,869,391</b>	<b>16,459,622</b>	<b>69,169,314</b>	<b>71,262,721</b>	<b>84,038,705</b>	<b>87,722,343</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	80,880,510	78,634,891	145,354,194	142,417,904	226,234,704	221,052,795
Restricted	15,266,981	12,516,772	2,000,000	1,278,620	17,266,981	13,795,392
Unrestricted	14,624,127	13,523,810	58,458,710	57,678,739	73,082,837	71,202,549
<b>Total Net Position</b>	<b>\$110,771,618</b>	<b>\$104,675,473</b>	<b>\$205,812,904</b>	<b>\$201,375,263</b>	<b>\$316,584,522</b>	<b>\$306,050,736</b>

As noted earlier, changes in net position may serve over time as a useful indicator of a government's financial position. This year the City's net position is \$316.6 million which is an improvement of \$10.5 million in the City's net position for the year. This increase in net position represented an increase of approximately 3.4% from the \$306 million net position in 2012. The governmental activities and business-type activities net position increased \$6.1 million and \$4.4 million respectively, primarily as a result of operations.

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A substantial portion of the City's net position (71%) reflects 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 position (5.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (\$14.6 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**  
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The chart below is a summary of the information presented in the 2013 Statement of Activities found on page 22 of this report, with comparative information for 2012:

<b>CITY OF JACKSONVILLE BEACH</b>						
<b>Changes in Net Position, 2012 restated</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$1,062,606	\$936,129	\$105,612,425	\$97,090,038	\$106,675,031	\$98,026,167
Operating Grants and Contributions	1,138,050	1,553,819	6,713	196,737	1,144,763	1,750,556
Capital Grants and Contributions	117,907	142,918	620,087	996,393	737,994	1,139,311
General Revenues:						
Property Taxes	14,029,971	14,412,386			14,029,971	14,412,386
Other Taxes	4,155,014	3,768,045			4,155,014	3,768,045
State Shared Revenues	2,697,673	2,537,879			2,697,673	2,537,879
Other Intergovernmental Revenues		33,504				33,504
Interest	152,872	656,852	55,453	758,841	208,325	1,415,693
Miscellaneous	217,694	254,892			217,694	254,892
Total Revenues	<u>23,571,787</u>	<u>24,296,424</u>	<u>106,294,678</u>	<u>99,042,009</u>	<u>129,866,465</u>	<u>123,338,433</u>
<b>Expenses:</b>						
Governmental Activities:						
General Government	2,695,018	2,141,571			2,695,018	2,141,571
Law Enforcement	8,597,705	8,604,107			8,597,705	8,604,107
Fire Control	3,788,360	3,796,759			3,788,360	3,796,759
Building Inspections	440,927	427,941			440,927	427,941
Physical Environment	355,032	380,328			355,032	380,328
Road and Street	3,073,673	3,548,624			3,073,673	3,548,624
Human Services	10,296	20,000			10,296	20,000
Recreation	2,645,363	2,945,435			2,645,363	2,945,435
Interest on Long-Term Debt	224,307	393,170			224,307	393,170
Business-type Activities						
Electric			79,640,256	75,000,906	79,640,256	75,000,906
Water and Sewer			10,267,198	8,288,432	10,267,198	8,288,432
Stormwater			1,376,128	1,291,954	1,376,128	1,291,954
Sanitation			3,197,294	3,150,288	3,197,294	3,150,288
Golf Course			1,381,008	1,391,476	1,381,008	1,391,476
Leased Facilities			280,629	271,007	280,629	271,007
Natural Gas			1,359,485	1,187,673	1,359,485	1,187,673
Total Expenses	<u>21,830,681</u>	<u>22,257,935</u>	<u>97,501,998</u>	<u>90,581,736</u>	<u>119,332,679</u>	<u>112,839,671</u>
Increase in Net Position Before						
Other Items	1,741,106	2,038,489	8,792,680	8,460,273	10,533,786	10,498,762
Transfers	4,355,039	3,757,807	(4,355,039)	(3,757,807)	0	0
Change in Net Position	6,096,145	5,796,296	4,437,641	4,702,466	10,533,786	10,498,762
<b>Net Position-Beginning of Year (As Restated)</b>	<u>104,675,473</u>	<u>98,879,177</u>	<u>201,375,263</u>	<u>196,672,797</u>	<u>306,050,736</u>	<u>295,551,974</u>
<b>Net Position-End of Year</b>	<u>\$110,771,618</u>	<u>\$104,675,473</u>	<u>\$205,812,904</u>	<u>\$201,375,263</u>	<u>\$316,584,522</u>	<u>\$306,050,736</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

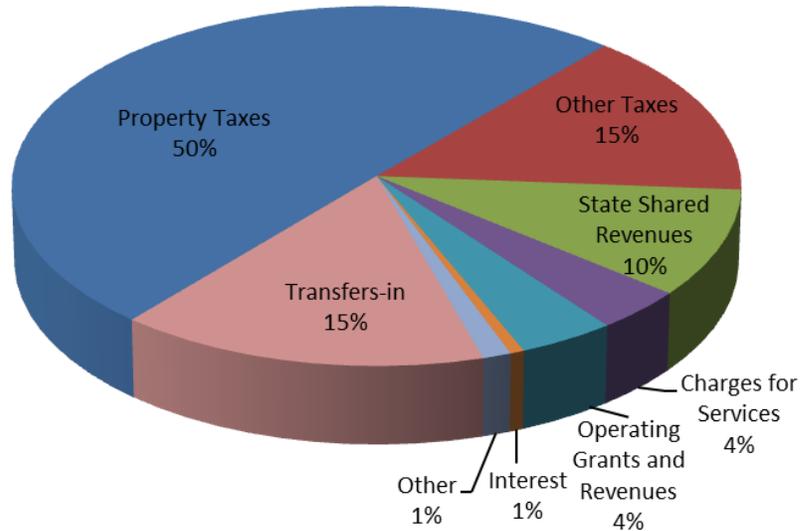
**Governmental Activities**

Governmental activities increased the City's net position by \$6.1 million or by 5.8% for the year. The following information relates key points regarding the financial activities that significantly impacted the change in net assets:

- Charges for services in 2013 exceeded the prior year due to building permits and related fees. The value of commercial construction was up 34% and residential construction was up 273%.
- Operating grants and contributions were less than the prior year because of a large single receipt of \$500 thousand of federal forfeiture monies received in 2012.
- Capital grants and contributions were less than the prior year mostly because of a State of Florida Department of Transportation \$40 thousand grant received in 2012 for reimbursement of expenditures on a state road within the City.
- Property tax revenues decreased in total by \$382 thousand due to the decline in taxable property values caused by the improved but still depressed real estate market.
- Other tax revenues increased over last year mostly because of payments of communication service taxes paid to the City by the State related to prior years which were received in 2013.
- State shared revenues increased \$160 thousand over last year mainly because of the improvement in state share revenues related to state sales taxes. This improvement in sales tax revenues is driven by the somewhat slow but still improving state economy.
- Interest revenues decreased \$480 thousand because of the decline in rates of return paid on investments in the City's operating fund investment portfolio. The City's investment portfolio is managed by professional investment firms hired pursuant to the City's investment policy and monitored by a professional investment advisor.
- Miscellaneous revenues decreased \$37 thousand, which is primarily attributable to greater revenues on disposals of capital assets in 2012.
- Total expenses for governmental activities decreased by \$427 thousand from the prior year. \$169 thousand of this decrease is attributable to a decrease in interest paid on debt related to governmental activities because the Infrastructure Surtax debt was refunded during 2012 with lower interest rates and interest payments. In addition, in 2013 the City spent substantially less for street repaving than in 2012.
- The following graph shows the composition of revenues by source and by percent of total revenues for the City's governmental activities for fiscal year 2013. As can be seen in the chart, property taxes provide 50% of the total revenues that support governmental activities. The other major sources include state shared revenues, other taxes, and transfers.

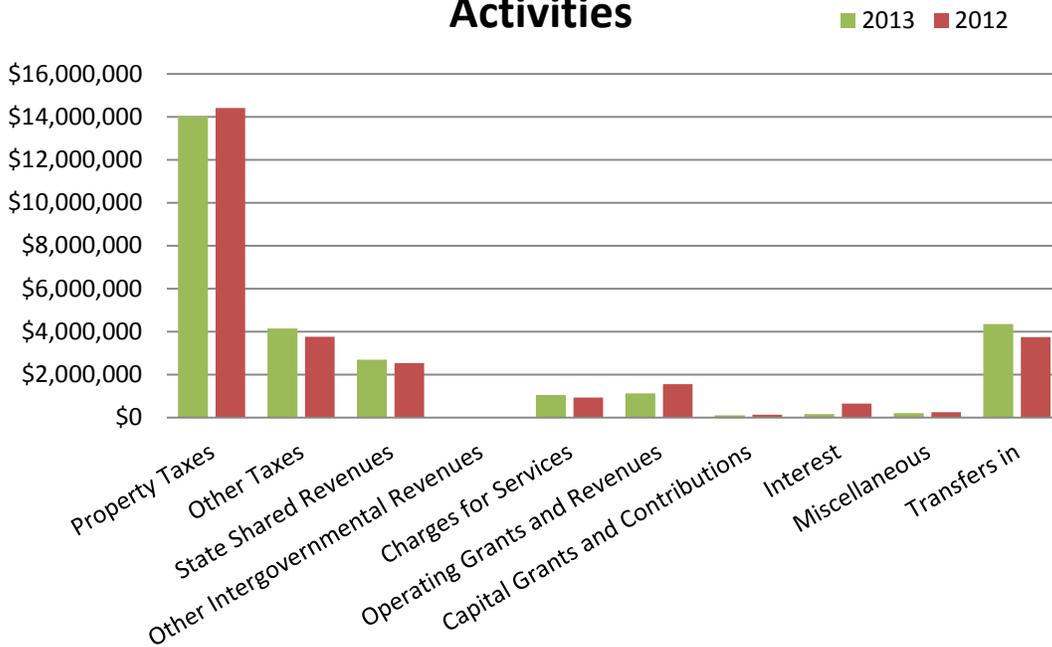
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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 CITY OF JACKSONVILLE BEACH, FLORIDA**

**Revenues by Source-Governmental**



The following graph shows the dollar amounts of revenues by category for the City's governmental activities for fiscal year 2013 compared to 2012.

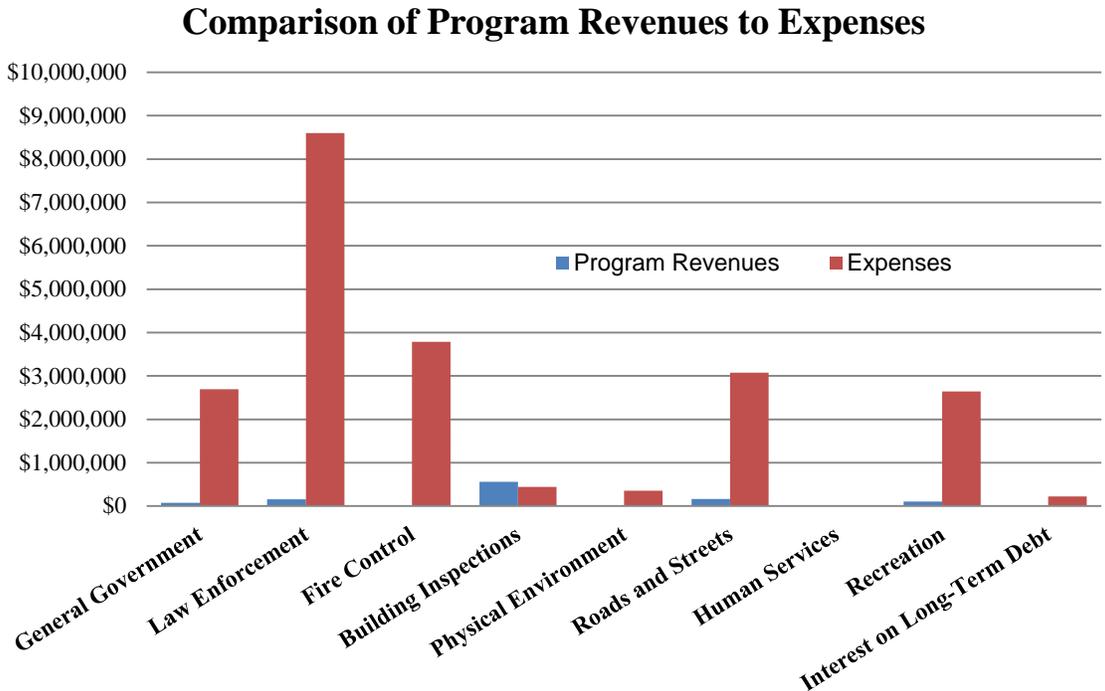
**Revenues by Source-Governmental  
 Activities**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The total revenue decrease of \$725 thousand over the prior year resulted from decreases in property taxes, interest earnings, miscellaneous revenues, capital grants and contributions, and operating grants, which were partially offset by increases in other taxes, state shared revenues, charges for services, and transfers in. See the discussion on page 10 for an explanation as to the increases and decreases by source of revenues.

The following chart compares current year program revenues to expenses for governmental activities for fiscal year 2013:



**Business-type Activities**

Business-type activities increased the City's net position by \$4.4 million (after transfers). Key financial factors related to these activities are as follows:

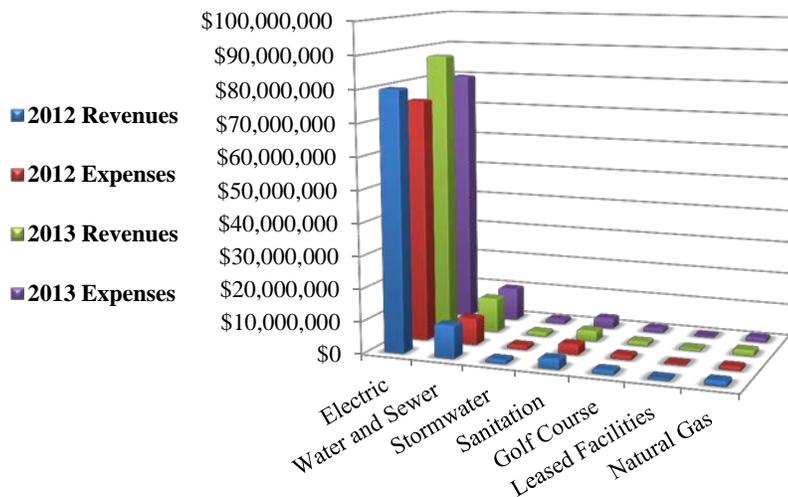
- The total increase in net position before transfers was \$8.8 million compared to \$8.5 million in the prior year.
- Charges for services increased by \$8.5 million over last year mostly due to an increase in electric revenues. Although kilowatt-hour sales decreased slightly in 2013, the City had a large over-recovery in power costs in 2012, which resulted in a \$9 million reduction in revenues and a corresponding increase in the bulk power cost liability account which is due back to electric customers.
- Operating grants and contributions decreased from the prior year because in 2012 the City received an energy conservation grant from the Department of Energy for approximately \$151 thousand, and in 2013 only received \$6,713 related to a FEMA reimbursement.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- Capital grants and contributions in business-type activities decreased substantially from last year because a much greater portion of the State and Federal grant monies received for the construction of the new wastewater plant was received in 2012.
- Total expenses for the business-type activities were higher than last year mainly due to a \$5.2 million increase in the cost of power purchased. The City receives all of its electricity from Florida Municipal Power Agency, which it then distributes and sells to its customers.
- The cash and investment balances for business-type activities increased slightly, which resulted mostly from electric and water and sewer operations.
- Net transfers in business-type activities included a transfer of capital assets from governmental activities of approximately \$171 thousand. This represents assets partially funded with Infrastructure Surtax bond proceeds. Business-type activities transfers also included a \$3.3 million transfer from the electric enterprise fund to governmental activities operations in the General Fund in accordance with the City's policy on electric transfers. The remaining transfers included \$260 thousand from the Lease Facilities Fund to the General Fund for capital outlay purchases, \$850 thousand for a reserve for technology purchases, and \$41 thousand from Water and Sewer Fund for a road and drainage project.

The following chart compares expenses with program revenues for the City's business-type activities for fiscal year 2013. As can be seen in the chart, electric revenue provided the major portion of business-type activities revenues.

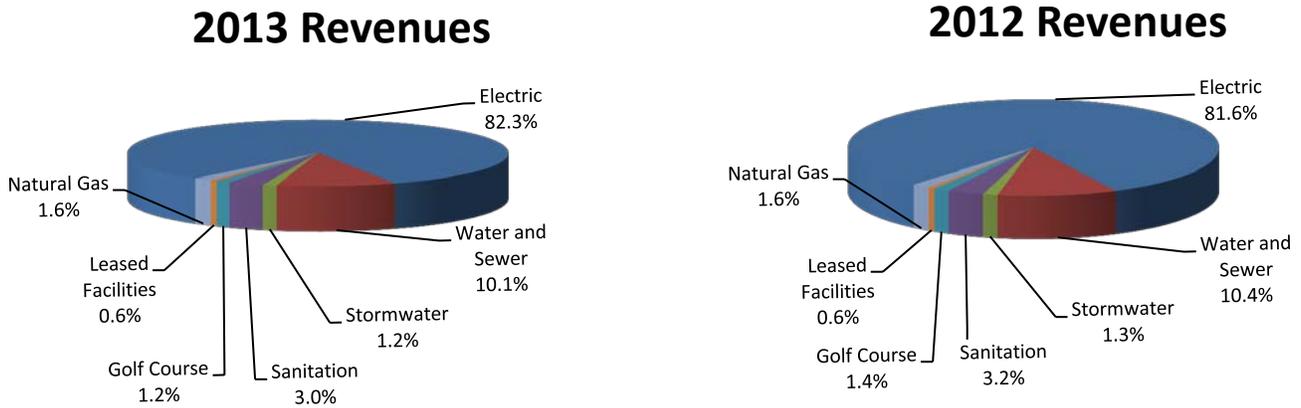
**Comparison of Program Revenues  
 to Expenses-Business Type Activities**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following chart shows the percentage composition of revenues for business-type activities for the fiscal years 2013 and 2012:

**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 23-28. 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, the portion of unrestricted fund balance the City has committed or assigned may serve as a useful measure of how well a government is setting aside its available resources at the end of the fiscal year for future emergencies or unanticipated budgetary expenses and maintaining working capital.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30.1 million; of this amount, \$15 million (49.7%) is restricted fund balance, \$4.7 million is committed as a rate stabilization reserve, another \$4.1 million is assigned for an emergency/unanticipated event reserve, and \$5.5 million is assigned for capital projects and \$100 thousand for a budget reserve. The City's fund balance policy for governmental funds was adopted in 2011 pursuant to GASB Statement 54 and is discussed at length in the footnotes to the financial statements.

**General Fund**

The financial operations of the General Fund are included in the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds, which can be found on page 25 of this report.

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The General Fund is the chief operating fund of the City. The following schedule compares 2013 revenues and expenditures with the prior year. The variance for taxes was mostly due to ad valorem taxes which were down \$154 thousand from the prior year due to the decline in taxable property values caused by the depressed real estate market. However, license and permit revenues were up approximately \$192 thousand because of increases in construction activity within the City. Interest and other revenues were substantially lower than last year because of the decline in investment returns. The City's investments are managed by professional investment firms which were hired pursuant to the City's investment policy.

Total expenditures reflect an increase of \$109 thousand and transfers out reflect an increase of \$636 thousand. The increase in transfers out was to set aside monies for forthcoming capital projects.

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

	<u>2013</u>	<u>2012</u>	<u>Over (Under) Prior Year</u>
<b>Revenues:</b>			
Taxes	\$ 9,222,513	\$ 9,068,880	\$ 153,633
Licenses and Permits	559,485	367,855	191,630
Intergovernmental	3,538,261	3,411,784	126,477
Charges for Services	316,225	366,278	(50,053)
Fines and Forfeitures	155,340	182,646	(27,306)
Interest and Other Revenues	154,911	417,926	(263,015)
Total Revenues	<u>13,946,735</u>	<u>13,815,369</u>	<u>131,366</u>
<b>Expenditures:</b>			
General Government	1,803,902	1,846,448	(42,546)
Public Safety	11,871,929	11,813,062	58,867
Roads and Streets	1,475,566	1,441,040	34,526
Parks and Recreation	2,286,416	2,228,144	58,272
Total Expenditures	<u>17,437,813</u>	<u>17,328,694</u>	<u>109,119</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,491,078)	(3,513,325)	22,247
Other Financing Sources			
Transfers in	4,260,420	4,526,543	(266,123)
Transfers out	<u>(824,787)</u>	<u>(188,360)</u>	<u>(636,427)</u>
Net Change in Fund Balances	(55,445)	824,858	(880,303)
<b>Fund Balance-Beginning of Year</b>	<u>9,096,524</u>	<u>8,271,666</u>	<u>824,858</u>
<b>Fund Balance-End of Year</b>	<u>\$ 9,041,079</u>	<u>\$ 9,096,524</u>	<u>\$ (55,445)</u>

At the end of the current fiscal year the fund balance of the General Fund was \$9 million of which \$4.7 million was committed for a revenue stabilization reserve and additional \$4.1 million was assigned to an unanticipated/emergencies reserve account. While it can be noted that there is no unrestricted fund balance available for spending, the City has historically funded the annual budget for expenditures from current revenue sources. The City actively manages the budget and strives to keep operating expenditures within budgetary limits. When evaluating the General Fund's liquidity, it should be noted that the revenue stabilization reserve serves as a working capital reserve and the unanticipated expenditures/emergencies account may be used to supplement operating revenues if approved by the City Council. Combined, these two reserve balances represent 48% of total budgeted General Fund expenditures for 2013.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**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 27 of this report.

The difference between the original budget and the final amended budget was an increase in net appropriations of \$689 thousand for expenditures and \$654 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. In 2013 the total fund balance of the City's General Fund decreased by \$55 thousand. Actual revenues came in above final budgeted revenues by 0.08%, and actual expenditures were 5.9% under budget. Total revenues were above budgeted revenues primarily because total taxes and licenses and permit fees exceeded budgeted estimates. As mentioned previously, interest revenues were below budget because of low investment returns driven by poor general economic conditions nationwide. Most of the City's operating fund investments are managed by professional investment firms and monitored by an investment advisor. Total expenditures came in under budget because the departments actively managed their individual budgets assuring compliance with budgetary limits.

