

CITY OF
JACKSONVILLE BEACH,
FLORIDA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

CITY OF JACKSONVILLE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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, 2014**

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LETTER OF TRANSMITTAL

February 3, 2015

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

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

Florida Statutes require that all general purpose local governments publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for the City of Jacksonville Beach, Florida, for the fiscal year ended September 30, 2014.

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, 2014, 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, 2014, 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. This year the City did not meet the minimum expenditures required for a state or Federal Single Audit.



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 22,000. 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 83.

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, 2013. This was the twentieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

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

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories: as a policy document, a financial plan, an operations guide, and a communications device.

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

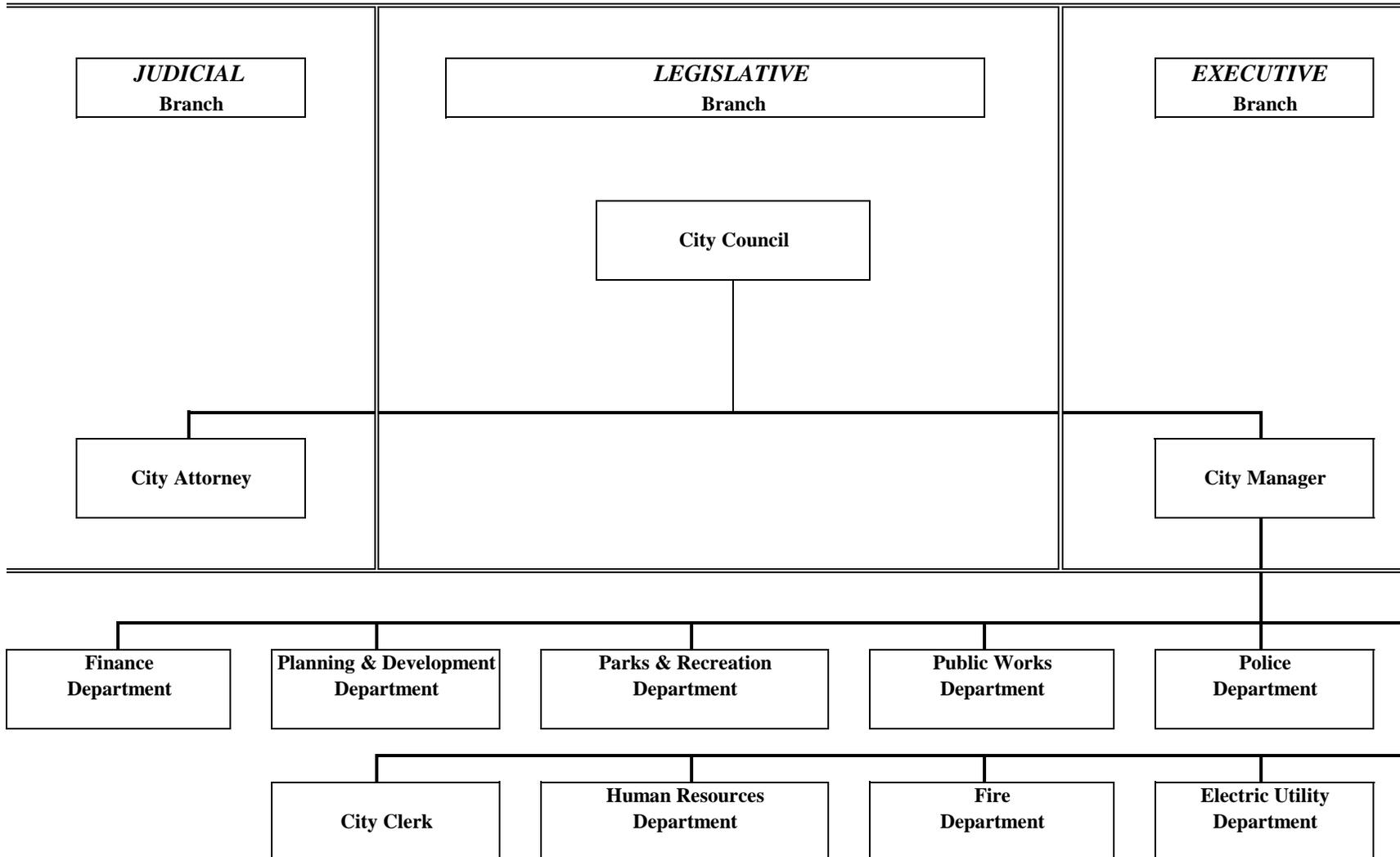
**City of Jacksonville Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

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

Bruce Thomason

Jeanell Wilson

Lee Buck

City Attorney

City Auditors

Susan Erdelyi

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

Acting City Clerk

City Manager

Chief, Fire Department

Chief of Police Department

Director of Beaches Energy

Director of Parks & Recreation

Director of Human Resources

Acting Director of Planning and Development

Director of Public Works

Finance Officer

Nancy J. Pyatte

George D. Forbes

Gary Frazier

Patrick K. Dooley

Allen Putnam

Gary Meadors

Karen Nelson

Bill Mann

William T. Edwards, P.E.