**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 Balance - Governmental Funds on page 25 of this report. The capital projects in this fund are primarily funded by transfers from other funds, debt, or grants. In Fiscal Year 2013, approximately \$46 thousand was spent for computer equipment in the City's strategic technology plan, \$12 thousand for security cameras in City Hall, \$230 thousand for an excavator and backhoe, \$4 thousand on park improvements, and \$52 thousand for operating supplies and administrative 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 Balance - Governmental Funds. In addition, a more detailed summary of the activities in this fund can be found in Note 17 in the notes to the financial statements. As can be seen in the summary, the increase in fund balance was because in the Downtown Tax Increment District the City spent \$21 thousand less than the revenues it received last year, and in the Southend Tax Increment District the City spent \$83 thousand (before transfers) less than it received in revenues. In the coming fiscal year, the Community Redevelopment Agency has committed to the funding of an additional \$10.2 million from current and future revenues in the Downtown Tax Increment District to complete Phase III of the Downtown Vision Plan, and \$3 million in the Southend Tax Increment District for the funding of engineering, design, and construction of an infrastructure project known as South Beach Capital Improvements Program.

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

**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 29-33 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, 2013 amounts to \$261.8 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 approximately \$3.7 million. Major capital asset activity during the current fiscal year included the following construction or renovation projects:

- Downtown Visioning Project, Phase 2 and Phase 3
- Natural Gas Distribution System
- South Beach Area Infrastructure Improvements Phase 1
- 9<sup>th</sup> Street Corridor Project
- Duval Drive Roadway and Drain Improvement
- 2<sup>nd</sup> Street North Sewer Replacement
- 12<sup>th</sup> Avenue South Basin Outfall
- Total Maximum Daily Load Project
- Rehabilitation Lift Station #15
- A1A Rebuild Phase 2
- Sawgrass Feeder Rebuild
- Underground Feeder Circuit 528
- Palm Valley Road Feeder Rebuild
- Switchgear Replacement Program
- Underground Replacement Program

Additional information on the City's capital assets can be found in Note 7 beginning on page 53 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Long-Term Debt**

At the end of the current year, the City had total bonded debt outstanding of \$37.3 million (net of unamortized bond premium). 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.

**CITY OF JACKSONVILLE BEACH  
Bonded Indebtness**

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b>Revenue Bonds:</b>						
Infrastructure Sales Tax	\$5,185,000	\$6,060,000			\$ 5,185,000	\$ 6,060,000
Tax Increment	2,233,145	3,601,725			2,233,145	3,601,725
Utility Revenue			\$28,840,000	\$32,210,000	28,840,000	32,210,000
Total Outstanding	7,418,145	9,661,725	28,840,000	32,210,000	36,258,145	41,871,725
<b>Add:</b>						
Unamortized Premium	0	0	996,581	1,300,253	996,581	1,300,253
<b>Total Net Outstanding</b>	<b>\$7,418,145</b>	<b>\$9,661,725</b>	<b>\$29,836,581</b>	<b>\$33,510,253</b>	<b>\$37,254,726</b>	<b>\$43,171,978</b>

The City's total debt outstanding decreased by \$5.9 million primarily because of scheduled principal payments (\$2.2 million in Governmental Activities and \$3.4 million in the Business-type Activities). At September 30, 2013 and 2012, unamortized refunding losses related to bonded indebtedness totaling \$1.7 million and \$2.2 million respectively, are reported as deferred outflows in the statement of net position.

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

	<b>Moody's Investor Service</b>	<b>Fitch Investors Service</b>
<b>Business-type Obligations</b>	A-1	AA-

Moody's reaffirmed their rating in 2010 and Fitch reaffirmed their rating of AA- in 2012 for the Utility Revenue Bonds. All of the Governmental Activity bonds are unrated and all but one is 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 8, 9, and 10 on pages 54-58 of this report.

**Economic Factors and Next Year's Budget and Rates**

The strength of the local economy has shown a slight improvement in the past year even with the current national economic condition. However, the City's 2014 budget still anticipates minor increases in property taxes, communication services taxes, fuel taxes, tourist taxes, building permit fees, sale taxes and state revenue sharing.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

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, there was a state constitutional amendment on the ballot for November 2012 that would have further reduced property tax revenues beginning in fiscal year 2013 but it was defeated. Even so, the City is closely monitoring its financial operations and planning for potential 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 for Fiscal Year (FY) 2014, these costs have been somewhat contained through acquisition of a new health insurance provider and a revision in the retirement plan for general employees. We are still looking at options to reform the police and fire pension plans to help mitigate increasing City costs for these two plans.

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. We also have continued to improve and strengthen our electric infrastructure and improve customer service through technology, all of which also impact available revenues. To meet these demands on our resources, management continually monitors electric revenues and makes adjustments periodically while still providing a competitive product to our customers.

Another recent development that will greatly affect our operating and capital costs are new Federal regulations concerning the levels of pollutants in wastewater/stormwater runoff. The City recently renewed its National Pollution Discharge Elimination Permit (NPDES) with the Florida Department of Environmental Protection, which addresses stormwater pollutants, and are currently in the process of renewing the wastewater permit. However, we are still not certain of the fiscal impact the new standards will have on our operations.

Due to concerns about the adequacy of water and sewer rates to pay for improvements needed to maintain the system, the City engaged a water and sewer rate consultant in 2011 to prepare a revenue sufficiency analysis to determine what the water and sewer rates should be to pay for all, or a portion, of those needed improvements. As the result of the consultant's recommendations, the City implemented a series of three annual rate increases beginning in FY 2012 and a CPI rate increase factor thereafter. These increases should enable the City to fund most of its capital improvement plan for water and sewer projects over the next few years, barring unforeseen new state and federal mandates.

We will 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.

Each year the City begins its annual budget process with an 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 FY 2014 budget include the following:

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

- Spending patterns in all funds must be sustainable.
- The General Fund Budget will be based on the existing millage rate of \$4.0947.
- All operating budgets will be balanced.
- Maintain the ability to provide core service levels.
- Adequate maintenance of City equipment, facilities and infrastructure.
- Capital budgets were to be funded within cash flow projections.
- 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](http://www.jacksonvillebeach.org).



## **BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 35,526,527	\$ 67,754,910	\$ 103,281,437
Other Cash and Investments	4,455	2,749,618	2,754,073
Accounts Receivable, Net	441,257	17,634,547	18,075,804
Assessments Receivable, Net	105,446	3,009	108,455
Due from Other Governments	1,174,382	38,002	1,212,384
Inventories		2,037,068	2,037,068
Prepaid Items	90,286	92,646	182,932
Restricted Assets:			
Equity in Pooled Cash and Investments		9,481,643	9,481,643
Capital Assets:			
Nondepreciable	39,703,395	14,033,443	53,736,838
Depreciable, Net	48,595,261	159,486,533	208,081,794
<b>Total Assets</b>	<b>125,641,009</b>	<b>273,311,419</b>	<b>398,952,428</b>
<b>Deferred Outflows of Resources</b>			
Unamortized Refunding Loss	0	1,670,799	1,670,799
<b>Liabilities</b>			
Accounts Payable	927,748	6,454,485	7,382,233
Accrued Interest		499,854	499,854
Other Accrued Liabilities	923,319	1,008,083	1,931,402
Power Costs Recovered in Advance		23,371,356	23,371,356
Due to Other Governments	284,965		284,965
Deposits	9,891	5,275,524	5,285,415
Unearned Revenues	179,943	32,723	212,666
Self-insurance Claims Payable	795,415		795,415
Noncurrent Liabilities:			
Due Within One Year	2,478,991	3,824,976	6,303,967
Due in More Than One Year	9,269,119	28,702,313	37,971,432
<b>Total Liabilities</b>	<b>14,869,391</b>	<b>69,169,314</b>	<b>84,038,705</b>
<b>Net Position</b>			
Net Investment in Capital Assets	80,880,510	145,354,194	226,234,704
Restricted for:			
Redevelopment	10,136,906		10,136,906
Tourism	563,463		563,463
Transportation Improvements	355,431		355,431
Capital Projects	3,354,382	2,000,000	5,354,382
Law Enforcement	856,799		856,799
Unrestricted	14,624,127	58,458,710	73,082,837
<b>Total Net Position</b>	<b>\$ 110,771,618</b>	<b>\$ 205,812,904</b>	<b>\$ 316,584,522</b>

See accompanying notes.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
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
<b>Governmental Activities</b>							
General Government	\$ 2,695,018	\$ 76,709			\$ (2,618,309)		\$ (2,618,309)
Law Enforcement	8,597,705	156,639	\$ 327,048	\$ 117,907	(7,996,111)		(7,996,111)
Fire Control	3,788,360		4,416		(3,783,944)		(3,783,944)
Building Inspections	440,927	556,495			115,568		115,568
Physical Environment	355,032	2,880			(352,152)		(352,152)
Roads and Streets	3,073,673	165,768			(2,907,905)		(2,907,905)
Human Services	10,296		152,164		141,868		141,868
Parks and Recreation	2,645,363	104,115	654,422		(1,886,826)		(1,886,826)
Interest on Long-term Debt	224,307				(224,307)		(224,307)
<b>Total Governmental Activities</b>	<b>21,830,681</b>	<b>1,062,606</b>	<b>1,138,050</b>	<b>117,907</b>	<b>(19,512,118)</b>	<b>\$ 0</b>	<b>(19,512,118)</b>
<b>Business-type Activities</b>							
Electric	79,640,256	87,349,935		65,945		7,775,624	7,775,624
Water and Sewer	10,267,198	10,167,014		554,142		453,958	453,958
Stormwater	1,376,128	1,262,661				(113,467)	(113,467)
Sanitation	3,197,294	3,177,369	6,713			(13,212)	(13,212)
Golf Course	1,381,008	1,314,521				(66,487)	(66,487)
Leased Facilities	280,629	611,679				331,050	331,050
Natural Gas	1,359,485	1,729,246				369,761	369,761
<b>Total Business-type Activities</b>	<b>97,501,998</b>	<b>105,612,425</b>	<b>6,713</b>	<b>620,087</b>	<b>0</b>	<b>8,737,227</b>	<b>8,737,227</b>
<b>Total Primary Government</b>	<b>\$ 119,332,679</b>	<b>\$ 106,675,031</b>	<b>\$ 1,144,763</b>	<b>\$ 737,994</b>	<b>(19,512,118)</b>	<b>8,737,227</b>	<b>(10,774,891)</b>
		<b>General Revenues</b>					
		Taxes:					
		Property Taxes			14,029,971		14,029,971
		Franchise Taxes			5,280		5,280
		Infrastructure Surtax			1,055,321		1,055,321
		Communication Service Tax			1,472,566		1,472,566
		Convention Development Tax			283,358		283,358
		Fuel Taxes			709,816		709,816
		Other Taxes			628,673		628,673
		State-shared Revenues (Unrestricted)			2,697,673		2,697,673
		Interest			152,872	55,453	208,325
		Miscellaneous			217,694		217,694
		<b>Net Transfers</b>			<b>4,355,039</b>	<b>(4,355,039)</b>	<b>0</b>
		<b>Total General Revenues and Transfers</b>			<b>25,608,263</b>	<b>(4,299,586)</b>	<b>21,308,677</b>
		<b>Change in Net Position</b>			<b>6,096,145</b>	<b>4,437,641</b>	<b>10,533,786</b>
		<b>Net Position, Beginning of Year (As Restated)</b>			<b>104,675,473</b>	<b>201,375,263</b>	<b>306,050,736</b>
		<b>Net Position, End of Year</b>			<b>\$ 110,771,618</b>	<b>\$ 205,812,904</b>	<b>\$ 316,584,522</b>

See accompanying notes.

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>Community Redevelopment Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 10,020,738	\$ 5,443,894	\$ 11,081,565	\$ 5,421,556	\$ 31,967,753
Other Cash and Investments	4,455				4,455
Receivables:					
Accounts, Net	158,822	3,895			162,717
Assessments, Net	12,038		3,813	89,595	105,446
Interfund Receivables	31,070				31,070
Due from Other Governments	764,273		422	409,687	1,174,382
Prepaid Expenditures	41,640				41,640
<b>Total Assets</b>	<b>11,033,036</b>	<b>5,447,789</b>	<b>11,085,800</b>	<b>5,920,838</b>	<b>33,487,463</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	183,079	1,057	574,105	16,017	774,258
Other Accrued Liabilities	411,066		370,976	2,876	784,918
Due Other Governments	284,965				284,965
Interfund Payables				31,070	31,070
Deposits	9,891				9,891
Unearned Revenue	179,943				179,943
<b>Total Liabilities</b>	<b>1,068,944</b>	<b>1,057</b>	<b>945,081</b>	<b>49,963</b>	<b>2,065,045</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	923,013	3,895	3,813	390,595	1,321,316
<b>Fund Balances</b>					
Nonspendable:					
Prepaid Expenditures	41,640				41,640
Restricted for:					
Redevelopment			10,136,906		10,136,906
Tourism Expenses				540,463	540,463
Transportation Improvements				237,431	237,431
Capital Projects				3,194,382	3,194,382
Law Enforcement				856,799	856,799
Committed for:					
Revenue Stabilization	4,721,371				4,721,371
Cemetery Improvements	34,260				34,260
Tree Replacement				6,549	6,549
Assigned for:					
Unanticipated Events/ Emergencies	4,143,808				4,143,808
Budgetary Reserve	100,000				100,000
Capital Projects		5,442,837		21,735	5,464,572
Debt Service				622,921	622,921
<b>Total Fund Balances</b>	<b>9,041,079</b>	<b>5,442,837</b>	<b>10,136,906</b>	<b>5,480,280</b>	<b>30,101,102</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,033,036</b>	<b>\$ 5,447,789</b>	<b>\$ 11,085,800</b>	<b>\$ 5,920,838</b>	<b>\$ 33,487,463</b>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Fund Balance - Total Governmental Funds** \$ 30,101,102

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

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

Capital Assets	\$ 131,247,194	
(Accumulated Depreciation)	<u>(43,759,581)</u>	87,487,613

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		1,321,316
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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	(7,418,146)	
Accrued Other Postemployment Benefits	(1,262,332)	
Compensated Absences	<u>(2,181,851)</u>	(10,862,329)

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>2,723,916</u>
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**Net Position of Governmental Activities** \$ 110,771,618

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>Community Redevelopment Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 9,222,513		\$ 6,883,977	\$ 2,037,995	\$ 18,144,485
Licenses and Permits	559,485				559,485
Intergovernmental	3,538,261		422	270,071	3,808,754
Charges for Services	316,225			148,951	465,176
Fines and Forfeitures	155,340			121,853	277,193
Interest and Other Revenue	154,911	\$ 21,547	138,445	96,188	411,091
<b>Total Revenues</b>	<b>13,946,735</b>	<b>21,547</b>	<b>7,022,844</b>	<b>2,675,058</b>	<b>23,666,184</b>
<b>Expenditures</b>					
Current:					
General Government	1,803,902	51,606	222,266	383	2,078,157
Public Safety	11,871,929		369,431	189,973	12,431,333
Physical Environment				11,355	11,355
Roads and Streets	1,475,566			379,732	1,855,298
Human Services				10,296	10,296
Parks and Recreation	2,286,416			175,471	2,461,887
Debt Service:					
Principal			1,368,579	875,000	2,243,579
Interest and Fees			120,297	104,010	224,307
Capital Outlay		291,825	4,837,463	824,254	5,953,542
<b>(Total Expenditures)</b>	<b>(17,437,813)</b>	<b>(343,431)</b>	<b>(6,918,036)</b>	<b>(2,570,474)</b>	<b>(27,269,754)</b>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<b>(3,491,078)</b>	<b>(321,884)</b>	<b>104,808</b>	<b>104,584</b>	<b>(3,603,570)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,260,420	1,662,137	41,465	984,384	6,948,406
Transfers (out)	(824,787)			(1,677,286)	(2,502,073)
<b>Total Other Financing Sources (Uses)</b>	<b>3,435,633</b>	<b>1,662,137</b>	<b>41,465</b>	<b>(692,902)</b>	<b>4,446,333</b>
<b>Net Change in Fund Balances</b>	<b>(55,445)</b>	<b>1,340,253</b>	<b>146,273</b>	<b>(588,318)</b>	<b>842,763</b>
<b>Fund Balances, Beginning of Year</b>	<b>9,096,524</b>	<b>4,102,584</b>	<b>9,990,633</b>	<b>6,068,598</b>	<b>29,258,339</b>
<b>Fund Balances, End of Year</b>	<b>\$ 9,041,079</b>	<b>\$ 5,442,837</b>	<b>\$ 10,136,906</b>	<b>\$ 5,480,280</b>	<b>\$ 30,101,102</b>

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, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Net Change in Fund Balance - Total Governmental Funds** \$ 842,763

**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	\$ 6,524,969	
Disposals and Transfers	(328,422)	
(Current Year Depreciation)	<u>(2,938,878)</u>	3,257,669

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Principal Payments	<u>2,243,579</u>	2,243,579
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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	52,755	
Change in Other Postemployment Benefits	<u>(131,105)</u>	(78,350)

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. (213,549)

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. 44,033

**Change in Net Position of Governmental Activities** \$ 6,096,145

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 8,884,551	\$ 9,178,471	\$ 9,222,513	\$ 44,042
Licenses and Permits	303,800	303,800	559,485	255,685
Intergovernmental	3,537,277	3,537,277	3,538,261	984
Charges for Services	402,850	439,940	316,225	(123,715)
Fines and Forfeitures	170,000	170,000	155,340	(14,660)
Interest and Other Revenue	282,500	306,072	154,911	(151,161)
<b>Total Revenues</b>	<u>13,580,978</u>	<u>13,935,560</u>	<u>13,946,735</u>	<u>11,175</u>
<b>Expenditures</b>				
Executive and Legislative	692,965	719,035	551,296	167,739
Central Services	439,810	442,085	378,504	63,581
Planning and Development	622,440	623,565	578,954	44,611
Parks and Recreation	2,208,438	2,318,829	2,286,420	32,409
Public Works	1,485,256	1,497,217	1,475,565	21,652
Police	8,039,962	8,450,418	7,911,914	538,504
Fire	3,430,020	3,633,048	3,540,425	92,623
Nondepartmental	922,356	845,846	714,735	131,111
<b>(Total Expenditures)</b>	<u>(17,841,247)</u>	<u>(18,530,043)</u>	<u>(17,437,813)</u>	<u>1,092,230</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(4,260,269)</u>	<u>(4,594,483)</u>	<u>(3,491,078)</u>	<u>1,103,405</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,209,564	4,236,593	4,260,420	23,827
Transfers (out)	(171,200)	(824,787)	(824,787)	0
<b>Total Other Financing Sources (Uses)</b>	<u>4,038,364</u>	<u>3,411,806</u>	<u>3,435,633</u>	<u>23,827</u>
<b>Net Change in Fund Balance</b>	<u>\$ (221,905)</u>	<u>\$ (1,182,677)</u>	<u>\$ (55,445)</u>	<u>\$ 1,127,232</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, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 6,885,698	\$ 6,885,698	\$ 6,883,977	\$ (1,721)
Intergovernmental			422	422
Interest and Other Revenue	55,000	55,241	138,445	83,204
<b>Total Revenues</b>	<u>6,940,698</u>	<u>6,940,939</u>	<u>7,022,844</u>	<u>81,905</u>
<b>Expenditures</b>				
Current:				
General Government	188,234	195,368	222,266	(26,898)
Public Safety	509,877	555,036	369,431	185,605
Debt Service:				
Principal	1,368,580	1,368,580	1,368,579	1
Interest and Fees	125,534	125,534	120,297	5,237
Capital Outlay		14,101,728	4,837,463	9,264,265
<b>(Total Expenditures)</b>	<u>(2,192,225)</u>	<u>(16,346,246)</u>	<u>(6,918,036)</u>	<u>9,428,210</u>
<b>Excess of Revenues Over Expenditures</b>	<u>4,748,473</u>	<u>(9,405,307)</u>	<u>104,808</u>	<u>9,510,115</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in		41,465	41,465	0
Transfers (out)	(292,635)			0
<b>Total Other Financing Sources (Uses)</b>	<u>(292,635)</u>	<u>41,465</u>	<u>41,465</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>\$ 4,455,838</u>	<u>\$ (9,363,842)</u>	<u>\$ 146,273</u>	<u>\$ 9,510,115</u>

See accompanying notes.

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2013  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Assets</b>					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 46,855,594	\$ 10,609,730	\$ 10,289,586	\$ 67,754,910	\$ 3,558,774
Other Operating Cash	6,119	4,079	1,290	11,488	
Other Investments	1,642,878	1,095,252		2,738,130	
Receivables:					
Accounts, Net	15,551,298	1,304,828	778,421	17,634,547	278,540
Assessments, Net		3,009		3,009	
Due from Other Governments		38,002		38,002	
Inventories	2,020,317		16,751	2,037,068	
Prepaid Power Costs					
Prepaid Expenses	88,084		4,562	92,646	48,646
Restricted Assets:					
Equity in Pooled Cash and Investments	8,074,928	1,406,715		9,481,643	
<b>Total Current Assets</b>	<b>74,239,218</b>	<b>14,461,615</b>	<b>11,090,610</b>	<b>99,791,443</b>	<b>3,885,960</b>
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,221,085	4,134,311	
Buildings and Improvements	170,384,280	78,024,360	27,408,057	275,816,697	1,610,007
Equipment	4,406,778	2,310,253	1,650,169	8,367,200	2,350,981
Construction in Progress	7,525,128	1,766,369	607,635	9,899,132	
	184,867,442	82,462,952	30,886,946	298,217,340	3,960,988
(Accumulated Depreciation)	(82,958,411)	(31,417,221)	(10,321,732)	(124,697,364)	(3,149,945)
<b>Total Capital Assets, Net of   Accumulated Depreciation</b>	<b>101,909,031</b>	<b>51,045,731</b>	<b>20,565,214</b>	<b>173,519,976</b>	<b>811,043</b>
<b>Total Noncurrent Assets</b>	<b>101,909,031</b>	<b>51,045,731</b>	<b>20,565,214</b>	<b>173,519,976</b>	<b>811,043</b>
<b>Total Assets</b>	<b>176,148,249</b>	<b>65,507,346</b>	<b>31,655,824</b>	<b>273,311,419</b>	<b>4,697,003</b>
<b>Deferred Outflows of Resources - Noncurrent</b>					
Unamortized Refunding Loss	1,074,637	596,162	0	1,670,799	0

See accompanying notes.

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 5,631,118	\$ 386,460	\$ 436,907	\$ 6,454,485	\$ 153,490
Power Costs Recovered in Advance	22,748,045		623,311	23,371,356	
Other Accrued Liabilities	607,432	326,041	74,610	1,008,083	138,401
Unearned Revenue			32,723	32,723	
Estimated Liability for Self-insured Losses					795,415
Current Portion of Long-term Debt:					
Compensated Absences	226,009	118,000	20,967	364,976	177,156
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,037,940	1,422,060		3,460,000	
Accrued Interest	294,455	205,399		499,854	
Customer Deposits	5,275,524			5,275,524	
<b>Total Current Liabilities</b>	<b>36,820,523</b>	<b>2,457,960</b>	<b>1,188,518</b>	<b>40,467,001</b>	<b>1,264,462</b>
Noncurrent Liabilities:					
Revenue Bonds Payable	15,535,806	10,840,775		26,376,581	
Accrued Compensated Absences	904,036	472,001	83,865	1,459,902	708,625
Other Postemployment Benefits	509,788	283,215	72,827	865,830	
<b>Total Noncurrent Liabilities</b>	<b>16,949,630</b>	<b>11,595,991</b>	<b>156,692</b>	<b>28,702,313</b>	<b>708,625</b>
<b>Total Liabilities</b>	<b>53,770,153</b>	<b>14,053,951</b>	<b>1,345,210</b>	<b>69,169,314</b>	<b>1,973,087</b>
<b>Net Position</b>					
Net Investment in Capital Assets	85,409,922	39,379,058	20,565,214	145,354,194	811,043
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Unrestricted	36,542,811	12,170,499	9,745,400	58,458,710	1,912,873
<b>Total Net Position</b>	<b>\$ 123,452,733</b>	<b>\$ 52,049,557</b>	<b>\$ 30,310,614</b>	<b>\$ 205,812,904</b>	<b>\$ 2,723,916</b>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>		
<b>Operating Revenues</b>					
Charges for Services	\$ 87,181,602	\$ 10,084,347	\$ 7,449,700	\$ 104,715,649	\$ 10,229,332
Other	168,333	82,667	645,776	896,776	724
<b>Total Operating Revenues</b>	<u>87,349,935</u>	<u>10,167,014</u>	<u>8,095,476</u>	<u>105,612,425</u>	<u>10,230,056</u>
<b>Operating Expenses</b>					
Purchased Power	64,958,264		998,810	65,957,074	
Personal Services	3,916,387	2,746,348	1,048,126	7,710,861	3,746,428
Purchased Services	779,975	469,452	3,260,964	4,510,391	1,037,430
Repairs and Maintenance	336,273	842,538	268,369	1,447,180	383,049
Depreciation	5,227,374	2,231,748	965,956	8,425,078	136,251
Materials and Supplies	478,994	272,884	201,285	953,163	250,650
Other Expenses	3,259,724	1,833,257	746,227	5,839,208	4,644,645
<b>(Total Operating Expenses)</b>	<u>(78,956,991)</u>	<u>(8,396,227)</u>	<u>(7,489,737)</u>	<u>(94,842,955)</u>	<u>(10,198,453)</u>
<b>Operating Income</b>	<u>8,392,944</u>	<u>1,770,787</u>	<u>605,739</u>	<u>10,769,470</u>	<u>31,603</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Earnings	23,088	(7,072)	39,437	55,453	12,367
Interest Expense	(744,006)	(472,303)		(1,216,309)	
Operating Grant			6,713	6,713	
Gain (Loss) on Disposal of Capital Assets	60,741	(1,398,668)	(104,807)	(1,442,734)	620
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(660,177)</u>	<u>(1,878,043)</u>	<u>(58,657)</u>	<u>(2,596,877)</u>	<u>12,987</u>
<b>Income Before Contributions and Transfers</b>	<u>7,732,767</u>	<u>(107,256)</u>	<u>547,082</u>	<u>8,172,593</u>	<u>44,590</u>
<b>Capital Contributions</b>					
Connection Fees	65,945	209,866		275,811	
Capital Grants		344,276		344,276	
<b>Total Capital Contributions</b>	<u>65,945</u>	<u>554,142</u>	<u>0</u>	<u>620,087</u>	<u>0</u>
<b>Transfers</b>					
Transfers in		34,615	135,953	170,568	
Transfers (out)	(3,294,311)	(121,296)	(1,110,000)	(4,525,607)	(557)
<b>Total Transfers</b>	<u>(3,294,311)</u>	<u>(86,681)</u>	<u>(974,047)</u>	<u>(4,355,039)</u>	<u>(557)</u>
<b>Change in Net Position</b>	4,504,401	360,205	(426,965)	4,437,641	44,033
<b>Total Net Position, Beginning of Year, (As Restated)</b>	<u>118,948,332</u>	<u>51,689,352</u>	<u>30,737,579</u>	<u>201,375,263</u>	<u>2,679,883</u>
<b>Total Net Position, End of Year</b>	<u>\$ 123,452,733</u>	<u>\$ 52,049,557</u>	<u>\$ 30,310,614</u>	<u>\$ 205,812,904</u>	<u>\$ 2,723,916</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers and Users	\$ 86,890,831	\$ 10,009,380	\$ 8,331,840	\$ 105,232,051	\$ 9,951,516
Cash Payments to Vendors for Goods and Services	(69,874,982)	(3,235,913)	(5,409,929)	(78,520,824)	(4,458,748)
Cash Payments to Employees for Services Claims Paid	(3,901,897)	(2,681,937)	(989,825)	(7,573,659)	(3,704,418)
					(1,947,424)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>13,113,952</b>	<b>4,091,530</b>	<b>1,932,086</b>	<b>19,137,568</b>	<b>(159,074)</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers in		34,615	135,953	170,568	
Operating Grant			6,713	6,713	
Transfers (out)	(3,294,311)	(121,296)	(1,110,000)	(4,525,607)	(557)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(3,294,311)</b>	<b>(86,681)</b>	<b>(967,334)</b>	<b>(4,348,326)</b>	<b>(557)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of Capital Assets	(6,721,118)	(2,293,054)	(1,316,212)	(10,330,384)	(71,707)
Removal Costs	(91,283)			(91,283)	
Proceeds from Sale of Capital Assets	60,741			60,741	
Net Cash Contributed to Refunding (Below)					
Principal Paid on Revenue Bonds	(1,984,930)	(1,385,070)		(3,370,000)	
Interest Paid and Fiscal Charges	(620,165)	(432,725)		(1,052,890)	
Capital Grants		330,058		330,058	
Connection Fees	65,945	209,866		275,811	
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(9,290,810)</b>	<b>(3,570,925)</b>	<b>(1,316,212)</b>	<b>(14,177,947)</b>	<b>(71,707)</b>
<b>Cash Flows from Investing Activities</b>					
Interest Received on Investments	73,217	26,347	39,437	139,001	12,367
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>602,048</b>	<b>460,271</b>	<b>(312,023)</b>	<b>750,296</b>	<b>(218,971)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>54,334,593</b>	<b>11,560,253</b>	<b>10,602,899</b>	<b>76,497,745</b>	<b>3,777,745</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 54,936,641</b>	<b>\$ 12,020,524</b>	<b>\$ 10,290,876</b>	<b>\$ 77,248,041</b>	<b>\$ 3,558,774</b>

See accompanying notes.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>	<u>Totals</u>	<b>Activities - Internal Service Funds</b>
<b><u>Included on the Accompanying Balance Sheet Under the Following Captions</u></b>					
<b>Current Assets</b>					
Equity in Pooled Cash and Investments	\$ 46,855,594	\$ 10,609,730	\$ 10,289,586	\$ 67,754,910	\$ 3,558,774
Other Operating Cash	6,119	4,079	1,290	11,488	
<b>Restricted Assets</b>					
Equity in Pooled Cash and Investments	8,074,928	1,406,715		9,481,643	
<b>Total</b>	<b><u>\$ 54,936,641</u></b>	<b><u>\$ 12,020,524</u></b>	<b><u>\$ 10,290,876</u></b>	<b><u>\$ 77,248,041</u></b>	<b><u>\$ 3,558,774</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>					
Operating Income (Loss)	\$ 8,392,944	\$ 1,770,787	\$ 605,739	\$ 10,769,470	\$ 31,603
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,227,374	2,231,748	965,956	8,425,078	136,251
Power Costs Recovered in Advance	523,549		308,739	832,288	
Increase in Estimated Liability for Self-insured Losses					(130,314)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	(1,139,222)	(158,173)	(69,190)	(1,366,585)	(278,540)
Assessments Receivable		2,831		2,831	
Inventories	(362,888)		10,840	(352,048)	
Due from Other Governments	20,387			20,387	
Prepaid Expenses	15,418		727	16,145	(972)
Accounts Payable and Other Accrued Liabilities	285,718	182,218	54,159	522,095	40,888
Customer Deposits	136,182	(2,292)		133,890	
Accrued Compensated Absences	(20,462)	25,596	(560)	4,574	42,010
Unearned Revenues			(3,185)	(3,185)	
Other Postemployment Benefits	34,952	38,815	58,861	132,628	
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 13,113,952</u></b>	<b><u>\$ 4,091,530</u></b>	<b><u>\$ 1,932,086</u></b>	<b><u>\$ 19,137,568</u></b>	<b><u>\$ (159,074)</u></b>
<b><u>Supplemental Disclosure of Noncash Activities</u></b>					
Change in Fair Value of Investments	\$ (50,129)	\$ (33,419)		\$ (83,548)	
Amortization of Bond Discount (Premium)	(178,864)	(124,810)		(303,674)	
Amortization of Loss on Refunding	327,458	181,659		509,117	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET POSITION  
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Assets**

Equity in Pooled Cash and Investments	\$ 1,994,615
Accrued Interest	146,653
Investments:	
Equities, Including Mutual Funds	47,917,846
Corporate Bonds	14,452,081
U.S. Government Obligations/Agencies	10,853,654
Total Investments	<u>73,223,581</u>
<b>Total Assets</b>	<u>75,364,849</u>

**Liabilities**

Accounts Payable	31,272
Other Accrued Liabilities	1,675
<b>Total Liabilities</b>	<u>32,947</u>

**Net Position**

Held in Trust for Pension Benefits and Other Purposes	<u>\$ 75,331,902</u>
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See accompanying notes.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Additions**

Contributions:	
Employee	\$ 1,075,782
Employer	2,705,075
State of Florida	356,595
Total Contributions	<u>4,137,452</u>

Investment Income:	
Investment Earnings	8,393,982
(Investment Expenses)	(240,463)
Net Investment Income	<u>8,153,519</u>

<b>Total Additions</b>	<u>12,290,971</u>
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**Deductions**

Benefits	4,940,073
Refunds of Contributions	97,082
Administrative Expense	190,576
	<u>5,227,731</u>

<b>(Total Deductions)</b>	<u>(5,227,731)</u>
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<b>Change in Net Position</b>	7,063,240
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<b>Net Position, Beginning of Year</b>	<u>68,268,662</u>
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<b>Net Position, End of Year</b>	<u><u>\$ 75,331,902</u></u>
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See accompanying notes.



## **NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013  
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. The City has one blended component unit, the City of Jacksonville Beach Community Redevelopment Agency (CRA). The CRA was created in 1978 pursuant to Chapter 163, Florida Statutes and City Ordinance No. 6950. The City Council serves as the governing board of the CRA. In evaluating this potential component unit, it was determined that the CRA is a separate legal entity but should be treated as a blended component unit, and included as part of the primary government for financial reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund.

This report 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.

- City of Jacksonville Beach General Employees' Retirement System
- City of Jacksonville Beach Police Officers' Retirement System
- City of Jacksonville Beach Fire Fighters' Retirement System

**B. Government-wide and Fund Financial Statements**

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements (the Statement of Net Position 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, 2013**  
**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.

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.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013  
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)

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.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, 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 electively added certain funds as 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. The primary revenue source is ad valorem tax increment funds which are restricted for expenditures benefitting the redevelopment districts.

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.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013  
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)**

- **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.

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.

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

**D. Assets and Liabilities**

■ **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.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

**D. Assets and Liabilities (Continued)**

■ **Cash and Investments (Concluded)**

- **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, 2013, is \$202,582. 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, 2013, are unbilled amounts totaling \$8,342,169. The estimated amount is based on billings during the month following the close of the fiscal year.
  
- **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, 2013, 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 offset by nonspendable fund balances in the respective funds, since these receivables 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.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Assets and Liabilities (Continued)**

- **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 2013.

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 position. 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. Issuance costs are expensed as incurred.

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.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

**D. Assets and Liabilities (Concluded)**

- **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

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.

- **Deferred Inflows /Outflows of Resources**—Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Currently, the City only reports deferred outflows of resources for the difference between the net reacquisition cost of new debt and the net carrying amount of old debt. This refunding loss is amortized to expense over the remaining term of the new debt using the straight-line method. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. Currently, the City only reports deferred inflows of resources in governmental funds when receivables have been recorded for revenues that are not considered to be available to liquidate liabilities of the current period.
- **Unearned Revenue**—Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned.
- **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.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

**E. Fund Balances**

■ **Classifications**—The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the organization's governing authority (the City Council). These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) employed to constrain those amounts.

Pursuant to a fund balance policy adopted under the City Council's resolution No. 1887-2011, the City established a stabilization fund in the general fund that qualifies as a stabilization arrangement and is classified as committed fund balance under GASB 54. At each fiscal year-end, the stabilization fund is adjusted to an amount equal to 25% of the subsequent years' general fund budgeted expenditures. The purpose of the stabilization fund is to provide sufficient working capital at the beginning of the fiscal year until the time the City begins receiving ad valorem taxes, usually toward the end of the first quarter. The stabilization balance can only be reduced with City Council approval, or for budgeted expenditures when all other unrestricted or uncommitted fund balances have been exhausted, or there is a revenue shortfall resulting in a decrease in the stabilization fund.

- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Fund Balances (Concluded)**

■ **Classifications—(Concluded)**

● **Assigned—(Concluded)**

Fund balance at year-end has been assigned within the general fund for unanticipated events or emergencies. The City's fund balance policy adopted under the City Council's resolution No. 1887-2011 established the reserve. Expenditures for emergencies must be approved by the City Manager and reported to the City Council within 30 working days of the emergency. Expenditures for major unanticipated unbudgeted events require prior City Council approval and subsequent modification to the general fund budget.

- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned. There are no unassigned fund balances as of September 30, 2013.

■ **Flow Assumption**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in the general fund, it is the City's policy to use unassigned resources first, then assigned, and then committed, as needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any other governmental fund, it is the City's policy to use committed resources first, then assigned, and then unassigned, as needed.

**F. New Accounting Pronouncements**

During the year, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This standard incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the criteria to apply post-November 30, 1989 pronouncements that do not conflict or contradict GASB pronouncements.

During the year, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). This standard establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the residual amount of the other elements). This Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. In addition, the terminology used in the financial statements changed from "Net Assets" to "Net Position", including changing the name of the government-wide financial statement from "Statement of Net Assets" to "Statement of Net Position".

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**F. New Accounting Pronouncements (Concluded)**

During the year, the City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). Under GASB 65, bond issuance costs will now be expensed when incurred, instead of being amortized over the term of the bond. As such, the implementation of GASB 65 resulted in a reduction of beginning net position in the Business-type Activities of \$360,690, of which \$212,446 was reported in the Electric Fund and \$148,244 was reported in the Water and Sewer Fund. The implementation of GASB 65 also resulted in the reclassification of the unamortized portion of bond refunding losses. These amounts are now reported as Deferred Outflows of Resources instead of as a reduction of Bonds Payable.

**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:

<b>Lien Date</b>	January 1, 2012
<b>Levy Date</b>	October 1, 2012
<b>Installment Payments</b>	
First Installment	No Later Than June 30, 2012
Second Installment	No Later Than September 30, 2012
Third Installment	No Later Than December 31, 2012
Fourth Installment	No Later Than March 31, 2013
<b>Regular Payments</b>	
Discount Periods	November 2012 Through February 2013
No Discount Period	After March 1, 2013
Delinquent Date	April 1, 2013

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**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 included in fund balances as restricted, assigned or committed 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</u>	<u>Encumbrances</u>		<u>Supplemental</u>	<u>Amended</u>
	<u>Budget</u>	<u>Rolled</u>	<u>Forward</u>	<u>Appropriations</u>	<u>Budget</u>
General Fund	\$ 18,012,447	\$	210,926	\$ 1,131,457	\$ 19,354,830
Special Revenue Funds	5,035,508		18,269,215	(4,208,099)	19,096,624
Debt Service Funds	980,993		0	0	980,993

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**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:

- \$44,257 for improvements to Warren Smith Cemetery
- \$20,265 for costs of surf camps, offset by registration fees
- \$31,472 for costs of Sea & Sky event
- \$14,500 for repairs to Engine 25
- \$7,935 for Fire Department overtime, supplies and equipment paid for with donations
- \$10,000 for additional costs of police chief search
- \$39,250 for costs of lights at court #7 at Huguenot Tennis Center
- \$293,920 for contributions of insurance premium tax to police and fire pension funds
- \$105,750 for changes to parking program
- \$93,467 for Justice Assistance Grant proceeds for police department
- \$20,159 for changes to parking program
- \$629,050 for transfer to General Capital Projects Fund for milling and repaving, roof replacements, Wingate Park stormwater pond and purchase of secure server for security cameras at City Hall
- \$24,537 for purchase and installation of security cameras and for the cost of magnetic gate locks and entry system at the dog park
- (\$221,510) for reduction in unanticipated account to offset budget adjustments above
- \$18,405 other

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

- (\$19,465) for contract reductions of CDBG funding
- \$1,000 for costs to reprogram City radios in order to make them fully P-25 compliant
- \$1,134 for cost to repair radio tower damaged by lightning
- \$94,543 for costs of sidewalk and bus shelter projects approved by CRA
- \$3,700 for half of the costs of DNA test in a murder investigation
- \$29,992 for the cost of equipment for the police department
- \$6,433 for partial costs of the Fallen Police Officer monument
- \$2,731 for repairs to radio tower equipment
- \$84,581 for the addition of a corporal position to the Downtown CAPE program
- (\$5,187,382) to adjust redevelopment funds committed for downtown projects to correspond with fund balance expected to be available at September 30, 2013
- \$634,366 for South Beach redevelopment projects
- \$15,027 for Justice Assistance grant awarded in 2012 but funds not received until 2013
- \$125,000 for the costs of a police reserve officer program
- \$241 other

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 3 - Stewardship, Compliance and Accountability (Concluded)**

**Other Disclosures**

During the year, the following individual funds had an excess of expenditures or transfers over the related appropriations in the following amount:

	<u>Excess Expenditures</u>	<u>Excess Transfers Out</u>
<b>Special Revenue Funds</b>		
Infrastructure Surtax Fund	\$ 383	
JAG Grant Fund		\$ 8,217
Community Development Block Grant Fund		15,053

These excesses occurred because actual expenditures or transfers exceeded original expectations. In each fund, current year revenues or previous year's fund balances were sufficient to cover excess expenditures/transfers over appropriations.

There was a deficit in net position in the Other Internal Service fund totaling (\$45,193). This resulted from expenses exceeding internal charges to other funds. The cost structure and the related internal charges are being re-evaluated and will be adjusted to fully recover costs in future years.

**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 \$112,763,080 in governmental and business-type funds and \$595,014 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$5,745 in petty cash and \$2,748,328 in bank deposits and investments.

**Deposits**

The City's bank deposits are held in qualified public depositories (QPDs) 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 QPDs of the same type as the depositor in default. Therefore, all cash and time deposits held by QPDs are fully insured and collateralized. At September 30, 2013, the carrying amount of the City's deposits held in qualified public depositories was \$10,111,150 and the bank balance was \$9,825,033.

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 \$6,999,771 and the amount of deposits held in the pension trust funds was \$1,399,601.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 4 - Deposits and Investments (Continued)**

**Investments**

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2013:

<u>Investment Type</u>	<u>S&amp;P Credit Rating</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.S. Government Obligations	AA+	\$ 27,409,982	\$ 2,610,060	\$ 22,061,792	\$ 2,738,130
Federal Agency Securities:					
Federal Home Loan Bank	AA+	1,020,469		1,020,469	
Federal Home Loan Mortgage Corporation	AA+	7,073,422	804,612	5,673,716	595,094
Federal Farm Credit Bank	AA+	9,768,254	2,322,279	7,445,975	
Federal National Mortgage Association	AA+	10,013,024	503,711	8,020,518	1,488,795
Government National Mortgage U.S. Department of Housing and Urban Development	AA+	3,418		3,418	
Corporate ABSs	AAA	5,180,003		5,180,003	
Corporate ABSs	AA+	92,858			92,858
Corporate ABSs	Aaa (Moody's)	1,258,557		1,258,557	
Corporate Bonds	AAA	175,906	71,973	103,933	
Corporate Bonds	AA+	3,609,646	153,537	3,456,109	
Corporate Bonds	AA	1,588,289	153,421	1,434,868	
Corporate Bonds	AA-	886,462		886,462	
Corporate Bonds	A+	6,690,406	34,594	6,655,812	
Corporate Bonds	A	5,284,415	41,989	5,242,426	
Corporate Bonds	A-	5,710,663	3,018	5,707,645	
Corporate Bonds	BBB+	256,905	40,994	215,911	
Municipal Bonds	AAA	264,271	184,950	79,321	
Municipal Bonds	AA+	311,737	40,313	271,424	
Municipal Bonds	AA	424,062	213,560	210,502	
Municipal Bonds	AA-	87,586		87,586	
Florida State Board of Administration:					
Florida PRIME	AAAam	163,618	163,618		
Fund B	Unrated	11,445		11,445	
Florida Municipal Investment Trust:					
Short-term Bond Portfolio (0-2 Years)	AAA (Fitch)	11,659,377	11,659,377		
<b>Total</b>		<u>\$ 98,995,500</u>	<u>\$ 19,002,006</u>	<u>\$ 75,078,617</u>	<u>\$ 4,914,877</u>

Listed on the following page are the investments and maturities in the City's pension trust funds at September 30, 2013:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 4 - Deposits and Investments (Continued)**

**Investments (Concluded)**

<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 Years</u>
Equities	\$ 47,917,846	\$ 47,917,846			
U.S. Government Securities	5,864,009		\$ 4,401,141	\$ 499,537	\$ 963,331
Federal Agency Securities:					
Federal Home Loan Mortgage Corporation	1,627,679		406,435	70,909	1,150,335
Federal Farm Credit Bank	660,621		660,621		
Federal National Mortgage Association	2,701,344		18,708	299,869	2,382,767
Corporate Bonds	<u>14,452,082</u>	<u>75,416</u>	<u>8,228,665</u>	<u>6,148,001</u>	
<b>Total</b>	<u>\$ 73,223,581</u>	<u>\$ 47,993,262</u>	<u>\$ 13,715,570</u>	<u>\$ 7,018,316</u>	<u>\$ 4,496,433</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>
U.S. Government Securities	AAA	8.0%
Federal Agency Securities	AAA	6.8%
Corporate Bonds	A1	4.7%
Corporate Bonds	A2	5.3%
Corporate Bonds	A3	4.9%
Corporate Bonds	AA1	1.2%
Corporate Bonds	AA3	2.1%
Corporate Bonds	Aaa	0.2%
Corporate Bonds	N/R*	1.3%

\*Bonds were not rated by Moody's but were rated A- or better by S&P.

**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. The City has 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.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 4 - Deposits and Investments (Continued)**

**Authorized Investments (Concluded)**

- 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 Securities and Exchange Commission (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, 2013, the pools contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one- and three-month London Interbank Offered Rates (LIBOR). 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 State Board of Administration (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).

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:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 4 - Deposits and Investments (Concluded)**

**Risk Disclosure (Concluded)**

- **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.

**Note 5 - Interfund Receivables and Payables**

Interfund receivables/payables represent primarily loans to cover other funds' deficits in pooled cash and investments. At September 30, 2013, the balance in these accounts consists of the following:

	<u>Receivable</u>	<u>Payable</u>
<b>General Fund</b>	\$ 31,070	
<b>Special Revenue Funds</b>		
Community Development Block Grant		\$ 16,485
JAG Grant		14,585
<b>Total</b>	\$ 31,070	\$ 31,070

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 6 - Transfers In/Out**

Interfund transfers during the year ended September 30, 2013, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>							<u>Total</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>	<u>Governmental Capital Assets</u>	
General Fund		\$ 812,137 <sup>(3)</sup>		\$ 12,650 <sup>(2)</sup>				\$ 824,787
Other Governmental	\$ 705,552 <sup>(3)</sup>			971,734 <sup>(4)</sup>				1,677,286
Electric Fund	3,294,311 <sup>(5)</sup>							3,294,311
Water and Sewer			\$ 41,465 <sup>(2)</sup>				\$ 79,831 <sup>(6)</sup>	121,296
Other Enterprise	260,000 <sup>(1)</sup>	850,000 <sup>(2)</sup>						1,110,000
Internal Service	557 <sup>(3)</sup>							557
Governmental Capital Assets					\$ 34,615 <sup>(6)</sup>	\$ 135,953 <sup>(6)</sup>		170,568
<b>Total Transfers Out</b>	<u>\$ 4,260,420</u>	<u>\$ 1,662,137</u>	<u>\$ 41,465</u>	<u>\$ 984,384</u>	<u>\$ 34,615</u>	<u>\$ 135,953</u>	<u>\$ 79,831</u>	<u>\$7,198,805</u>

**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) Transfer of Capital Assets

The governmental capital asset transfers shown above are reported only at the entity-wide level.

**Note 7 - Capital Assets**

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 29,224,644			\$ 29,224,644
Construction in Progress	5,741,448	\$ 5,129,514	\$ (392,211)	10,478,751
Total Capital Assets Not Being Depreciated	34,966,092	5,129,514	(392,211)	39,703,395
Capital Assets Being Depreciated:				
Buildings and Improvements	31,564,733	266,237		31,830,970
Equipment	11,195,191	759,502	(352,152)	11,602,541
Road Network	24,555,426	587,415	(159,900)	24,982,941
Other Infrastructure Networks	26,928,378	156,121		27,084,499
Total Capital Assets Being Depreciated	94,243,728	1,769,275	(512,052)	95,500,951
Less Accumulated Depreciation for:				
Buildings and Improvements	(10,652,107)	(1,025,161)		(11,677,268)
Equipment	(8,073,894)	(843,762)	196,924	(8,720,732)
Road Network	(9,769,061)	(460,172)	77,424	(10,151,809)
Other Infrastructure Networks	(15,609,847)	(746,034)		(16,355,881)
Total Accumulated Depreciation	(44,104,909)	(3,075,129)	274,348	(46,905,690)
Total Being Depreciated, Net	50,138,819	(1,305,854)	(237,704)	48,595,261
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 85,104,911</u>	<u>\$ 3,823,660</u>	<u>\$ (629,915)</u>	<u>\$ 88,298,656</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 7 - Capital Assets (Concluded)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,659,469	\$ 474,842		\$ 4,134,311
Construction in Progress	<u>28,453,904</u>	<u>7,666,011</u>	\$ (26,220,783)	<u>9,899,132</u>
Total Capital Assets Not Being Depreciated	<u>32,113,373</u>	<u>8,140,853</u>	<u>(26,220,783)</u>	<u>14,033,443</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	252,157,864	27,494,787	(3,835,954)	275,816,697
Equipment	<u>7,760,409</u>	<u>813,521</u>	<u>(206,730)</u>	<u>8,367,200</u>
Total Capital Assets Being Depreciated	<u>259,918,273</u>	<u>28,308,308</u>	<u>(4,042,684)</u>	<u>284,183,897</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(113,460,853)	(7,845,307)	2,528,371	(118,777,789)
Equipment	<u>(5,543,931)</u>	<u>(579,771)</u>	<u>204,127</u>	<u>(5,919,575)</u>
Total Accumulated Depreciation	<u>(119,004,784)</u>	<u>(8,425,078)</u>	<u>2,732,498</u>	<u>(124,697,364)</u>
Total Being Depreciated, Net	<u>140,913,489</u>	<u>19,883,230</u>	<u>(1,310,186)</u>	<u>159,486,533</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 173,026,862</u>	<u>\$ 28,024,083</u>	<u>\$ (27,530,969)</u>	<u>\$ 173,519,976</u>

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

<b>Governmental Activities</b>		
General Government		\$ 540,324
Law Enforcement		364,289
Fire Control		202,863
Building Inspections		179
Physical Environment		343,677
Roads and Streets		1,037,553
Parks and Recreation		449,993
Internal Service Funds		<u>136,251</u>
<b>Total Depreciation Expense - Governmental Activities</b>		<u>\$ 3,075,129</u>
<b>Business-type Activities</b>		
Electric		\$ 5,227,374
Water and Sewer		102,045
Stormwater		2,231,748
Sanitation		684,575
Golf Courses		46,071
Leased Facilities		90,827
Natural Gas		<u>42,438</u>
<b>Total Depreciation Expense - Business-type Activities</b>		<u>\$ 8,425,078</u>

**Note 8 - Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 8 - Long-term Debt (Continued)**

	<b>Balance</b>		<b>Other</b>	<b>Balance</b>	<b>Due Within</b>
	<b>9/30/2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>9/30/2013</b>	<b>One Year</b>
<b>Governmental Activities</b>					
Revenue Bonds	\$ 9,661,725		\$ (2,243,579)	\$ 7,418,146	\$ 1,865,465
Accrued Compensated Absences	3,078,377	\$ 1,178,799	(1,189,544)	3,067,632	613,526
Accrued Other Postemployment Benefits	1,131,227	131,105		1,262,332	
<b>Total Governmental Activities</b>	<b>13,871,329</b>	<b>1,309,904</b>	<b>(3,433,123)</b>	<b>11,748,110</b>	<b>2,478,991</b>
<b>Business-type Activities</b>					
Revenue Bonds - Par	32,210,000		(3,370,000)	28,840,000	3,460,000
Unamortized Premium	1,300,253		(303,672)	996,581	
Revenue Bonds, Net	33,510,253	0	(3,673,672)	29,836,581	3,460,000
Accrued Compensated Absences	1,820,304	665,549	(660,975)	1,824,878	364,976
Accrued Other Postemployment Benefits	733,202	132,628		865,830	
<b>Total Business-type Activities</b>	<b>36,063,759</b>	<b>798,177</b>	<b>(4,334,647)</b>	<b>32,527,289</b>	<b>3,824,976</b>
<b>Total Long-term Obligations</b>	<b>\$ 49,935,088</b>	<b>\$ 2,108,081</b>	<b>\$ (7,767,770)</b>	<b>\$ 44,275,399</b>	<b>\$ 6,303,967</b>

Bonds and notes outstanding at September 30, 2013, consist of the following for governmental activities:

	<b>Note</b>	<b>Maturity</b>	<b>Originally Issued</b>	<b>Outstanding Amount</b>	<b>Interest Rate</b>
<b>Governmental Activities</b>					
Revenue Bonds:					
2012 Series, Infrastructure Sales Surtax	1	2019	\$ 6,495,000	\$ 5,185,000	1.73%
2003 Series (AMT), Southend	2	2016	1,543,022	441,117	4.53%
2003-1 Series, Southend	3	2016	4,986,347	1,422,329	3.83%
2003-2 Series, Southend	4	2014	1,698,749	191,875	3.70%
2003 Series, Downtown	5	2014	1,697,411	177,825	3.28%
<b>Total Governmental Activities</b>				<b>\$ 7,418,146</b>	

**Note Explanation - Purpose of Issue**

1. Refunded 2006 and 2007 Infrastructure Sales Surtax Bonds (originally for 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 Downtown Redevelopment Bonds (original funds were for various improvements in Downtown Redevelopment Area).

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 8 - Long-term Debt (Continued)**

Bonds outstanding at September 30, 2013, consist of the following for business-type activities:

	<u>Note</u>	<u>Maturity</u>	<u>Originally Issued</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>
<b>Business-type Activities</b>					
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 16,986,760	2 - 4%
Water and Sewer Fund	1	2020	<u>15,324,135</u>	<u>11,853,240</u>	2 - 4%
<b>Total Business-type Activities</b>			<u>\$ 37,285,000</u>	<u>\$ 28,840,000</u>	

1. Refunded remaining 2002 Utility Revenue Bonds (originally for electric, water and wastewater improvements).

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 2010, require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

**Electric and Water and Sewer Funds**

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, but in no event more than 10% of the principal amount of the bonds. 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.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 8 - Long-term Debt (Concluded)**

Annual debt service requirements as of September 30, 2013, are as follows:

<b>Governmental Activities</b>			
<b>Fiscal Year</b>	<b>Revenue Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2014	\$ 1,865,465	\$ 164,071	\$ 2,029,536
2015	1,545,800	114,652	1,660,452
2016	1,581,881	73,627	1,655,508
2017	955,000	37,804	992,804
2018	980,000	21,224	1,001,224
2019	490,000	4,227	494,227
<b>Total</b>	<u>\$ 7,418,146</u>	<u>\$ 415,605</u>	<u>\$ 7,833,751</u>

<b>Business-type Activities</b>			
<b>Fiscal Year</b>	<b>Revenue Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2014	\$ 3,460,000	\$ 966,587	\$ 4,426,587
2015	3,555,000	870,937	4,425,937
2016	3,680,000	745,587	4,425,587
2017	3,800,000	634,688	4,434,688
2018	3,925,000	498,219	4,423,219
2019	4,060,000	366,925	4,426,925
2020	4,210,000	213,100	4,423,100
2021	2,150,000	43,000	2,193,000
<b>Total</b>	<u>\$ 28,840,000</u>	<u>\$ 4,339,043</u>	<u>\$ 33,179,043</u>

Interest paid and incurred in the governmental activities totaled \$221,288 for the year ended September 30, 2013. Interest costs incurred in the business-type activities (excluding amortization) totaled \$1,009,287 for the same period.

**Pledged Revenue**

Pledged revenues on the City's outstanding debt for the year ended September 30, 2013, were as follows:

<b>Description of Bond</b>	<b>Pledged Revenue</b>	<b>Revenue Received</b>	<b>Principal and Interest Paid</b>	<b>Estimated Percentage Pledged</b>	<b>Outstanding Principal and Interest</b>	<b>Pledged Through</b>
<b>Governmental Activities</b>						
2003 Series, Downtown, 2003B&C Series, Downtown	Downtown Tax Increment	\$ 4,325,350	\$ 628,445	4.21%	\$ 182,207	2014
2003-1 Series, Southend, 2003-2 Series, Southend,	Southend Tax Increment	2,697,072	860,431	31.98%	2,193,200	2016
2003 Series, Southend Infrastructure Sales Surtax	Infrastructure Surtax	1,048,304	975,992	86.78%	5,458,338	2019
<b>Business-type Activities</b>						
Series 2010, Utility Revenue Bonds	Net Electric Bonds Utility Revenue	13,709,351	2,604,153	19.00%	19,542,457	2021
Series 2010, Utility Revenue Bonds	Net Water & Sewer Utility Revenue	4,205,332	1,817,159	43.21%	13,636,587	2021

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 9 - Restricted Assets**

The following table indicates the balances at September 30, 2013, for all restricted assets in the proprietary fund types:

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Total Enterprise</u>
Sinking Funds:			
Principal	\$ 1,007,190	\$ 702,810	\$ 1,710,000
Interest	292,214	203,905	496,119
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	<u>5,275,524</u>		<u>5,275,524</u>
<b>Total Restricted Assets</b>	<u>\$ 8,074,928</u>	<u>\$ 1,406,715</u>	<u>\$ 9,481,643</u>

**Note 10 - 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 position 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 9/30/13 (at Par)</u>
<b>Business-type Activities</b>				
Utility Revenue Bonds	1980	1985	\$ <u>9,500,000</u>	\$ <u>1,610,000</u>

**Note 11 - 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 five major power supply projects in operation: (1) the St. Lucie Project; (2) the Stanton Project; (3) the Tri-City Project; (4) the Stanton 2 Project; and (5) the All Requirements Project.

**The St. Lucie Project**

On May 12, 1983, FMPA acquired an 8.806% undivided ownership interest in the St. Lucie Unit 2, an 838 megawatt (MW) nuclear power plant operated by Florida Power & Light Company (FPL). The St. Lucie Unit 2 began operation in 1983. In 2003, the Nuclear Regulatory Commission extended the plant's operating license by twenty years. It is now licensed to operate until 2043.

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 11 - Florida Municipal Power Affiliation (Concluded)**

**The St. Lucie Project (Concluded)**

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 5.4 MW of FMPA's 73.5 MW capacity and energy associated with the St. Lucie Project.

Total expense for 2013 under this contract was \$3,211,065. 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; (2) the date the St. Lucie Project is fully decommissioned or otherwise disposed of; or (3) the date all obligations of FMPA under its participation agreement with FPL have been fully satisfied.

**The All-Requirements Project**

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, back-up energy, and certain associated transmission and dispatching services required for Excluded Power Supply Resources under Back-up and Support Services.

The All Requirements Project's current utility plant assets include varying ownership interests in Stanton Energy Center Units 1 and 2; Indian River Combustion Turbines A, B, C and D; and Stanton A. The All Requirements Project's current utility plant assets also consist of 100% ownership in Key West Stock Island Units 2, 3 and 4; the Treasure Coast Energy Center; and Cane Island Units 1, 2, 3, and 4.

In addition to its ownership facilities, FMPA has interchange and power purchase contracts with Progress Energy, FPL, and Southern Company.

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 contract with FMPA extends through October 1, 2030. The City's highest system peak load for fiscal 2013 was in February 2013, at 168.21 MW. Total expense to the City under the All Requirements Project for 2013 was \$61,147,107.

**Interconnect Services**

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 2013, under this contract, was \$383,965 and the FMPA contribution was \$110,400.

**Note 12 - Power Costs Recovered in Advance**

The City uses a power true-up recomputed monthly in its electric rates. At September 30, 2013, the City was over-recovered from customers by \$22,748,045. Of this amount, \$14,936,899 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$7,811,146 will be returned to customers in future years. At September 30, 2012, the City was over-recovered by \$22,224,496.

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 12 - Power Costs Recovered in Advance (Concluded)**

The City also uses a cost of gas true-up recomputed monthly in its natural gas rates. At September 30, 2013, the City was over-recovered from customers by \$623,311. This amount will be returned to customers in future years. At September 30, 2012, the City was over-recovered by \$314,572.

**Note 13 - 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 Payroll/Benefits Administrator, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida, 32250, or by calling (904) 247-6264.

As of October 1, 2012, (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)	160	40	21	221
Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	<u>16</u>	<u>2</u>	<u>2</u>	<u>20</u>
Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits, But Not Yet Receiving Them	<u>176</u>	<u>42</u>	<u>23</u>	<u>241</u>
<b>Active Plan Participants</b>				
Vested	161	36	24	221
Nonvested	<u>53</u>	<u>21</u>	<u>6</u>	<u>80</u>
<b>Total Active Plan Participants</b>	<u>214</u>	<u>57</u>	<u>30</u>	<u>301</u>

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 13 - Retirement Systems (Continued)**

**Plan Descriptions (Continued)**

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.

In the FFRS only, a one-time, permanent benefit increase of 2% was granted to retirees who retired before January 1, 2009. Retirees who retired after that date will receive on the second anniversary of retirement, a 2% benefit increase and an additional 2% compounded annually, inclusive of certain periods and/or survivor benefits.

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-

**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13 - Retirement Systems (Continued)**

**Plan Descriptions (Concluded)**

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 year ended September 30, 2013, plan participants 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, 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 a minimum of 100% of the annual actuarially determined amount to the pension plan. 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. For the year ended September 30, 2013, the actuarially determined contribution amount, as determined in the actuarial valuation dated October 1, 2011, was to be \$3,061,670 (\$2,654,382 employer and \$407,288 state). The actual contribution was \$3,061,670 (\$2,705,075 employer and \$356,595 state). The on-behalf payments received from the State of Florida (totaling \$356,595) are recognized as revenues and expenses in the General Fund and are used to reduce the City's contribution to the police officers' and fire fighters' pension plans.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
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*(Continued)*

**Note 13 - Retirement Systems (Continued)**

**Funding Policy (Concluded)**

For the year ended September 30, 2013, the City's total covered payroll amounted to \$16,650,616. 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, 2013, was \$19,015,019.

**Annual Pension Cost**

The pension cost for the year ended September 30, 2013, was \$2,705,075 (actuarial contribution – City share). The pension cost for the 2013 fiscal year was determined as part of the October 1, 2011, actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions in the October 1, 2011, valuations included: (a) 8% investment rate of return (includes 3.5% inflation and 4.5% real investment return); and (b) projected salary increases ranging from 4.2% to 12.5% per year. 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, 2011, was two to twenty-five years for the fire plan, and five to twenty-five years for the general and police plans. Following is three-year trend information for each plan:

**General Employees' Trend Information**

<b>Year Ended September 30,</b>	<b>Pension Cost (PC)</b>	<b>Percentage of PC Contributed</b>	<b>Net Pension Asset/(Liability)</b>
2011	\$ 971,717	100.0%	\$ 0
2012	1,132,385	100.0%	0
2013	1,490,902	100.0%	0

**Police Officers' Trend Information**

<b>Year Ended September 30,</b>	<b>Pension Cost (PC)*</b>	<b>Percentage of PC Contributed</b>	<b>Net Pension Asset/(Liability)</b>
2011	\$ 609,116	100.0%	\$ 0
2012	653,602	100.0%	0
2013	764,988	100.0%	0

**NOTES TO FINANCIAL STATEMENTS  
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(Continued)**

**Note 13 - Retirement Systems (Continued)**

**Annual Pension Cost (Concluded)**

**Fire Fighters' Trend Information**

<u>Year Ended September 30,</u>	<u>Pension Cost (PC)*</u>	<u>Percentage of PC Contributed</u>	<u>Net Pension Asset/(Liability)</u>
2011	\$ 291,996	100.0%	\$ 0
2012	388,143	100.0%	0
2013	449,185	100.0%	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, 2012, the most recent actuarial valuation date:

**General Employees (In Thousands)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2012	\$ 42,288	\$ 57,220	\$ 14,932	73.9%	\$ 10,884	137.2%

**Police Officers (In Thousands)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2012	\$ 16,365	\$ 22,171	\$ 5,806	73.8%	\$ 3,743	155.1%

**Fire Fighters (In Thousands)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2012	\$ 8,888	\$ 12,779	\$ 3,891	69.6%	\$ 2,066	188.3%

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 13 - Retirement Systems (Concluded)**

**Funded Status and Funding Progress (Concluded)**

The schedule of funding progress, presented as required supplementary information 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.

**Subsequent Event**

Subsequent to year-end, modifications were made to certain provisions of the General Employees' Pension Plan. The modifications include changing the employee contribution rate, vesting periods, pensionable pay exclusions, and the DROP program, among other things. An impact study was performed by the City's actuary which projects that the actuarial accrued liability for the plan will be reduced by \$2,782,858.

**Fund Balance Reserves**

Three separate fund balance reserves are required in each plan to separately account for the net plan position 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.
- **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.

**NOTES TO FINANCIAL STATEMENTS**  
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**Note 14 - 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:

	<u>Atlantic Beach to Discharge</u>	<u>Neptune Beach to Jacksonville Beach</u>
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>
<b>Total</b>	<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:

	<u>Atlantic Beach to Discharge</u>	<u>Neptune Beach to Jacksonville Beach</u>
Atlantic Beach, Florida	33.33%	00.00%
Jacksonville Beach, Florida	50.00%	75.00%
Neptune Beach, Florida	<u>16.67%</u>	<u>25.00%</u>
<b>Total</b>	<u>100.00%</u>	<u>100.00%</u>

The City made no contributions to the interlocal agreement during 2013. The interlocal agreement has no debt outstanding as of September 30, 2013. 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 15 - Commitments, Contingencies, and Encumbrances**

**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.

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 15 - Commitments, Contingencies, and Encumbrances (Concluded)**

**Construction Commitments**

As of September 30, 2013, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	<u>Expended as of 9/30/13</u>	<u>Remaining Commitment</u>
Downtown Improvements - Phase II	\$ 5,272,421	\$ 455,697
Downtown Improvements - Phase III	1,987,156	963,823
Natural Gas Distribution System	177,649	222,526
12 <sup>th</sup> Avenue S. Basin Outfall	424,850	45,125
South Beach Area Infrastructure Improvements - Phase I	980,833	3,103,210
2nd Street North Sewer Replacement	1,317,776	1,069,525
Rehab Lift Station #1	16,000	1,334,693
Miscellaneous Water Main Replacement	0	242,000
A1A Water Main Replacement	96,127	84,253

**Encumbrances**

Significant encumbrances included in governmental fund balances are as follows:

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund		\$ 119,924
General Capital Projects Fund		21,487
Community Redevelopment Fund	\$ 4,616,550	
Other Governmental Funds	96,331	
<b>Total</b>	<u>\$ 4,712,881</u>	<u>\$ 141,411</u>

**Note 16 - 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 contractual maximum (\$1,596,898 in 2012 and \$1,592,784 in 2013)
- 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

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 16 - Risk Management (Concluded)**

During 2013, 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 \$3,121,969 in 2013 and \$2,605,309 in 2012.

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 2013 and 2012, were \$1,947,424 and \$1,848,890, 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 2013, interdepartmental charges and other earnings were more than actual costs by \$148,882. For 2012, interdepartmental charges and other earnings were more than actual costs by \$625,355. The self-insurance fund has unrestricted net position of \$2,769,109 at September 30, 2013.

There were no significant reductions in insurance coverage from 2012 to 2013. In addition, no settlements exceeded insurance coverage in the past three years.

The estimated liability for self-insured losses of \$795,415 accrued in the self-insurance fund at September 30, 2013, 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:

	<b>2013</b>	<b>2012</b>
<b>Beginning Balance</b>	\$ 925,729	\$ 1,299,896
Current Year Claims and Changes in Estimates	1,817,110	1,474,723
(Claim Payments)	(1,947,424)	(1,848,890)
<b>Ending Balance</b>	<b>\$ 795,415</b>	<b>\$ 925,729</b>

**Note 17 - 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.

**NOTES TO FINANCIAL STATEMENTS**  
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*(Continued)*

**Note 17 - Community Redevelopment Agency (Continued)**

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.

In December 2011, the CRA approved the funding of \$6.111 million for Phase II of the Downtown Vision Plan that included streetscape and infrastructure improvements and construction. This project included reconstruction of Beach Boulevard, reconstruction of 1st Street from Beach to the Pier, a new restroom in the 2nd Avenue North street end, reconstruction of 4th Avenue North, and improvements to the street end leading to the pier. Subsequently, the CRA approved another project, Phase III-A that extended Phase II northward by two blocks for \$1.123 million. The Phase II and Phase III-A projects are now complete. While this work was underway, the CRA also committed an additional \$10.2 million from current and future tax increment revenues for the completion of Phases III (B, C, and D) which include some additional work north of Beach Boulevard, major reconstruction, water, sewer, storm drainage, and street and alleyway improvements from Beach Boulevard to 13th Avenue South.

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). The CRA has recently approved \$3 million for funding the engineering, design, and construction of an infrastructure project for Phase I of the South Beach Capital Improvements Program that encompasses an area known as Jacksonville Beach Heights. This project, which was included in the initial set of projects identified in a capital improvement study completed in 2011, is currently under construction and scheduled for completion in fiscal year 2014. Engineering and design work has been authorized for a second phase under the 2011 study that includes extension of the reuse water system through South Park to provide irrigation for the "Florida-Friendly" re-landscaping of South Beach Parkway and Jacksonville Drive and the installation of maintenance manholes in the stormwater piping under the South Beach Regional Shopping Center property.

In addition, numerous public infrastructure and recreational projects have been constructed or are under construction or design to support the redevelopment activity in both districts. In prior years, 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 following schedule summarizes revenue and expenditure activity for the two districts in fiscal year 2013:

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*(Continued)*

**Note 17 - Community Redevelopment Agency (Concluded)**

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
<b>Revenues and Transfers in</b>			
Ad Valorem Taxes	\$ 4,292,577	\$ 2,591,400	\$ 6,883,977
Intergovernmental	422		422
Interest and Other	32,773	105,672	138,445
Transfer in from General Fund		<u>41,465</u>	<u>41,465</u>
<b>Total Revenues and Transfers in</b>	<u>4,325,772</u>	<u>2,738,537</u>	<u>7,064,309</u>
<b>Expenditures</b>			
General Government	154,776	67,490	222,266
Public Safety	369,431		369,431
Capital Projects:			
Downtown Landscape/Streetscape			
Improvements	3,147,531		3,147,531
Southend Infrastructure Improvements		1,616,162	1,616,162
Southend Park Improvements		69,680	69,680
Other Capital Equipment	4,090		4,090
Debt Service:			
Principal	611,795	756,784	1,368,579
Interest	<u>16,650</u>	<u>103,647</u>	<u>120,297</u>
<b>(Total Expenditures)</b>	<u>(4,304,273)</u>	<u>(2,613,763)</u>	<u>(6,918,036)</u>
<b>Excess of Revenues and Transfers in</b>			
<b>Over Expenditures</b>	<u>\$ 21,499</u>	<u>\$ 124,774</u>	<u>\$ 146,273</u>

**Note 18 - 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:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Buildings	\$ 857,443	\$ (632,142)	\$ 225,301
Improvements	43,168	(29,717)	13,451
<b>Total</b>	<u>\$ 900,611</u>	<u>\$ (661,859)</u>	<u>\$ 238,752</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 19 - 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 Payroll/Benefits Administrator, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida 32250, or by calling (904) 247-6264. 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, Florida Statutes. The plan does not issue separate financial statements.

Dental benefits and life insurance coverage are not considered other postemployment benefits for purposes of GASB Statement No. 45. As of October 1, 2012, the latest actuarial valuation date, there were 263 active participants and 29 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.

**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 \$2,128,162 and is reflected as a liability in the statement of net position (\$1,262,332 governmental, \$865,830 business-type). The general fund and the business type funds will be used to liquidate the net other postemployment benefit obligation. 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, 2013:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 19 - Other Postemployment Benefits (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Concluded)**

	<u>2013</u>	<u>2012</u>
Normal Cost	\$ 250,542	\$ 282,359
Amortization of Unfunded Actuarial Accrued Liability	228,947	224,258
<b>Annual Required Contribution (ARC)</b>	<u>\$ 479,489</u>	<u>\$ 506,617</u>
<b>Net OPEB Obligation, Beginning of Year</b>	<u>\$ 1,864,429</u>	<u>\$ 1,585,693</u>
Annual Required Contribution	479,489	506,617
Interest on Net OPEB Obligation	74,577	63,428
Adjustment to ARC	(77,685)	(60,988)
Annual OPEB Cost	<u>476,381</u>	<u>509,057</u>
Employer Contribution Toward the OPEB Cost	<u>(212,648)</u>	<u>(230,321)</u>
<b>Net OPEB Obligation, End of Year</b>	<u>\$ 2,128,162</u>	<u>\$ 1,864,429</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>
2011	\$ 486,818	\$ 226,152	46.45%	\$ 1,585,693
2012	509,057	230,321	45.24%	1,864,429
2013	476,381	212,648	44.64%	2,128,162

**Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2012, the most recent valuation date, 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 Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2008	\$ 0	\$ 6,848,807	\$ 6,848,807	0.00%	\$ 17,280,037	39.63%
10/1/2010	0	5,497,575	5,497,575	0.00%	16,678,298	32.96%
10/1/2012	0	5,388,004	5,388,004	0.00%	15,078,231	35.73%

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.

The schedule of funding progress immediately following the notes 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.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

**Note 19 - Other Postemployment Benefits (OPEB) (Concluded)**

**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.

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2012
Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Amortization Period:	24 Years
Asset Valuation Method:	Unfunded
Investment Rate of Return*:	4.0%
Projected Salary Increases*:	4.5%-12.1%
Payroll Growth Assumptions:	4.0%
Health Care Trend Rate:	8.5% Initial Trend Rate Dropping to 5.46% Ultimate Trend Rate After 25 years

\*Includes general price inflation of 3.0%

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**

<b>Actuarial Valuation Date 10/1</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL) Entry Age</b>	<b>(b-a) Unfunded (Overfunded) AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>(b-a)/(c) UAAL as a Percentage of Covered Payroll</b>
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%
2010	41,771	53,050	11,279	78.7%	11,485	98.2%
2011	40,809	54,975	14,166	74.2%	11,449	123.7%
2012	42,288	57,220	14,932	73.9%	10,884	137.2%

**Police Officers' Retirement System**

<b>Actuarial Valuation Date 10/1</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL) Entry Age</b>	<b>(b-a) Unfunded (Overfunded) AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>(b-a)/(c) UAAL as a Percentage of Covered Payroll</b>
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%
2010	15,646	20,688	5,042	75.6%	3,896	129.4%
2011	15,458	21,630	6,172	71.5%	3,786	163.0%
2012	16,365	22,171	5,806	73.8%	3,743	155.1%

**Fire Fighters' Retirement System**

<b>Actuarial Valuation Date 10/1</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL) Entry Age</b>	<b>(b-a) Unfunded (Overfunded) AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>(b-a)/(c) UAAL as a Percentage of Covered Payroll</b>
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%
2010	8,434	11,987	3,553	70.4%	2,079	170.9%
2011	8,363	12,512	4,149	66.8%	2,120	195.7%
2012	8,888	12,779	3,891	69.6%	2,066	188.3%

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

**General Employees' Retirement System**

<b>Period Ended</b>	<b>Actuarial Valuation Date 10/1</b>	<b>Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contribution</b>
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 (2)	98.4%
9/30/11	2009	971,717	971,717	100.0%
9/30/12	2010	1,132,385	1,132,385	100.0%
9/30/13	2011	1,490,902	1,490,902	100.0%

**Police Officers' Retirement System**

<b>Period Ended</b>	<b>Actuarial Valuation Date 10/1</b>	<b>Required Contribution (1)</b>	<b>Actual Contribution (1)</b>	<b>Percentage Contribution</b>
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 (2)	96.7%
9/30/11	2009	777,408	777,408	100.0%
9/30/12	2010	818,251	818,251	100.0%
9/30/13	2011	930,958	930,958	100.0%

**Fire Fighters' Retirement System**

<b>Period Ended</b>	<b>Actuarial Valuation Date 10/1</b>	<b>Required Contribution (1)</b>	<b>Actual Contribution (1)</b>	<b>Percentage Contribution</b>
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%
9/30/11	2009	501,859	533,544	106.3%
9/30/12	2010	573,563	573,563	100.0%
9/30/13	2011	639,810	639,810	100.0%

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

(2) A net pension asset resulted from the City overfunding the required contribution in 2008. 2010 contributions were reduced proportionately and the net pension asset was extinguished.

**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, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent - Open
Remaining Amortization Period:	
General Employee	4 to 25 Years
Police	4 to 25 Years
Fire Fighters	2 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Investment Return*	8.0%
Projected Salary Increases**	4.5% to 12.1%

\* Includes Inflation Rate of 3.5%

\*\*Based on Age

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

**Other Postemployment Benefit Plan**

<b>Actuarial Valuation Date 10/1</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL) Entry Age</b>	<b>(b-a) Unfunded (Overfunded) AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>(b-a)/(c) UAAL as a Percentage of Covered Payroll</b>
2006	\$ 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%
2010	0	5,497,575	5,497,575	0.00%	16,678,298	32.96%
2012	0	5,388,004	5,388,004	0.00%	15,078,231	35.73%

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

**Other Postemployment Benefit Plan**

<b>Period Ended</b>	<b>Actuarial Valuation Date 10/1</b>	<b>Annual OPEB Cost</b>	<b>Estimated Amount Contributed</b>	<b>Percentage Contribution</b>	<b>Estimated Net OPEB Obligation</b>
9/30/08	2007	\$ 493,759	\$ 202,472	41.01%	\$ 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
9/30/11	2010	486,818	226,152	46.46%	1,585,693
9/30/12	2011	509,057	230,321	45.24%	1,864,429
9/30/13	2012	476,381	212,648	44.64%	2,128,162

**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, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent - Closed
Remaining Amortization Period	24 Years
Actuarial Assumptions:	
Investment Return**	4.0%
Projected Salary Increases**	4.5%-12.1%
Payroll Growth Rate	4.0%
Health-care Cost Trend Rates	8.5% initial trend rate dropping to 5.46% ultimate trend rate after 25 years

\*\*Includes Inflation Rate of 3.0%



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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds				
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund	Community Development Block Grant Fund
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 467,846	\$ 128,207	\$ 241,455	\$ 147,020	
Special Assessments Receivable			32,810	3,954	
Due from Other Governments	97,517		118,000	160,000	\$ 16,485
<b>Total Assets</b>	<u>565,363</u>	<u>128,207</u>	<u>392,265</u>	<u>310,974</u>	<u>16,485</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	1,900	605	2,977		
Other Accrued Liabilities			1,047		
Interfund Payables					16,485
<b>Total Liabilities</b>	<u>1,900</u>	<u>605</u>	<u>4,024</u>	<u>0</u>	<u>16,485</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	23,000	0	150,810	163,954	0
<b>Fund Balances</b>					
Restricted for:					
Tourism Expenses	540,463				
Transportation Improvements			237,431		
Capital Projects				147,020	
Law Enforcement		127,602			
Committed for:					
Tree Replacement					
Assigned for:					
Capital Projects					
Debt Service					
<b>Total Fund Balances</b>	<u>540,463</u>	<u>127,602</u>	<u>237,431</u>	<u>147,020</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 565,363</u>	<u>\$ 128,207</u>	<u>\$ 392,265</u>	<u>\$ 310,974</u>	<u>\$ 16,485</u>

	<b>Special Revenue Funds</b>				
	<b>Radio Communications Fund</b>	<b>J.A.G. Grant Fund</b>	<b>Tree Protection Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Equitable Sharing Trust Fund</b>
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 109,297		\$ 6,549	\$ 102,714	\$ 516,078
Special Assessments Receivable					
Due from Other Governments		\$ 14,585		3,100	
<b>Total Assets</b>	<u>109,297</u>	<u>14,585</u>	<u>6,549</u>	<u>105,814</u>	<u>516,078</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable				163	
Other Accrued Liabilities				1,829	
Interfund Payables		14,585			
<b>Total Liabilities</b>	<u>0</u>	<u>14,585</u>	<u>0</u>	<u>1,992</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Restricted for:					
Tourism Expenses					
Transportation Improvements					
Capital Projects					
Law Enforcement	109,297			103,822	516,078
Committed for:					
Tree Replacement			6,549		
Assigned for:					
Capital Projects					
Debt Service					
<b>Total Fund Balances</b>	<u>109,297</u>	<u>0</u>	<u>6,549</u>	<u>103,822</u>	<u>516,078</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 109,297</u>	<u>\$ 14,585</u>	<u>\$ 6,549</u>	<u>\$ 105,814</u>	<u>\$ 516,078</u>

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

	Debt Service Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Beaches Park Project for Kids Fund	Dog Park Fund	
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 622,921	\$ 3,057,734	\$ 5,727	\$ 16,008	\$ 5,421,556
Special Assessments Receivable		52,831			89,595
Due from Other Governments					409,687
<b>Total Assets</b>	<u>622,921</u>	<u>3,110,565</u>	<u>5,727</u>	<u>16,008</u>	<u>5,920,838</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable		10,372			16,017
Other Accrued Liabilities					2,876
Interfund Payables					31,070
<b>Total Liabilities</b>	<u>0</u>	<u>10,372</u>	<u>0</u>	<u>0</u>	<u>49,963</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	<u>0</u>	<u>52,831</u>	<u>0</u>	<u>0</u>	<u>390,595</u>
<b>Fund Balances</b>					
Restricted for:					
Tourism Expenses					540,463
Transportation Improvements					237,431
Capital Projects		3,047,362			3,194,382
Law Enforcement					856,799
Committed for:					
Tree Replacement					6,549
Assigned for:					
Capital Projects			5,727	16,008	21,735
Debt Service	622,921				622,921
<b>Total Fund Balances</b>	<u>622,921</u>	<u>3,047,362</u>	<u>5,727</u>	<u>16,008</u>	<u>5,480,280</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 622,921</u>	<u>\$ 3,110,565</u>	<u>\$ 5,727</u>	<u>\$ 16,008</u>	<u>\$ 5,920,838</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Special Revenue Funds</b>				
	<b>Convention Development Tax Fund</b>	<b>Court Costs Training Fund</b>	<b>Local Option Gas Tax Fund</b>	<b>Infrastructure Surtax Fund</b>	<b>Community Development Block Grant Fund</b>
<b>Revenues</b>					
Taxes	\$ 278,858		\$ 711,816	\$ 1,047,321	
Intergovernmental					\$ 152,164
Charges for Services			2,028	509	
Fines and Forfeitures		\$ 6,965			
Other Revenue	1,851	575	3,656	474	
<b>Total Revenues</b>	<u>280,709</u>	<u>7,540</u>	<u>717,500</u>	<u>1,048,304</u>	<u>152,164</u>
<b>Expenditures</b>					
Current:					
General Government				383	
Public Safety		25,681			
Physical Environment					
Roads and Streets			379,732		
Human Services					10,296
Parks and Recreation	174,988				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					
<b>(Total Expenditures)</b>	<u>(174,988)</u>	<u>(25,681)</u>	<u>(379,732)</u>	<u>(383)</u>	<u>(10,296)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>105,721</u>	<u>(18,141)</u>	<u>337,768</u>	<u>1,047,921</u>	<u>141,868</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in					
Transfers (out)	(90,000)		(372,000)	(971,734)	(141,868)
<b>Total Other Financing Sources (Uses)</b>	<u>(90,000)</u>	<u>0</u>	<u>(372,000)</u>	<u>(971,734)</u>	<u>(141,868)</u>
<b>Net Change in Fund Balance</b>	15,721	(18,141)	(34,232)	76,187	0
<b>Fund Balances, Beginning of Year</b>	<u>524,742</u>	<u>145,743</u>	<u>271,663</u>	<u>70,833</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 540,463</u>	<u>\$ 127,602</u>	<u>\$ 237,431</u>	<u>\$ 147,020</u>	<u>\$ 0</u>

	<b>Special Revenue Funds</b>				
	<b>Radio Communication Fund</b>	<b>J.A.G. Grant Fund</b>	<b>Tree Protection Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Equitable Sharing Trust Fund</b>
<b>Revenues</b>					
Taxes					
Intergovernmental		\$ 114,807		\$ 3,100	
Charges for Services					
Fines and Forfeitures	\$ 24,592			6,694	\$ 83,602
Other Revenue	510		\$ 26	513	2,223
<b>Total Revenues</b>	<u>25,102</u>	<u>114,807</u>	<u>26</u>	<u>10,307</u>	<u>85,825</u>
<b>Expenditures</b>					
Current:					
General Government					
Public Safety	49,144	13,123		64,732	37,293
Physical Environment			25		
Roads and Streets					
Human Services					
Parks and Recreation					
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					
<b>(Total Expenditures)</b>	<u>(49,144)</u>	<u>(13,123)</u>	<u>(25)</u>	<u>(64,732)</u>	<u>(37,293)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(24,042)</u>	<u>101,684</u>	<u>1</u>	<u>(54,425)</u>	<u>48,532</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in					
Transfers (out)		(101,684)			
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(101,684)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	(24,042)	0	1	(54,425)	48,532
<b>Fund Balances, Beginning of Year</b>	<u>133,339</u>	<u>0</u>	<u>6,548</u>	<u>158,247</u>	<u>467,546</u>
<b>Fund Balances, End of Year</b>	<u>\$ 109,297</u>	<u>\$ 0</u>	<u>\$ 6,549</u>	<u>\$ 103,822</u>	<u>\$ 516,078</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Concluded)**

	Debt Service Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Beaches Park Project for Kids Fund	Dog Park Fund	
<b>Revenues</b>					
Taxes					\$ 2,037,995
Intergovernmental					270,071
Charges for Services		\$ 146,414			148,951
Fines and Forfeitures					121,853
Other Revenue	\$ 1,708	81,301	\$ 23	\$ 3,328	96,188
<b>Total Revenues</b>	<u>1,708</u>	<u>227,715</u>	<u>23</u>	<u>3,328</u>	<u>2,675,058</u>
<b>Expenditures</b>					
Current:					
General Government					383
Public Safety					189,973
Physical Environment		11,330			11,355
Roads and Streets					379,732
Human Services					10,296
Parks and Recreation			22	461	175,471
Debt Service:					
Principal	875,000				875,000
Interest and Fees	104,010				104,010
Capital Outlay		824,254			824,254
<b>(Total Expenditures)</b>	<u>(979,010)</u>	<u>(835,584)</u>	<u>(22)</u>	<u>(461)</u>	<u>(2,570,474)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(977,302)</u>	<u>(607,869)</u>	<u>1</u>	<u>2,867</u>	<u>104,584</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	971,734			12,650	984,384
Transfers (out)					(1,677,286)
<b>Total Other Financing Sources (Uses)</b>	<u>971,734</u>	<u>0</u>	<u>0</u>	<u>12,650</u>	<u>(692,902)</u>
<b>Net Change in Fund Balance</b>	(5,568)	(607,869)	1	15,517	(588,318)
<b>Fund Balances, Beginning of Year</b>	<u>628,489</u>	<u>3,655,231</u>	<u>5,726</u>	<u>491</u>	<u>6,068,598</u>
<b>Fund Balances, End of Year</b>	<u>\$ 622,921</u>	<u>\$ 3,047,362</u>	<u>\$ 5,727</u>	<u>\$ 16,008</u>	<u>\$ 5,480,280</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, 2013  
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>		
<b>Revenues</b>				
Taxes	\$ 150,000	\$ 150,000	\$ 278,858	\$ 128,858
Other Revenue	3,500	3,500	1,851	(1,649)
<b>Total Revenues</b>	<u>153,500</u>	<u>153,500</u>	<u>280,709</u>	<u>127,209</u>
<b>Expenditures</b>				
Current:				
Parks and Recreation	187,270	191,270	174,988	16,282
<b>(Total Expenditures)</b>	<u>(187,270)</u>	<u>(191,270)</u>	<u>(174,988)</u>	<u>16,282</u>
<b>Excess of Revenues Over Expenditures</b>	(33,770)	(37,770)	105,721	143,491
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(90,000)	(90,000)	(90,000)	0
<b>Net Change in Fund Balance</b>	<u>\$ (123,770)</u>	<u>\$ (127,770)</u>	<u>\$ 15,721</u>	<u>\$ 143,491</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, 2013  
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>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 6,965	\$ 1,965
Other Revenue	1,200	1,200	575	(625)
<b>Total Revenues</b>	<u>6,200</u>	<u>6,200</u>	<u>7,540</u>	<u>1,340</u>
<b>Expenditures</b>				
Current:				
Public Safety	60,400	60,400	25,681	34,719
<b>(Total Expenditures)</b>	<u>(60,400)</u>	<u>(60,400)</u>	<u>(25,681)</u>	<u>34,719</u>
<b>Net Change in Fund Balance</b>	<u>\$ (54,200)</u>	<u>\$ (54,200)</u>	<u>\$ (18,141)</u>	<u>\$ 36,059</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, 2013  
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>		
<b>Revenues</b>				
Taxes	\$ 750,000	\$ 750,000	\$ 711,816	\$ (38,184)
Charges for Services			2,028	2,028
Other Revenue	2,000	2,000	3,656	1,656
<b>Total Revenues</b>	<u>752,000</u>	<u>752,000</u>	<u>717,500</u>	<u>(34,500)</u>
<b>Expenditures</b>				
Current:				
Roads and Streets	446,585	455,979	379,732	76,247
<b>(Total Expenditures)</b>	<u>(446,585)</u>	<u>(455,979)</u>	<u>(379,732)</u>	<u>76,247</u>
<b>Excess of Revenues Over Expenditures</b>	305,415	296,021	337,768	41,747
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(372,000)</u>	<u>(372,000)</u>	<u>(372,000)</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>\$ (66,585)</u>	<u>\$ (75,979)</u>	<u>\$ (34,232)</u>	<u>\$ 41,747</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, 2013  
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>		
<b>Revenues</b>				
Taxes	\$ 960,000	\$ 960,000	\$ 1,047,321	\$ 87,321
Charges for Services			509	509
Other Revenue	1,200	1,200	474	(726)
<b>Total Revenues</b>	<u>961,200</u>	<u>961,200</u>	<u>1,048,304</u>	<u>87,104</u>
<b>Expenditures</b>				
Current:				
General Government			383	(383)
<b>(Total Expenditures)</b>	<u>0</u>	<u>0</u>	<u>(383)</u>	<u>(383)</u>
<b>Excess of Revenues Over Expenditures</b>	961,200	961,200	1,047,921	86,721
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(971,734)	(971,734)	(971,734)	0
<b>Net Change in Fund Balance</b>	<u>\$ (10,534)</u>	<u>\$ (10,534)</u>	<u>\$ 76,187</u>	<u>\$ 86,721</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, 2013  
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>		
<b>Revenues</b>				
Intergovernmental	\$ 156,576	\$ 156,576	\$ 152,164	\$ (4,412)
<b>Total Revenues</b>	<u>156,576</u>	<u>156,576</u>	<u>152,164</u>	<u>(4,412)</u>
<b>Expenditures</b>				
Current:				
Human Services	20,000	10,296	10,296	0
<b>(Total Expenditures)</b>	<u>(20,000)</u>	<u>(10,296)</u>	<u>(10,296)</u>	<u>0</u>
<b>Excess of Revenues Over Expenditures</b>	136,576	146,280	141,868	(4,412)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(136,576)</u>	<u>(126,815)</u>	<u>(141,868)</u>	<u>(15,053)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 0</u>	<u>\$ 19,465</u>	<u>\$ 0</u>	<u>\$ (19,465)</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, 2013  
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>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 13,000	\$ 13,000	\$ 24,592	\$ 11,592
Other Revenue	1,200	1,700	510	(1,190)
<b>Total Revenues</b>	<u>14,200</u>	<u>14,700</u>	<u>25,102</u>	<u>10,402</u>
<b>Expenditures</b>				
Current:				
Public Safety	45,500	50,365	49,144	1,221
<b>(Total Expenditures)</b>	<u>(45,500)</u>	<u>(50,365)</u>	<u>(49,144)</u>	<u>1,221</u>
<b>Net Change in Fund Balance</b>	<u>\$ (31,300)</u>	<u>\$ (35,665)</u>	<u>\$ (24,042)</u>	<u>\$ 11,623</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, 2013  
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>		
<b>Revenues</b>				
Intergovernmental	\$ 91,564	\$ 106,591	\$ 114,807	\$ 8,216
<b>Total Revenues</b>	<u>91,564</u>	<u>106,591</u>	<u>114,807</u>	<u>8,216</u>
<b>Expenditures</b>				
Current:				
Public Safety	13,214	13,214	13,123	91
<b>(Total Expenditures)</b>	<u>(13,214)</u>	<u>(13,214)</u>	<u>(13,123)</u>	<u>91</u>
<b>Excess of Revenues Over Expenditures</b>	78,350	93,377	101,684	8,307
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(78,440)</u>	<u>(93,467)</u>	<u>(101,684)</u>	<u>(8,217)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (90)</u>	<u>\$ (90)</u>	<u>\$ 0</u>	<u>\$ 90</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, 2013  
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>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 1,500	\$ 1,500		\$ (1,500)
Other Revenue	650	650	\$ 26	(624)
<b>Total Revenues</b>	<u>2,150</u>	<u>2,150</u>	<u>26</u>	<u>(2,124)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	<u>3,000</u>	<u>3,000</u>	<u>25</u>	<u>2,975</u>
<b>(Total Expenditures)</b>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(25)</u>	<u>2,975</u>
<b>Net Change in Fund Balance</b>	<u>\$ (850)</u>	<u>\$ (850)</u>	<u>\$ 1</u>	<u>\$ 851</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, 2013  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental Revenue			\$ 3,100	\$ 3,100
Fines and Forfeitures	\$ 5,000	\$ 5,000	6,694	1,694
Other Revenue	400	400	513	113
<b>Total Revenues</b>	<u>5,400</u>	<u>5,400</u>	<u>10,307</u>	<u>4,907</u>
<b>Expenditures</b>				
Current:				
Public Safety	60,929	85,413	64,732	20,681
<b>(Total Expenditures)</b>	<u>(60,929)</u>	<u>(85,413)</u>	<u>(64,732)</u>	<u>20,681</u>
<b>Net Change in Fund Balance</b>	<u>\$ (55,529)</u>	<u>\$ (80,013)</u>	<u>\$ (54,425)</u>	<u>\$ 25,588</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, 2013  
 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>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 10,000	\$ 10,000	\$ 83,602	\$ 73,602
Other Revenue	1,200	1,200	2,223	1,023
<b>Total Revenues</b>	<u>11,200</u>	<u>11,200</u>	<u>85,825</u>	<u>74,625</u>
<b>Expenditures</b>				
Current:				
Public Safety	<u>65,000</u>	<u>226,425</u>	<u>37,293</u>	<u>189,132</u>
<b>(Total Expenditures)</b>	<u>(65,000)</u>	<u>(226,425)</u>	<u>(37,293)</u>	<u>189,132</u>
<b>Net Change in Fund Balance</b>	<u>\$ (53,800)</u>	<u>\$ (215,225)</u>	<u>\$ 48,532</u>	<u>\$ 263,757</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, 2013  
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>		
<b>Revenues</b>				
Other Revenues	\$ 4,000	\$ 4,000	\$ 1,708	\$ (2,292)
<b>Total Revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>1,708</u>	<u>(2,292)</u>
<b>Expenditures</b>				
Debt Service:				
Principal	875,000	875,000	875,000	0
Interest and Fees	105,993	105,993	104,010	1,983
<b>(Total Expenditures)</b>	<u>(980,993)</u>	<u>(980,993)</u>	<u>(979,010)</u>	<u>1,983</u>
<b>(Deficiency) of Revenues</b>				
<b>(Under) Expenditures</b>	(976,993)	(976,993)	(977,302)	(309)
<b>Other Financing Sources (Uses)</b>				
Transfers in	971,734	971,734	971,734	0
<b>Net Change in Fund Balance</b>	<u>\$ (5,259)</u>	<u>\$ (5,259)</u>	<u>\$ (5,568)</u>	<u>\$ (309)</u>

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
SEPTEMBER 30, 2013  
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>
<b>Assets</b>						
<b>Current Assets</b>						
Equity in Pooled Cash and Investments	\$ 2,621,365	\$ 4,720,613	\$ 319,694	\$ 768,428	\$ 1,859,486	\$ 10,289,586
Other Operating Cash			1,290			1,290
Receivables:						
Accounts, Net	152,106	381,604		7,577	237,134	778,421
Inventory			16,751			16,751
Prepaid Expenses			3,877	685		4,562
<b>Total Current Assets</b>	<u>2,773,471</u>	<u>5,102,217</u>	<u>341,612</u>	<u>776,690</u>	<u>2,096,620</u>	<u>11,090,610</u>
<b>Noncurrent Assets</b>						
Capital Assets:						
Land	804,105		388,980	28,000		1,221,085
Buildings and Improvements	20,393,986		1,977,219	995,260	4,041,592	27,408,057
Equipment	279,214	348,613	166,158	856,184		1,650,169
Construction in Progress	607,635					607,635
	<u>22,084,940</u>	<u>348,613</u>	<u>2,532,357</u>	<u>1,879,444</u>	<u>4,041,592</u>	<u>30,886,946</u>
(Accumulated Depreciation)	<u>(7,243,078)</u>	<u>(215,625)</u>	<u>(1,077,666)</u>	<u>(1,541,188)</u>	<u>(244,175)</u>	<u>(10,321,732)</u>
<b>Total Noncurrent Assets</b>	<u>14,841,862</u>	<u>132,988</u>	<u>1,454,691</u>	<u>338,256</u>	<u>3,797,417</u>	<u>20,565,214</u>
<b>Total Assets</b>	<u>17,615,333</u>	<u>5,235,205</u>	<u>1,796,303</u>	<u>1,114,946</u>	<u>5,894,037</u>	<u>31,655,824</u>

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2013**  
**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>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 60,941	\$ 217,469	\$ 32,774	\$ 206	\$ 125,517	\$ 436,907
Power Costs Recovered in Advance					623,311	623,311
Other Accrued Liabilities	26,348	5,905	30,367	1,753	10,237	74,610
Unearned Revenues			32,723			32,723
Current Portion of Long-term Debt:						
Compensated Absences		4,281	16,686			20,967
<b>Total Current Liabilities</b>	<u>87,289</u>	<u>227,655</u>	<u>112,550</u>	<u>1,959</u>	<u>759,065</u>	<u>1,188,518</u>
<b>Noncurrent Liabilities</b>						
Accrued Compensated Absences		17,123	66,742			83,865
Other Postemployment Benefits	16,184		56,643			72,827
<b>Total Noncurrent Liabilities</b>	<u>16,184</u>	<u>17,123</u>	<u>123,385</u>	<u>0</u>	<u>0</u>	<u>156,692</u>
<b>Total Liabilities</b>	<u>103,473</u>	<u>244,778</u>	<u>235,935</u>	<u>1,959</u>	<u>759,065</u>	<u>1,345,210</u>
<b>Net Position</b>						
Net Investment in Capital Assets	14,841,862	132,988	1,454,691	338,256	3,797,417	20,565,214
Unrestricted	2,669,998	4,857,439	105,677	774,731	1,337,555	9,745,400
<b>Total Net Position</b>	<u>\$ 17,511,860</u>	<u>\$ 4,990,427</u>	<u>\$ 1,560,368</u>	<u>\$ 1,112,987</u>	<u>\$ 5,134,972</u>	<u>\$ 30,310,614</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
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>
<b>Operating Revenues</b>						
Charges for Services	\$ 1,262,661	\$ 3,177,369	\$ 1,313,854		\$ 1,695,816	\$ 7,449,700
Other			667	\$ 611,679	33,430	645,776
<b>Total Operating Revenues</b>	<u>1,262,661</u>	<u>3,177,369</u>	<u>1,314,521</u>	<u>611,679</u>	<u>1,729,246</u>	<u>8,095,476</u>
<b>Operating Expenses</b>						
Purchased Power					998,810	998,810
Personal Services	155,340	204,368	682,167	6,251		1,048,126
Purchased Services	176,895	2,798,683	66,930	39,084	179,372	3,260,964
Repairs and Maintenance	22,754	11,586	62,835	169,393	1,801	268,369
Depreciation	684,575	46,071	90,827	42,438	102,045	965,956
Materials and Supplies	10,925	18,925	169,653		1,782	201,285
Other Expenses	220,832	117,661	308,596	23,463	75,675	746,227
<b>(Total Operating Expenses)</b>	<u>(1,271,321)</u>	<u>(3,197,294)</u>	<u>(1,381,008)</u>	<u>(280,629)</u>	<u>(1,359,485)</u>	<u>(7,489,737)</u>
<b>Operating (Loss) Income</b>	<u>(8,660)</u>	<u>(19,925)</u>	<u>(66,487)</u>	<u>331,050</u>	<u>369,761</u>	<u>605,739</u>
<b>Nonoperating Income (Expense)</b>						
Investment Earnings	11,387	18,574	1,310	4,269	3,897	39,437
Intergovernmental Revenue		6,713				6,713
Gain on Disposal of Capital Assets	(104,807)					(104,807)
<b>Total Nonoperating Income (Expense)</b>	<u>(93,420)</u>	<u>25,287</u>	<u>1,310</u>	<u>4,269</u>	<u>3,897</u>	<u>(58,657)</u>
<b>(Loss) Income Before Contributions and Transfers</b>	<u>(102,080)</u>	<u>5,362</u>	<u>(65,177)</u>	<u>335,319</u>	<u>373,658</u>	<u>547,082</u>
<b>Transfers</b>						
Transfers in	135,953					135,953
Transfers (out)				(1,110,000)		(1,110,000)
<b>Total Transfers</b>	<u>135,953</u>	<u>0</u>	<u>0</u>	<u>(1,110,000)</u>	<u>0</u>	<u>(974,047)</u>
<b>Change in Net Position</b>	33,873	5,362	(65,177)	(774,681)	373,658	(426,965)
<b>Total Net Position, Beginning of Year</b>	<u>17,477,987</u>	<u>4,985,065</u>	<u>1,625,545</u>	<u>1,887,668</u>	<u>4,761,314</u>	<u>30,737,579</u>
<b>Total Net Position, End of Year</b>	<u>\$ 17,511,860</u>	<u>\$ 4,990,427</u>	<u>\$ 1,560,368</u>	<u>\$ 1,112,987</u>	<u>\$ 5,134,972</u>	<u>\$ 30,310,614</u>

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
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>
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers and Users	\$ 1,257,884	\$ 3,170,080	\$ 1,311,336	\$ 605,627	\$ 1,986,913	\$ 8,331,840
Cash Payments to Vendors for Goods and Services	(362,815)	(2,937,897)	(588,218)	(235,724)	(1,285,275)	(5,409,929)
Cash Payments to Employees for Services	(146,139)	(210,066)	(627,369)	(6,251)		(989,825)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>748,930</u>	<u>22,117</u>	<u>95,749</u>	<u>363,652</u>	<u>701,638</u>	<u>1,932,086</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	135,953					135,953
Intergovernmental Revenue		6,713				6,713
Transfers (out)				(1,110,000)		(1,110,000)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>135,953</u>	<u>6,713</u>	<u>0</u>	<u>(1,110,000)</u>	<u>0</u>	<u>(967,334)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition of Capital Assets	(1,092,523)	(1)	(40,545)		(183,143)	(1,316,212)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(1,092,523)</u>	<u>(1)</u>	<u>(40,545)</u>	<u>0</u>	<u>(183,143)</u>	<u>(1,316,212)</u>
<b>Cash Flows from Investing Activities</b>						
Interest Received on Investments	11,387	18,574	1,310	4,269	3,897	39,437
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(196,253)	47,403	56,514	(742,079)	522,392	(312,023)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,817,618</u>	<u>4,673,210</u>	<u>264,470</u>	<u>1,510,507</u>	<u>1,337,094</u>	<u>10,602,899</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,621,365</u>	<u>\$ 4,720,613</u>	<u>\$ 320,984</u>	<u>\$ 768,428</u>	<u>\$ 1,859,486</u>	<u>\$ 10,290,876</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**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>
<b><u>Included on the Accompanying Balance Sheet</u></b>						
<b><u>Under the Following Captions</u></b>						
<b>Current Assets</b>						
Equity in Pooled Cash and Investments	\$ 2,621,365	\$ 4,720,613	\$ 319,694	\$ 768,428	\$ 1,859,486	\$ 10,289,586
Other Operating Cash			1,290			1,290
<b>Total</b>	<b><u>\$ 2,621,365</u></b>	<b><u>\$ 4,720,613</u></b>	<b><u>\$ 320,984</u></b>	<b><u>\$ 768,428</u></b>	<b><u>\$ 1,859,486</u></b>	<b><u>\$ 10,290,876</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net</u></b>						
<b><u>Cash Provided by (Used in) Operating Activities</u></b>						
Operating Income (Loss)	\$ (8,660)	\$ (19,925)	\$ (66,487)	\$ 331,050	\$ 369,761	\$ 605,739
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Activities:						
Depreciation	684,575	46,071	90,827	42,438	102,045	965,956
Power Costs Recovered in Advance (Returned)					308,739	308,739
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	(4,777)	(7,289)		(6,052)	(51,072)	(69,190)
Inventories			10,840			10,840
Prepaid Expenses			634	93		727
Accounts Payable and Other Accrued Liabilities	68,591	8,958	8,322	(3,877)	(27,835)	54,159
Unearned Revenues			(3,185)			(3,185)
Accrued Compensated Absences		(5,698)	5,138			(560)
Other Postemployment Benefits	9,201		49,660			58,861
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 748,930</u></b>	<b><u>\$ 22,117</u></b>	<b><u>\$ 95,749</u></b>	<b><u>\$ 363,652</u></b>	<b><u>\$ 701,638</u></b>	<b><u>\$ 1,932,086</u></b>

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
<b>Assets</b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Investments	\$ 3,272,770	\$ 286,004	\$ 3,558,774
Accounts Receivable, Net	278,540		278,540
Prepaid Expenses	48,646		48,646
<b>Total Current Assets</b>	<u>3,599,956</u>	<u>286,004</u>	<u>3,885,960</u>
<b>Noncurrent Assets</b>			
Capital Assets:			
Buildings and Improvements		1,610,007	1,610,007
Equipment		2,350,981	2,350,981
	<u>0</u>	<u>3,960,988</u>	<u>3,960,988</u>
(Accumulated Depreciation)		(3,149,945)	(3,149,945)
<b>Total Noncurrent Assets</b>	<u>0</u>	<u>811,043</u>	<u>811,043</u>
<b>Total Assets</b>	<u>3,599,956</u>	<u>1,097,047</u>	<u>4,697,003</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	34,916	118,574	153,490
Other Accrued Liabilities	516	137,885	138,401
Estimated Liability for Self-insured Losses	795,415		795,415
Current Portion of Long-term Debt, Compensated Absences		177,156	177,156
<b>Total Current Liabilities</b>	<u>830,847</u>	<u>433,615</u>	<u>1,264,462</u>
<b>Noncurrent Liabilities</b>			
Accrued Compensated Absences	<u>0</u>	<u>708,625</u>	<u>708,625</u>
<b>Total Liabilities</b>	<u>830,847</u>	<u>1,142,240</u>	<u>1,973,087</u>
<b>Net Position</b>			
Net Investment in Capital Assets		811,043	811,043
Unrestricted	2,769,109	(856,236)	1,912,873
<b>Total Net Position</b>	<u>\$ 2,769,109</u>	<u>\$ (45,193)</u>	<u>\$ 2,723,916</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Self-insurance Fund</b>	<b>Other Internal Service Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 3,258,484	\$ 6,970,848	\$ 10,229,332
Other Revenue		724	724
<b>Total Operating Revenues</b>	<u>3,258,484</u>	<u>6,971,572</u>	<u>10,230,056</u>
<b>Operating Expenses</b>			
Personal Services	13,961	3,732,467	3,746,428
Purchased Services	118,894	918,536	1,037,430
Repairs and Maintenance		383,049	383,049
Depreciation		136,251	136,251
Materials and Supplies	325	250,325	250,650
Other Expenses	2,988,789	1,655,856	4,644,645
<b>(Total Operating Expenses)</b>	<u>(3,121,969)</u>	<u>(7,076,484)</u>	<u>(10,198,453)</u>
<b>Operating Income (Loss)</b>	<u>136,515</u>	<u>(104,912)</u>	<u>31,603</u>
<b>Nonoperating Income (Expense)</b>			
Investment Earnings	12,367		12,367
Gain on Disposal of Capital Assets		620	620
<b>Total Nonoperating Income (Expense)</b>	<u>12,367</u>	<u>620</u>	<u>12,987</u>
<b>Income (Loss) Before Transfers</b>	148,882	(104,292)	44,590
<b>Transfers (out)</b>		<u>(557)</u>	<u>(557)</u>
<b>Change in Net Position</b>	148,882	(104,849)	44,033
<b>Total Net Position, Beginning of Year</b>	<u>2,620,227</u>	<u>59,656</u>	<u>2,679,883</u>
<b>Total Net Position, End of Year</b>	<u>\$ 2,769,109</u>	<u>\$ (45,193)</u>	<u>\$ 2,723,916</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers and Users	\$ 2,979,944	\$ 6,971,572	\$ 9,951,516
Cash Payments to Vendors for Goods and Services	(1,274,001)	(3,184,747)	(4,458,748)
Cash Payments to Employees for Services	(13,961)	(3,690,457)	(3,704,418)
Claims Paid	(1,947,424)		(1,947,424)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(255,442)</u>	<u>96,368</u>	<u>(159,074)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers (out)	<u>0</u>	<u>(557)</u>	<u>(557)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	<u>0</u>	<u>(71,707)</u>	<u>(71,707)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Received on Investments	<u>12,367</u>	<u>0</u>	<u>12,367</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(243,075)	24,104	(218,971)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,515,845</u>	<u>261,900</u>	<u>3,777,745</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,272,770</u>	<u>\$ 286,004</u>	<u>\$ 3,558,774</u>
<b><u>Included on the Accompanying Balance Sheet Under the Following Captions</u></b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Investments	<u>\$ 3,272,770</u>	<u>\$ 286,004</u>	<u>\$ 3,558,774</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ 136,515	\$ (104,912)	\$ 31,603
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		136,251	136,251
Increase in Estimated Liability for Self-insured Losses	(130,314)		(130,314)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
A/R and Unbilled Revenue	(278,540)		(278,540)
Prepaid Expenses	(972)		(972)
Accounts Payable and Other Accrued Liabilities	17,869	23,019	40,888
Accrued Compensated Absences		42,010	42,010
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (255,442)</u>	<u>\$ 96,368</u>	<u>\$ (159,074)</u>

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2013**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Totals</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,082,622	\$ 455,947	\$ 456,046	\$ 1,994,615
Accrued Interest	91,855	35,509	19,289	146,653
Investments:				
Equities, Including Mutual Funds	30,013,058	11,602,279	6,302,509	47,917,846
Corporate Bonds	9,051,975	3,499,262	1,900,844	14,452,081
U.S. Government Obligations/Agencies	6,798,122	2,627,979	1,427,553	10,853,654
Total Investments	<u>45,863,155</u>	<u>17,729,520</u>	<u>9,630,906</u>	<u>73,223,581</u>
<b>Total Assets</b>	<u>47,037,632</u>	<u>18,220,976</u>	<u>10,106,241</u>	<u>75,364,849</u>
<b>Liabilities</b>				
Accounts Payable	12,794	10,376	8,102	31,272
Other Accrued Liabilities	1,054	375	246	1,675
<b>Total Liabilities</b>	<u>13,848</u>	<u>10,751</u>	<u>8,348</u>	<u>32,947</u>
<b>Net Position</b>				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 47,023,784</u>	<u>\$ 18,210,225</u>	<u>\$ 10,097,893</u>	<u>\$ 75,331,902</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Totals</u>
<b>Additions</b>				
Contributions:				
Employee	\$ 706,996	\$ 243,230	\$ 125,556	\$ 1,075,782
Employer	1,490,902	764,988	449,185	2,705,075
State of Florida		165,970	190,625	356,595
<b>Total Contributions</b>	<u>2,197,898</u>	<u>1,174,188</u>	<u>765,366</u>	<u>4,137,452</u>
Investment Income:				
Investment Earnings	5,257,608	2,031,831	1,104,543	8,393,982
(Investment Expenses)	<u>(150,570)</u>	<u>(58,080)</u>	<u>(31,813)</u>	<u>(240,463)</u>
<b>Net Investment Income</b>	<u>5,107,038</u>	<u>1,973,751</u>	<u>1,072,730</u>	<u>8,153,519</u>
<b>Total Additions</b>	<u>7,304,936</u>	<u>3,147,939</u>	<u>1,838,096</u>	<u>12,290,971</u>
<b>Deductions</b>				
Benefits	2,902,166	1,367,454	670,453	4,940,073
Refunds of Contributions	55,979	41,103		97,082
Administrative Expense	<u>82,678</u>	<u>58,950</u>	<u>48,948</u>	<u>190,576</u>
<b>(Total Deductions)</b>	<u>(3,040,823)</u>	<u>(1,467,507)</u>	<u>(719,401)</u>	<u>(5,227,731)</u>
<b>Change in Net Position</b>	4,264,113	1,680,432	1,118,695	7,063,240
<b>Net Position, Beginning of Year</b>	<u>42,759,671</u>	<u>16,529,793</u>	<u>8,979,198</u>	<u>68,268,662</u>
<b>Net Position, End of Year</b>	<u>\$ 47,023,784</u>	<u>\$ 18,210,225</u>	<u>\$ 10,097,893</u>	<u>\$ 75,331,902</u>

**SCHEDULE OF COMBINING BALANCE SHEET  
COMMUNITY REDEVELOPMENT FUND  
SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Downtown Redevelopment District</b>	<b>Southend Redevelopment District</b>	<b>Totals</b>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 6,885,041	\$ 4,196,524	\$ 11,081,565
Assessments, Net		3,813	3,813
Due from Other Governments	422		422
<b>Total Assets</b>	<u>6,885,463</u>	<u>4,200,337</u>	<u>11,085,800</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	329,480	310,445	639,925
Other Accrued Liabilities	303,602	1,554	305,156
<b>Total Liabilities</b>	<u>633,082</u>	<u>311,999</u>	<u>945,081</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenues	0	3,813	3,813
<b>Fund Balances</b>			
Restricted for:			
Redevelopment	6,252,381	3,884,525	10,136,906
<b>Total Fund Balances</b>	<u>6,252,381</u>	<u>3,884,525</u>	<u>10,136,906</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 6,885,463</u>	<u>\$ 4,200,337</u>	<u>\$ 11,085,800</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Downtown Redevelopment</u>	<u>Southend Redevelopment</u>	<u>Totals</u>
<b>Revenues</b>			
Taxes	\$ 4,292,577	\$ 2,591,400	\$ 6,883,977
Intergovernmental	422		422
Interest and Other Revenue	32,773	105,672	138,445
<b>Total Revenues</b>	<u>4,325,772</u>	<u>2,697,072</u>	<u>7,022,844</u>
<b>Expenditures</b>			
Current:			
General Government	154,776	67,490	222,266
Public Safety	369,431		369,431
Debt Service:			
Principal	611,795	756,784	1,368,579
Interest and Fees	16,650	103,647	120,297
Capital Outlay	3,151,621	1,685,842	4,837,463
<b>(Total Expenditures)</b>	<u>(4,304,273)</u>	<u>(2,613,763)</u>	<u>(6,918,036)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>21,499</u>	<u>83,309</u>	<u>104,808</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in		41,465	41,465
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>41,465</u>	<u>41,465</u>
<b>Net Change in Fund Balances</b>	21,499	124,774	146,273
<b>Fund Balances, Beginning of Year</b>	<u>6,230,882</u>	<u>3,759,751</u>	<u>9,990,633</u>
<b>Fund Balances, End of Year</b>	<u>\$ 6,252,381</u>	<u>\$ 3,884,525</u>	<u>\$ 10,136,906</u>



## **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, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Charges for Services	\$ 109,051,271	\$ 97,265,949	\$ (11,785,322)
Other	326,569	251,000	(75,569)
<b>Total Operating Revenues</b>	<u>109,377,840</u>	<u>97,516,949</u>	<u>(11,860,891)</u>
<b>Operating Expenses</b>			
Purchased Power	72,297,991	64,958,264	7,339,727
Personal Services	8,548,079	6,662,735	1,885,344
Purchased Services	1,702,959	1,249,427	453,532
Repairs and Maintenance	1,570,826	1,178,811	392,015
Materials and Supplies	937,753	751,878	185,875
Other Expenses	6,887,140	5,092,981	1,794,159
<b>(Total Operating Expenses)</b>	<u>(91,944,748)</u>	<u>(79,894,096)</u>	<u>12,050,652</u>
<b>Operating Income</b>	<u>17,433,092</u>	<u>17,622,853</u>	<u>189,761</u>
<b>Nonoperating Income (Expense)</b>			
Investment Earnings	464,538	16,016	(448,522)
Interest Expense	(1,029,287)	(1,010,866)	18,421
Connection Fees	120,000	275,811	155,811
Gain (Loss) on Disposal of Capital Assets	40,000	(1,337,927)	(1,377,927)
Capital Outlay	(14,607,360)	(9,105,455)	5,501,905
System Removal Costs		(91,283)	(91,283)
Debt Service Principal	(3,370,000)	(3,370,000)	0
Capital Grant Revenue		344,276	344,276
Developer Contributions	86,000		(86,000)
<b>Total Nonoperating Income (Expense)</b>	<u>(18,296,109)</u>	<u>(14,279,428)</u>	<u>4,016,681</u>
<b>Income Before Operating Transfers</b>	<u>(863,017)</u>	<u>3,343,425</u>	<u>4,206,442</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in		34,615	34,615
Transfers (out)	(3,335,776)	(3,415,607)	(79,831)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,335,776)</u>	<u>(3,380,992)</u>	<u>(45,216)</u>
<b>Net Income</b>	<u>\$ (4,198,793)</u>	<u>\$ (37,567)</u>	<u>\$ 4,161,226</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS  
TO BUDGETARY BASIS  
ELECTRIC, WATER AND SEWER ENTERPRISE FUNDS ONLY  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

<b>Net Income - Financial Statement Basis</b>	<u>\$ 4,864,606</u>
<b>Adjustments</b>	
Depreciation	7,459,122
Capital Outlay, Purchased	(9,105,455)
Removal Costs	(91,283)
Debt Service, Principal	(3,370,000)
Amortization:	
Bond Premium	(303,674)
Loss on Refunding	509,117
<b>(Total Adjustments)</b>	<u>(4,902,173)</u>
<b>Net Income - Budgetary Basis</b>	<u>\$ (37,567)</u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED  
 UNDER UTILITY REVENUE BOND COVENANTS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

**Utility Customers Connected and Active**

	<u>2013</u>	<u>2012</u>
<b>Electrical Customers</b>		
Jacksonville Beach	13,927	13,697
Neptune Beach	3,895	3,923
Other	<u>15,713</u>	<u>15,683</u>
<b>Total Electrical Customers</b>	<u><u>33,535</u></u>	<u><u>33,303</u></u>
<b>Water and Wastewater Customers</b>		
Water	9,865	9,711
Wastewater	<u>9,691</u>	<u>9,569</u>
<b>Total Water and Wastewater Customers</b>	<u><u>19,556</u></u>	<u><u>19,280</u></u>

**Insurance in Existence**

**Electrical Department**

Buildings, Equipment, Transformers, Regulators, Substations and Equipment	<u>\$ 63,826,919</u>	<u>\$ 68,500,054</u>
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**Water Department**

Buildings and Equipment	<u>\$ 39,214,718</u>	<u>\$ 31,005,220</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.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends Information</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	112
<b>Revenue Capacity Information</b> These schedules contain information to help the reader assess the City's local revenue source.	117
<b>Debt Capacity Information</b> These schedules present information to help the reader assess the City's debt burden and its ability to issue additional debt in the future.	121
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.	126
<b>Operating Information</b> 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.	128

**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 Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 43,300,636	\$ 46,542,636	\$ 53,881,212	\$ 64,648,677	\$ 73,400,569	\$ 76,567,062	\$ 72,717,821	\$ 74,132,348	\$ 78,634,891	\$ 80,880,510
Restricted	8,071,789	8,319,972	10,774,562	13,621,430	11,541,695	13,288,522	9,884,908	11,180,126	12,516,772	15,266,981
Unrestricted	12,490,147	14,054,508	14,287,663	12,569,477	14,225,981	12,122,024	13,645,936	13,566,703	13,523,810	14,624,127
<b>Total Governmental Activities Net Position</b>	<b>63,862,572</b>	<b>68,917,116</b>	<b>78,943,437</b>	<b>90,839,584</b>	<b>99,168,245</b>	<b>101,977,608</b>	<b>96,248,665</b>	<b>98,879,177</b>	<b>104,675,473</b>	<b>110,771,618</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	66,590,982	74,108,491	77,751,329	88,134,565	97,378,366	105,424,647	129,851,305	139,702,686	142,057,214	145,354,194
Restricted	2,346,492	2,729,471	2,466,144	2,522,999	2,582,388	2,587,835	2,571,810	2,751,550	2,000,000	2,000,000
Unrestricted	50,190,823	53,439,669	58,643,292	53,428,787	50,577,648	55,315,006	53,044,615	54,673,702	57,678,739	58,458,710
<b>Total Business-type Activities Net Position</b>	<b>119,128,297</b>	<b>130,277,631</b>	<b>138,860,765</b>	<b>144,086,351</b>	<b>150,538,402</b>	<b>163,327,488</b>	<b>185,467,730</b>	<b>197,127,938</b>	<b>201,735,953</b>	<b>205,812,904</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	109,891,618	120,651,127	131,632,541	152,783,242	170,778,935	181,991,709	202,569,126	213,835,034	220,692,105	226,234,704
Restricted	10,418,281	11,049,443	13,240,706	16,144,429	14,124,083	15,876,357	12,456,718	13,931,676	14,516,772	17,266,981
Unrestricted	62,680,970	67,494,177	72,930,955	65,998,264	64,803,629	67,437,030	66,690,551	68,240,405	71,202,549	73,082,837
<b>Total Primary Government Net Position</b>	<b>\$ 182,990,869</b>	<b>\$ 199,194,747</b>	<b>\$ 217,804,202</b>	<b>\$ 234,925,935</b>	<b>\$ 249,706,647</b>	<b>\$ 265,305,096</b>	<b>\$ 281,716,395</b>	<b>\$ 296,007,115</b>	<b>\$ 306,411,426</b>	<b>\$ 316,584,522</b>

**Schedule 2**  
**City of Jacksonville Beach, Florida**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 2,710,295	\$ 2,884,475	\$ 2,947,878	\$ 2,851,952	\$ 3,072,996	\$ 3,002,929	\$ 2,773,496	\$ 2,851,860	\$ 2,141,571	\$ 2,695,018
Law Enforcement	6,614,791	6,774,847	6,786,133	7,561,290	7,993,757	8,373,116	8,551,929	8,527,985	8,604,107	8,597,705
Fire Control	2,740,546	2,843,348	3,024,034	3,207,739	3,480,364	3,336,130	3,540,877	3,612,558	3,796,759	3,788,360
Building Inspections	542,448	535,243	808,782	564,002	582,524	554,407	448,328	459,024	427,941	440,927
Physical Environment	295,016	296,654	282,946	351,125	348,893	25,401	367,166	365,433	380,328	355,032
Roads and Streets	2,321,679	2,415,431	2,579,906	2,642,995	2,993,898	2,419,751	5,531,743	2,644,514	3,548,624	3,073,673
Economic Environment	108,575	108,574	108,574	108,574	0	0	0	0	0	0
Human Services	36,398	48,237	64,798	52,967	72,908	102,705	81,754	20,000	20,000	10,296
Parks and Recreation	2,317,115	2,445,167	2,689,134	2,782,834	2,767,921	3,432,407	2,920,198	2,963,644	2,945,435	2,645,363
Interest on Long-term Debt	828,910	707,425	616,590	843,849	799,470	714,233	626,709	535,930	393,170	224,307
<b>Total Governmental Activities Expenses</b>	<b>18,515,773</b>	<b>19,059,401</b>	<b>19,908,775</b>	<b>20,967,327</b>	<b>22,112,731</b>	<b>21,961,079</b>	<b>24,842,200</b>	<b>21,980,948</b>	<b>22,257,935</b>	<b>21,830,681</b>
Business-type Activities:										
Electric	62,320,817	69,482,284	80,297,092	80,022,090	91,773,891	94,504,462	92,079,658	79,898,012	75,056,538	79,640,256
Water and Sewer	7,684,024	7,627,250	7,929,875	8,447,018	8,736,166	8,130,979	8,567,596	8,662,357	8,327,251	10,267,198
Stormwater	889,176	984,910	1,045,624	1,151,344	1,102,946	1,141,190	1,202,504	1,293,782	1,291,954	1,376,128
Sanitation	2,602,484	1,986,868	2,072,581	2,691,311	3,184,459	3,078,358	3,040,014	3,011,321	3,150,288	3,197,294
Golf Course	1,494,718	1,513,555	1,567,269	1,733,805	1,677,223	1,646,381	1,675,714	1,537,817	1,391,476	1,381,008
Leased Facilities	386,424	238,354	190,490	409,283	341,061	473,711	369,927	376,748	271,007	280,629
Natural Gas	0	0	0	0	0	1,323	99,804	897,732	1,187,673	1,359,485
<b>Total Business-type Activities Expenses</b>	<b>75,377,643</b>	<b>81,833,221</b>	<b>93,102,931</b>	<b>94,454,851</b>	<b>106,815,746</b>	<b>108,976,404</b>	<b>107,035,217</b>	<b>95,677,769</b>	<b>90,676,187</b>	<b>97,501,998</b>
<b>Total Primary Government Expenses</b>	<b>93,893,416</b>	<b>100,892,622</b>	<b>113,011,706</b>	<b>115,422,178</b>	<b>128,928,477</b>	<b>130,937,483</b>	<b>131,877,417</b>	<b>117,658,717</b>	<b>112,934,122</b>	<b>119,332,679</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	331,464	380,185	364,698	344,011	353,199	334,774	54,617	53,182	66,802	76,709
Law Enforcement	532,788	276,969	286,226	264,479	697,090	207,411	145,164	156,311	163,486	156,639
Building Inspections	440,196	963,930	616,215	521,039	323,726	347,700	257,693	267,879	372,025	556,495
Physical Environment	66,408	42,036	36,608	52,656	40,667	52,029	23,866	14,791	8,619	2,880
Roads and Streets	4,360	5,040	5,720	3,560	3,120	25,085	129,850	229,084	217,998	165,768
Parks and Recreation	51,422	79,209	61,855	66,325	129,393	75,389	104,251	107,867	107,199	104,115
Operating Grants and Contributions	1,403,063	1,188,167	1,217,927	1,196,752	1,261,790	1,190,906	1,403,135	1,022,748	1,553,819	1,138,050
Capital Grants and Contributions	1,225,913	370,093	2,805,273	3,168,120	606,676	1,427,044	1,901,182	1,344,895	142,918	117,907
<b>Total Governmental Activities</b>	<b>4,055,614</b>	<b>3,305,629</b>	<b>5,394,522</b>	<b>5,616,942</b>	<b>3,415,661</b>	<b>3,660,338</b>	<b>4,019,758</b>	<b>3,196,757</b>	<b>2,632,866</b>	<b>2,318,563</b>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Program Revenues (Concluded)</b>										
Business-type Activities:										
Charges for Services:										
Electric	\$ 71,382,087	\$ 81,039,235	\$ 88,556,273	\$ 85,003,991	\$ 99,402,126	\$ 102,109,894	\$ 99,335,420	\$ 87,488,045	\$ 79,918,545	\$ 87,349,935
Water and Sewer	7,713,574	7,677,393	7,613,195	7,877,881	8,114,095	8,285,652	8,799,017	9,025,798	9,285,736	10,167,014
Stormwater	1,189,009	1,204,030	1,160,866	1,187,770	1,223,464	1,240,510	1,242,265	1,232,483	1,249,882	1,262,661
Sanitation	3,034,830	3,103,650	3,014,376	3,056,234	3,180,523	3,156,520	3,146,460	3,091,891	3,116,899	3,177,369
Golf Course	1,369,242	1,589,583	1,683,338	1,656,950	1,596,557	1,254,826	1,336,243	1,359,474	1,388,195	1,314,521
Leased Facilities	416,999	539,337	515,700	415,581	494,476	498,717	541,785	570,920	551,647	611,679
Natural Gas	0	0	0	0	0	0	89,255	1,114,296	1,579,134	1,729,246
Operating Grants and Contributions	840,039	16,829	0	0	299,832	(265,331)	306,715	0	196,737	6,713
Capital Grants and Contributions	405,365	732,955	947,321	1,772,041	1,169,269	2,988,839	6,430,278	1,888,820	996,393	620,087
Total Business-type Activities										
Program Revenues	86,351,145	95,903,012	103,491,069	100,970,448	115,480,342	119,269,627	121,227,438	105,771,727	98,283,168	106,239,225
<b>Total Primary Government Program Revenues</b>	<b>90,406,759</b>	<b>99,208,641</b>	<b>108,885,591</b>	<b>106,587,390</b>	<b>118,896,003</b>	<b>122,929,965</b>	<b>125,247,196</b>	<b>108,968,484</b>	<b>100,916,034</b>	<b>108,557,788</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(14,460,159)	(15,753,772)	(14,514,253)	(15,350,385)	(18,697,070)	(18,300,741)	(20,822,442)	(18,784,191)	(19,625,069)	(19,512,118)
Business-type Activities	10,973,502	14,069,791	10,388,138	6,515,597	8,664,596	10,293,223	14,192,221	10,093,958	7,606,981	8,737,227
<b>Total Primary Government Net Expense</b>	<b>(3,486,657)</b>	<b>(1,683,981)</b>	<b>(4,126,115)</b>	<b>(8,834,788)</b>	<b>(10,032,474)</b>	<b>(8,007,518)</b>	<b>(6,630,221)</b>	<b>(8,690,233)</b>	<b>(12,018,088)</b>	<b>(10,774,891)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	8,635,535	9,332,953	12,025,449	14,098,914	15,325,208	16,020,874	15,625,045	15,969,619	14,412,386	14,029,971
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	925,301	1,060,370	1,150,436	1,109,323	1,062,472	973,627	944,140	975,611	997,077	1,055,321
Communication Service Tax	824,812	1,308,742	1,470,286	1,363,762	1,416,442	1,385,211	1,275,419	1,074,935	1,221,709	1,472,566
Convention Development Tax	197,166	198,762	203,508	179,442	235,080	208,957	220,694	221,509	224,402	283,358
Fuel Taxes	794,717	804,025	839,717	806,961	783,579	725,730	747,903	742,603	708,396	709,816
Other Taxes	0	0	0	0	0	0	273,107	252,578	611,181	628,673
State-shared Revenues	2,683,704	2,930,135	3,174,993	2,985,674	2,617,563	2,470,415	2,434,706	2,535,819	2,537,879	2,697,673
Other Intergovernmental Revenues	32,287	38,051	31,653	39,876	38,334	33,964	35,033	33,681	33,504	0
Interest	442,608	937,211	1,687,137	2,820,596	1,811,187	1,030,966	663,193	373,674	656,852	152,872
Miscellaneous	(90,241)	18,856	1,837	26,747	225,061	4,736	21,916	185,037	254,892	217,694
Net Transfers	4,203,321	4,173,931	3,950,278	3,809,957	3,505,525	(1,908,495)	(7,152,937)	(930,957)	3,757,807	4,355,039
Total Governmental Activities	18,654,490	20,808,316	24,540,574	27,246,532	27,025,731	20,951,265	15,093,499	21,439,389	25,421,365	25,608,263
Business-type Activities:										
Interest	754,465	1,234,670	2,123,457	2,477,537	1,267,824	606,533	795,084	610,607	758,841	55,453
Miscellaneous	84,896	18,804	21,817	42,409	25,156	(19,165)	0	0	0	0
Net Transfers	(4,203,321)	(4,173,931)	(3,950,278)	(3,809,957)	(3,505,525)	1,908,495	7,152,937	930,957	(3,757,807)	(4,355,039)
Total Business-type Activities	(3,363,960)	(2,920,457)	(1,805,004)	(1,290,011)	(2,212,545)	2,495,863	7,948,021	1,541,564	(2,998,966)	(4,299,586)
<b>Total Primary Government</b>	<b>15,290,530</b>	<b>17,887,859</b>	<b>22,735,570</b>	<b>25,956,521</b>	<b>24,813,186</b>	<b>23,447,128</b>	<b>23,041,520</b>	<b>22,980,953</b>	<b>22,422,399</b>	<b>21,308,677</b>
<b>Change in Net Position</b>										
Governmental Activities	4,194,331	5,054,544	10,026,321	11,896,147	8,328,661	2,650,524	(5,728,943)	2,655,198	5,796,296	6,096,145
Business-type Activities	7,609,542	11,149,334	8,583,134	5,225,586	6,452,051	12,789,086	22,140,242	11,635,522	4,608,015	4,437,641
<b>Total Primary Government</b>	<b>\$ 11,803,873</b>	<b>\$ 16,203,878</b>	<b>\$ 18,609,455</b>	<b>\$ 17,121,733</b>	<b>\$ 14,780,712</b>	<b>\$ 15,439,610</b>	<b>\$ 16,411,299</b>	<b>\$ 14,290,720</b>	<b>\$ 10,404,311</b>	<b>\$ 10,533,786</b>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Pre-GASB 54:										
Reserved	\$ 181,612	\$ 291,479	\$ 231,530	\$ 116,148	\$ 190,292	\$ 140,701	\$ 114,442	\$ 0	\$ 0	\$ 0
Unreserved	6,434,823	6,014,717	6,484,046	6,652,414	7,266,918	7,879,457	8,258,521	0	0	0
Post-GASB 54:										
Nonspendable	0	0	0	0	0	0	0	18,000	41,640	41,640
Committed	0	0	0	0	0	0	0	4,529,922	4,447,636	4,755,631
Assigned	0	0	0	0	0	0	0	3,723,744	4,607,248	4,243,808
<b>Total General Fund</b>	<b>\$ 6,616,435</b>	<b>\$ 6,306,196</b>	<b>\$ 6,715,576</b>	<b>\$ 6,768,562</b>	<b>\$ 7,457,210</b>	<b>\$ 8,020,158</b>	<b>\$ 8,372,963</b>	<b>\$ 8,271,666</b>	<b>\$ 9,096,524</b>	<b>\$ 9,041,079</b>
<b>All Other Governmental Funds</b>										
Pre-GASB 54:										
Reserved	\$ 7,641,780	\$ 11,183,119	\$ 12,129,093	\$ 23,030,084	\$ 20,332,022	\$ 18,906,029	\$ 15,246,377	\$ 0	\$ 0	\$ 0
Unreserved, Reported in:										
Special Revenue Funds	207,110	355,838	525,474	315,996	538,436	313,426	808,007	0	0	0
Debt Service Funds	657,157	403,867	86,105	99,026	50,777	50,146	54,227	0	0	0
Capital Projects Fund	3,305,563	2,304,445	3,452,300	4,155,813	5,219,459	3,989,455	4,507,823	0	0	0
Post-GASB 54:										
Restricted	0	0	0	0	0	0	0	14,163,932	15,417,977	14,965,981
Committed	0	0	0	0	0	0	0	12,756	6,548	6,549
Assigned	0	0	0	0	0	0	0	5,850,337	4,737,290	6,087,493
<b>Total All Other Governmental Funds</b>	<b>\$ 11,811,610</b>	<b>\$ 14,247,269</b>	<b>\$ 16,192,972</b>	<b>\$ 27,600,919</b>	<b>\$ 26,140,694</b>	<b>\$ 23,259,056</b>	<b>\$ 20,616,434</b>	<b>\$ 20,027,025</b>	<b>\$ 20,161,815</b>	<b>\$ 21,060,023</b>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>										
Taxes	\$ 11,389,229	\$ 12,677,157	\$ 15,646,176	\$ 17,592,682	\$ 18,835,061	\$ 19,342,679	\$ 19,109,588	\$ 19,241,635	\$ 18,192,431	\$ 18,144,485
Licenses and Permits	692,010	1,275,226	894,925	671,728	608,246	618,240	229,564	261,309	367,855	559,485
Intergovernmental	4,925,362	4,444,256	6,275,595	6,325,289	4,215,103	4,750,430	5,687,676	3,970,159	3,719,817	3,808,754
Charges for Services	157,606	164,856	433,984	227,186	257,255	181,526	289,680	763,837	696,313	465,176
Fines and Forfeitures	669,729	446,998	422,586	452,653	743,505	298,613	510,579	234,427	701,853	277,193
Interest and Other Revenue	740,564	1,238,508	2,003,352	2,943,256	2,058,022	1,227,435	836,043	479,251	891,669	411,091
<b>Total Revenues</b>	<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>	<u>24,950,618</u>	<u>24,569,938</u>	<u>23,666,184</u>
<b>Expenditures</b>										
Current:										
General Government	2,281,707	2,468,800	2,500,821	2,485,052	2,585,363	2,570,445	2,257,807	2,294,556	2,141,672	2,078,157
Public Safety	9,698,775	9,894,822	10,452,658	10,950,523	11,455,467	11,847,147	12,125,856	12,232,634	12,397,347	12,431,333
Physical Environment	23	26	4,840	24,986	12,435	25,401	507,257	21,756	36,651	11,355
Roads and Streets	3,697,864	2,588,041	2,206,594	2,409,065	2,508,986	1,761,805	2,484,625	1,879,617	2,640,093	1,855,298
Human Services	36,398	48,237	64,798	52,967	72,908	102,705	81,754	20,000	20,000	10,296
Parks and Recreation	2,607,841	2,390,783	2,798,019	2,786,423	2,583,648	2,668,329	2,525,052	2,541,479	2,436,193	2,461,887
Debt Service:										
Principal	2,245,189	2,345,627	2,424,904	3,860,469	2,346,929	2,471,321	2,567,041	2,665,155	2,484,674	2,243,579
Interest	828,910	707,425	616,590	843,849	799,470	714,236	626,709	535,930	393,170	224,307
Capital Outlay	2,982,213	1,877,553	7,603,666	7,421,006	8,804,664	5,905,526	6,730,724	3,527,703	4,797,283	5,953,542
Grants and Aid	0	0	0	0	0	0	0	0	0	0
<b>(Total Expenditures)</b>	<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>	<u>(25,718,830)</u>	<u>(27,347,083)</u>	<u>(27,269,754)</u>
<b>(Deficiency) of Revenues</b>										
<b>(Under) Expenditures</b>	<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>	<u>(768,212)</u>	<u>(2,777,145)</u>	<u>(3,603,570)</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds from Borrowing	6,685,096	0	0	10,000,000	0	0	0	0	6,495,000	0
Principal - Current Refundings	(6,685,096)	0	0	0	0	0	0	0	(6,495,000)	0
Transfers in	9,730,842	12,559,234	10,094,602	9,145,906	7,441,787	6,660,953	6,683,933	6,898,043	5,730,018	6,948,406
Transfers (out)	(5,430,572)	(8,359,501)	(4,743,247)	(5,063,427)	(3,760,686)	(7,490,490)	(5,730,055)	(6,795,851)	(1,993,225)	(2,502,073)
<b>Total Other Financing Sources (Uses)</b>	<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>	<u>102,192</u>	<u>3,736,793</u>	<u>4,446,333</u>
<b>Net Change in Fund Balance</b>	<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>	<u>\$ (666,020)</u>	<u>\$ 959,648</u>	<u>\$ 842,763</u>
<b>Debt Service as a % of Noncapital Expenditures*</b>	16.6%	16.0%	15.3%	21.2%	14.5%	14.7%	14.4%	14.9%	13.0%	11.9%

\* 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				
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%
2011	2,729,906,452	70,349,911	2,800,256,363	1,072,136,657	3,872,393,020	4.0947	72.31%
2012	2,466,653,081	61,937,314	2,528,590,395	909,443,385	3,438,033,780	4.0947	73.55%
2013	2,403,105,199	64,283,151	2,467,388,350	862,135,188	3,329,523,538	4.0947	74.11%

**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)**

<b>Fiscal Year</b> <b>September 30,</b>	<b>Direct Rates (1)</b>	<b>Overlapping Rates</b>			<b>Duval</b> <b>County</b>	<b>Total</b> <b>Millage Rate</b>
	<b>City of</b> <b>Jacksonville Beach</b>	<b>Florida Inland</b> <b>Navigation</b>	<b>Water Management</b> <b>District</b>	<b>School District</b>		
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
2011	4.0947	0.0345	0.4158	7.8440	6.7446	19.1336
2012	4.0947	0.0345	0.3313	7.5530	6.7446	18.7581
2013	4.0947	0.0345	0.3313	7.6000	6.7446	18.8051

**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 2013 and Nine Years Ago**

	2013			2004		
	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	\$ 24,133,208	1	1.00%			
Ocean Park Partnership, Ltd.	18,100,000	2	0.75%	\$ 9,825,362	4	0.61%
South Beach Regional Shopping Center	16,061,980	3	0.67%	12,215,212	2	0.75%
Courtyard Marriot	15,522,745	4	0.65%			
Pablo Plaza	14,306,400	5	0.60%	10,226,624	3	0.63%
Beach Marine	11,425,300	6	0.48%	8,873,620	6	0.55%
Gordon Bank	9,754,400	7	0.41%			
South Beach Parkway Shopping Center	9,618,600	8	0.40%	8,080,148	7	0.50%
Adventure Landing Amusement Park	9,410,719	9	0.39%	7,610,370	9	0.47%
Target	9,111,801	10	0.38%			
Home Depot	8,303,559	11	0.35%			
Beaches Baptist Hospital Medical Center	7,807,307	12	0.32%	7,681,398	8	0.47%
Hampton Inn Oceanfront	7,749,363	13	0.32%			
Third Street Village	7,398,270	14	0.31%			
Quality Suites Oceanfront	7,343,600	15	0.31%			
Tides at Marsh Landing				14,407,610	1	0.89%
Comfort Inn				9,389,498	5	0.58%
Days Inn Oceanfront				7,485,771	10	0.46%
<b>Total</b>	<u>\$ 176,047,252</u>		<u>7.34%</u>	<u>\$ 95,795,613</u>		<u>5.91%</u>
<b>Total Assessed Real Property Valuation from Schedule 5</b>	<u>\$ 2,403,105,199</u>			<u>\$ 1,619,075,506</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>
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%
2011	8,226,648	7,614,044	92.55%	46,735	7,660,779	93.12%
2012	7,693,856	7,008,399	91.09%	54,150	7,062,549	91.79%
2013	7,565,608	6,886,688	91.03%	88,106	6,974,794	92.19%

**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				
	Redevelopment Bonds	Sales Tax Bonds	Infrastructure Sales Tax Bonds	Total Governmental	Percentage of Personal Income	Electric Bonds	Outstanding Debt Per Electric Customer (1)	Water and Sewer Bonds	Outstanding Debt Per Water Customer (1)	Stormwater Bonds
2004	\$ 17,270,448	\$ 1,807,692	\$ 1,749,707	\$ 20,827,847	2.8714%	\$ 34,223,845	\$ 1,044	\$ 23,881,155	\$ 2,435	\$ 3,261,903
2005	15,722,683	1,571,420	1,188,119	18,482,222	2.5454%	32,618,820	987	22,761,180	2,333	2,894,888
2006	14,122,224	1,328,178	606,916	16,057,318	2.0355%	30,981,400	940	21,618,600	2,227	2,517,018
2007	12,466,848	0	9,730,000	22,196,848	2.5934%	29,302,750	935	20,447,250	2,133	2,127,835
2008	10,754,919	0	9,095,000	19,849,919	2.2105%	27,576,980	836	19,243,020	2,002	1,727,070
2009	8,983,595	0	8,395,000	17,378,595	1.9649%	25,807,035	779	18,007,965	1,874	1,314,165
2010	7,151,554	0	7,660,000	14,811,554	1.6398%	23,972,300	723	16,727,700	1,735	888,967
2011	5,256,399	0	6,890,000	12,146,399	1.4213%	20,956,620	632	14,623,380	1,517	451,040
2012	3,601,725	0	6,060,000	9,661,725	N/A	18,971,690	570	13,238,310	1,363	0
2013	2,233,146	0	5,185,000	7,418,146	N/A	16,986,760	507	11,853,240	1,202	0

**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 relate to the Golf Course.

N/A - Not yet available

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

<b>Fiscal Year</b>	<b>Business-type Activities (Concluded)</b>				<b>Total Debt</b>	<b>Percentage of Personal Income (2)</b>	<b>Total Debt Per Capita (2)</b>
	<b>Outstanding Debt Per Stormwater Customer (1)</b>	<b>Sales Tax Bonds (3)</b>	<b>Outstanding Debt Per Round of Golf</b>	<b>Total Business-type</b>			
2004	333	\$ 184,825	\$ 3	\$ 61,551,728	\$ 82,379,575	0.31%	\$ 3,824
2005	297	160,668	2.56	58,435,556	76,917,778	0.27%	3,572
2006	259	135,798	2.17	55,252,816	71,310,134	0.23%	3,310
2007	222	0	0	51,877,835	74,074,683	0.23%	3,329
2008	180	0	0	48,547,070	68,396,989	0.20%	3,007
2009	137	0	0	45,129,165	62,507,760	0.19%	2,752
2010	92	0	0	41,588,967	56,400,521	0.17%	2,444
2011	47	0	0	36,031,040	48,177,439	0.14%	2,247
2012	0	0	0	32,210,000	41,871,725	N/A	1,937
2013	0	0	0	28,840,000	36,258,146	N/A	1,670

**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
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
2011	5,256,399	0.66%	0	0	6,890,000	321	12,146,399
2012	3,601,725	0.55%	0	0	6,060,000	280	9,661,725
2013	2,233,146	0.36%	0	0	5,185,000	239	7,418,146

**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, 2013**  
**(Dollars in Thousands)**

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding (1)</u>	<u>Percentage (2)</u>	<u>Estimated Share</u> <u>of Overlapping</u> <u>Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Duval County School Board	\$ 0		<u>\$ 0</u>
Subtotal, Overlapping Debt			0
<b>City of Jacksonville Beach, Direct Debt</b>			<u>7,418,146</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 7,418,146</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					Debt Service Coverage
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		
				Principal	Interest	
2004	\$ 79,095,661	\$ (61,960,815)	\$ 17,134,846	\$ 2,455,000	\$ 2,173,035	3.70
2005	88,716,628	(69,012,179)	19,704,449	2,725,000	2,118,823	4.07
2006	96,169,468	(79,946,165)	16,223,303	2,780,000	2,053,160	3.36
2007	92,881,872	(80,035,936)	12,845,936	2,850,000	1,981,630	2.66
2008	107,516,221	(91,902,712)	15,613,509	2,930,000	1,903,020	3.23
2009	110,395,546	(93,872,454)	16,523,092	3,005,000	1,812,713	3.43
2010	108,134,437	(91,779,673)	16,354,764	3,115,000	1,715,503	3.39
2011	96,513,843	(80,364,222)	16,149,621	3,285,000	1,465,407	3.40
2012	89,204,281	(75,143,438)	14,060,843	3,370,000	1,126,637	3.13
2013	97,516,949	(79,894,096)	17,622,853	3,370,000	1,051,313	3.99

(1) Excludes depreciation expense.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Duval County Unemployment Rate (2)</b>	<b>Duval County Total Personal Income (thousands) (3)</b>	<b>Duval County Per Capita Income (3)</b>
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%	33,370,358	38,937
2010	23,077	12.9%	33,872,506	39,140
2011	21,441	10.3%	34,704,611	39,858
2012	21,615	9.3%	N/A	N/A
2013	21,713	7.5%	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**

<b>Employer</b>	<b>2013</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Naval Station Mayport	15,170	1	N/A
Baptist Medical Center - Beaches	800	2	N/A
Ponte Vedra Inn & Club	650	3	N/A
PGA Tour	620	4	N/A
Honeywell	570	5	N/A
Sawgrass Marriott	450	6	N/A
City of Jacksonville Beach	400	7	N/A
TPC Sawgrass	320	8	N/A
U.S. Coast Guard	320	9	N/A
Vicar's Landing	320	10	N/A

**Source:** Jacksonville Chamber of Commerce

**Notes:** 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.

Information from 2004 is not available.

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

## **OPERATING INFORMATION**

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

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General Government	16	16	16	17	18	16	16	15	14	13
Finance	28	28	28	32	32	32	33	33	33	33
Planning and Development	11	11	11	11	11	9	9	8	8	8
Electric	76	81	82	82	85	86	76	76	78	77
Central Services	13	12	11	6	4	4	4	4	4	4
Public Works	65	65	65	65	66	65	65	65	65	65
Human Resources	7	7	7	7	7	7	7	7	8	7
Parks and Recreation**	58	59	56	55	55	57	100	100	99	98
Grounds and Maintenance	25	25	25	24	24	22	20	9	8	8
Golf Course	19	19	19	19	19	19	19	27	26	26
Police	109	110	110	114	98	95	95	94	95	95
Fire Fighters	31	31	31	32	32	32	31	31	31	31
<b>Total</b>	<b>458</b>	<b>464</b>	<b>461</b>	<b>464</b>	<b>451</b>	<b>444</b>	<b>475</b>	<b>469</b>	<b>469</b>	<b>465</b>

**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**

<b><u>Function/Program</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Police</b>										
Physical Arrests	2,960	3,336	2,490	2,436	2,429	1,986	1,665	1,192	1,573	1,398
Parking Violations	4,526	4,803	3,636	2,127	1,955	2,456	2,726	3,085	3,267	N/A
Law Violations	9,279	11,547	9,174	8,408	7,620	6,362	6,898	3,520	2,292	3,152
<b>Fire</b>										
Emergency Incidents	2,994	2,994	2,876	3,034	3,196	2,975	2,947	3,161	3,063	3,104
Inspections (Total)	1,865	1,917	2,154	1,684	1,890	2,719	2,648	2,169	2,275	1,839
<b>Other Public Works</b>										
Street Resurfacing (Miles)	14.0	30.6	0.0	0.0	2.9	4.0	1.2	4.9	8.1	0.0
<b>Electric</b>										
Number of Active Electric Customers	31,887	32,023	32,773	33,038	32,976	31,351	32,996	33,147	33,303	33,535
Average Residential Monthly										
Consumption (Kilowatt Hours)	1,442	1,442	1,486	1,353	1,304	1,301	1,395	1,368	1,232	1,209
<b>Water</b>										
Number of Active Water Customers	9,547	9,433	9,806	9,756	9,709	9,585	9,610	9,642	9,711	9,865
Average Residential Monthly										
Consumption (Gallons)	4,900	4,700	4,620	4,743	4,267	4,245	4,373	4,530	4,029	4,014
<b>Wastewater</b>										
Number of Active Wastewater										
Customers	9,351	9,244	9,598	9,583	9,557	9,436	9,472	9,502	9,569	9,691
Storm Mains Cleaned (Feet)	43,800	40,788	26,839	35,623	28,408	65,550	73,670	36,297	33,010	23,821

N/A - Not yet available.

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Police</b>										
Stations (Including Satellite Stations)	2	2	2	2	2	2	2	2	2	2
Patrol Units	51	53	53	53	54	51	51	73	73	78
<b>Fire Stations</b>										
	1	2	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
Paved Roads (Miles)	77	77	85	87	88	88	89	89	89	89
Streetlights	5,659	5,700	5,701	5,198	5,262	5,229	5,376	5,385	5,433	5,479
<b>Water</b>										
Water Mains (Miles)	105	105	108	108	108	108	109	110	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	779	815	833	840	842	849	859	858	858	870
<b>Wastewater</b>										
Sanitary Sewer Mains (Gravity, in Miles)	83	83	83	84	84	84	85	85	85	85
Sanitary Sewer Mains (Force, in Miles)	16	16	16	16	17	16	16	18	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	34	34	35	36	36	38	38	38	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
<b>Parks and Recreation</b>										
Acreage	80	80	80	84	84	84	84	84	86	86
Parks	12	12	12	10	10	10	10	10	11	11
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8

# SINGLE AUDIT SECTION

**SINGLE AUDIT SECTION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Award Amount</u>	<u>(Federal Expenditures)</u>
<b>Federal Awards</b>				
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed Through City of Jacksonville</b>				
Community Development Block Grant	14.218	3177-87	\$ 195,321	\$ 23,835
Community Development Block Grant	14.218	3177-88	133,796	128,329
<i>Subtotal Expenditures - CFDA No. 14.218</i>			<u>329,117</u>	<u>152,164</u>
<b>U.S. Department of Justice</b>				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	2011BUBX11059466	12,372	12,040
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2901	15,027	15,027
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0443	13,214	13,214
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0708	14,588	9,511
Indirect Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JAGC-DUVA-4-D7-019	33,600	33,600
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JAGC-DUVA-3-D7-079	43,455	43,455
<i>Subtotal Expenditures - CFDA No. 16.738</i>			<u>119,884</u>	<u>114,807</u>
Direct Program:				
Federal Equitable Sharing Agreement	16.922	N/A	0	35,511
<b>Total U.S. Department of Justice</b>			<u>132,256</u>	<u>162,358</u>
<b>U.S. Environmental Protection Agency</b>				
Direct Program:				
Congressionally Mandated Projects	66.202	XP-95469611-0	485,000	279,239
<b>Total Federal Awards</b>			<u>\$ 946,373</u>	<u>\$ 593,761</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Note 1 - General**

The accompanying schedule of expenditures of federal awards presents the activity of all federal programs of the City of Jacksonville Beach, Florida (the City). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*.

The City's reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2013. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the schedule.

**Note 2 - Basis of Accounting**

The accompanying schedule of expenditures of federal awards 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, 2013  
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 2012 - 2013 Grant No. 3177-88 - \$133,796**

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
<b>CAPE</b>				
Salaries	\$ 42,613	\$ 40,517	\$ 2,662	\$ 2,096
Benefits	18,054	14,683	653	3,371
<b>Total CAPE</b>	<u>60,667</u>	<u>55,200</u>	<u>3,315</u>	<u>5,467</u>
<b>CARVER</b>				
Salaries	48,329	48,329	16,436	0
Benefits	14,504	14,504	4,085	0
<b>Total CARVER</b>	<u>62,833</u>	<u>62,833</u>	<u>20,521</u>	<u>0</u>
<b>Utility Assistance</b>	<u>10,296</u>	<u>10,296</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>\$ 133,796</u>	<u>\$ 128,329</u>	<u>\$ 23,836</u>	<u>\$ 5,467</u>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Jacksonville Beach's, Florida (the City), compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement*, that could have a direct and material effect on the City's major federal program for the year ended September 30, 2013. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 on compliance for the major federal program. However, our audit does not provide a legal determination on the City's compliance.

**Opinion on The Major Federal Program**

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2013.

**Certified Public Accountants**

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133  
(Concluded)**

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Purvis, Gray and Company, LLP*

January 28, 2014  
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS PROGRAMS  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**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, 2013.
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditors' 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 program are reported in the independent auditors' report on compliance with requirements that could have a direct and material effect on the major federal program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal program 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 required to be disclosed under OMB Circular A-133 for the City of Jacksonville Beach, Florida.
7. The program tested as a major federal program was:
  - **Federal Program**
    - U.S. Environmental Protection Agency
      - ▶ Congressionally Mandated Projects  
CFDA No. 66.202
8. The threshold for distinguishing Type A and Type B federal programs was \$300,000.
9. The City of Jacksonville Beach, Florida, did qualify as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133.

**PART B - FINDINGS - FINANCIAL STATEMENTS**

There were no current year findings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS PROGRAMS  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(Concluded)**

**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. No corrective action plan is required because there were no current year findings requiring correction under the Federal *Single Audit Act*.

# GOVERNMENTAL AUDITING SECTION

**GOVERNMENTAL AUDITING SECTION**

**INDEPENDENT AUDITORS' 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, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 28, 2014.

**Internal Control Over Financial Reporting of the financial statements**

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Certified Public Accountants**

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

**INDEPENDENT AUDITORS' 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 from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Purvis, Gray and Company, LLP*

January 28, 2014  
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, 2013, and have issued our report thereon dated January 28, 2014.

We conducted our audit 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our independent auditors' 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*, independent auditors' report on compliance for the major federal program and on internal control over compliance as required by OMB Circular A-133, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated January 28, 2014, 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 noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### 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

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)5, *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 entities noted below. The Jacksonville Beach Community Redevelopment Agency is considered a blended component unit and was established pursuant to Chapter 163 of the Florida Statutes. The three pension plans are not considered component units since they are not legally separate entities.

<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)6(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)6.(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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6(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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and federal granting 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.

*Purvis, Gray and Company, LLP*

January 28, 2014  
Gainesville, Florida