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

Special Magistrate – Code Enforcement

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, 2014, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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, 2014, 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 (GASB), 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 federal awards, 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 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 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.

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)

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 February 3, 2015, 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

February 3, 2015
Gainesville, Florida

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
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, 2014. 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 \$334.5 million (net position). Of this amount, \$77.4 million (unrestricted net position) may be used to meet the City'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 \$17.9 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 \$33.9 million, an increase of \$3.8 million in comparison with the prior year. Of this amount, \$17.8 million is restricted for specific uses related to redevelopment, tourism, law enforcement, transportation, and capital projects. \$4.9 million is committed for revenue stabilization and another \$4.6 million is assigned for emergencies or unanticipated events. In addition, \$6 million has been assigned for capital projects, and \$632 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, 2014
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 all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

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 83-109. 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 36-74 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

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 75-82 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

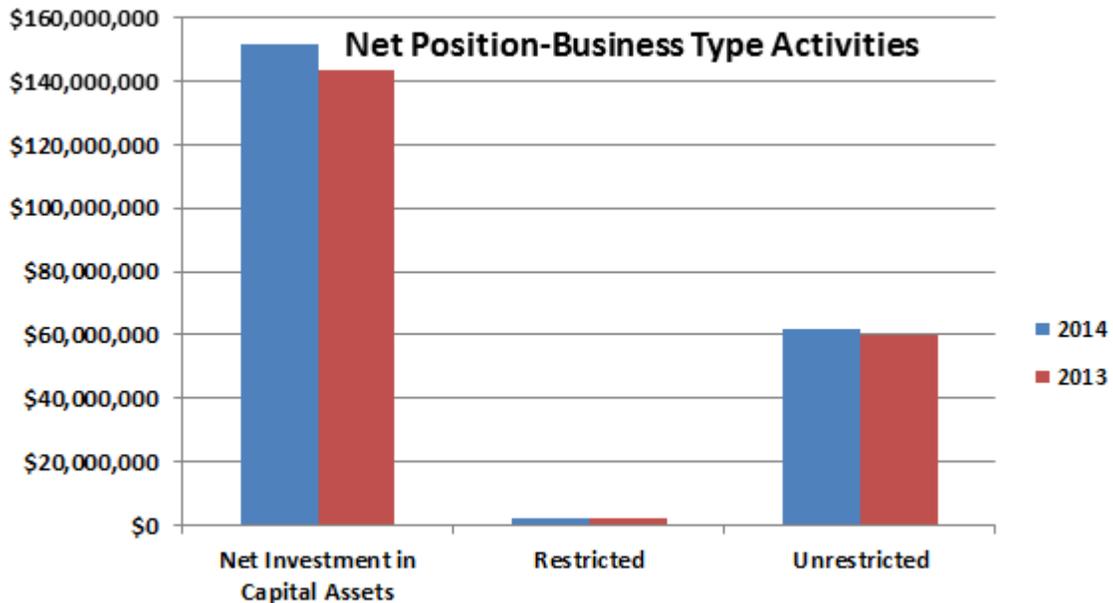
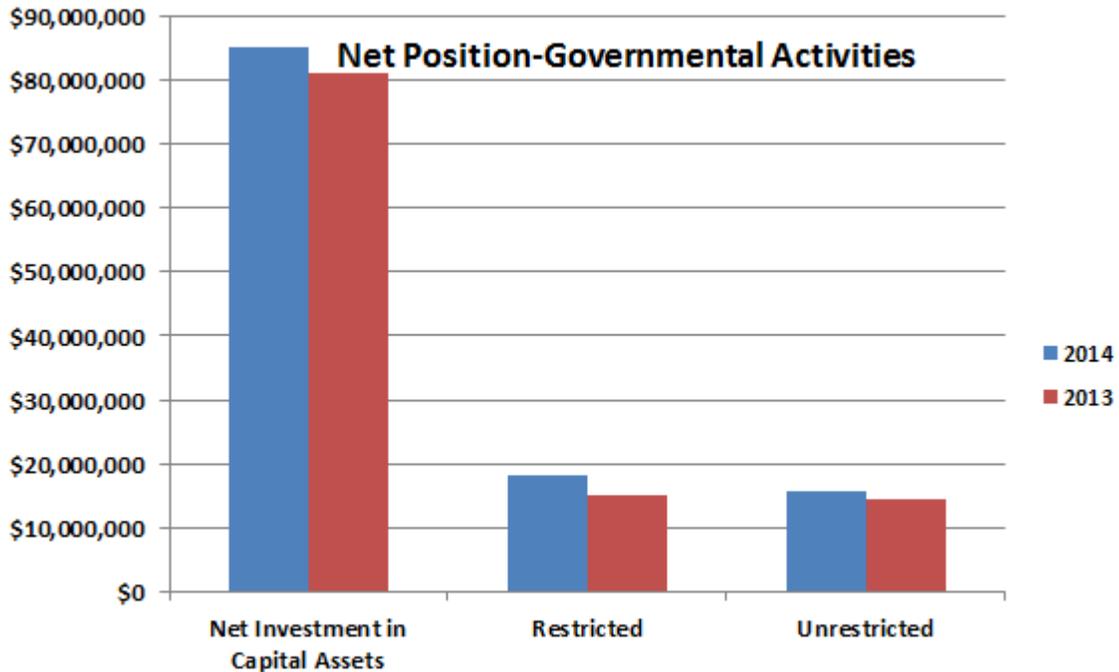
The following schedule is a summary of the fiscal year 2014 Statement of Net Position, which can be found on page 21 of this report with comparative information for fiscal year 2013:

CITY OF JACKSONVILLE BEACH						
Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$40,586,497	\$37,342,353	\$104,898,260	\$99,791,443	\$145,484,757	\$137,133,796
Capital Assets, Net of						
Depreciation	90,634,003	88,298,656	176,772,227	173,519,976	\$267,406,230	\$261,818,632
Total Assets	\$131,220,500	\$125,641,009	\$281,670,487	\$273,311,419	\$412,890,987	\$398,952,428
Deferred Outflows of Resources						
Unamortized Refunding Loss	\$0	\$0	\$1,224,991	\$1,670,799	\$1,224,991	\$1,670,799
Current and Other						
Liabilities	\$2,002,491	\$3,121,281	\$38,713,226	\$36,642,025	\$40,715,717	\$39,763,306
Long-term Liabilities	10,129,255	11,748,110	28,746,789	32,527,289	38,876,044	44,275,399
Total Liabilities	\$12,131,746	\$14,869,391	\$67,460,015	\$69,169,314	\$79,591,761	\$84,038,705
Net Position:						
Net Investment in Capital Assets	\$85,081,323	\$80,880,510	\$151,886,547	\$145,354,194	\$236,967,870	\$226,234,704
Restricted	18,203,910	15,266,981	2,000,000	2,000,000	20,203,910	17,266,981
Unrestricted	15,803,521	14,624,127	61,548,916	58,458,710	77,352,437	73,082,837
Total Net Position	\$119,088,754	\$110,771,618	\$215,435,463	\$205,812,904	\$334,524,217	\$316,584,522

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 \$334.5 million which is an improvement of \$17.9 million in the City's net position for the year. This increase in net position represented an increase of approximately 5.7% from the \$316.6 million net position in 2013. The governmental activities and business-type activities net position increased \$8.3 million and \$9.6 million respectively, primarily as a result of operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (\$77.4 million) may be used to meet the government's ongoing obligations to citizens, customers, and creditors, for capital improvements, for repayment of debt, or to pay for expenditures related to natural disasters.



MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

The chart below is a summary of the information presented in the 2014 Statement of Activities found on page 22 of this report, with comparative information for 2013:

	Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$1,115,741	\$1,062,606	\$105,497,035	\$105,612,425	\$106,612,776	\$106,675,031
Operating Grants and Contributions	1,165,743	1,138,050		6,713	\$1,165,743	\$1,144,763
Capital Grants and Contributions	863,473	105,543	3,154,807	620,087	\$4,018,280	\$725,630
General Revenues:						
Property Taxes	15,137,151	14,029,971			15,137,151	14,029,971
Other Taxes	4,012,714	4,155,014			4,012,714	4,155,014
State Shared Revenues	2,830,039	2,697,673			2,830,039	2,697,673
Other Intergovernmental Revenue:	64,142				64,142	0
Interest	511,269	165,236	487,702	55,453	998,971	220,689
Miscellaneous	148,707	217,694			148,707	217,694
Total Revenues	<u>25,848,979</u>	<u>23,571,787</u>	<u>109,139,544</u>	<u>106,294,678</u>	<u>134,988,523</u>	<u>129,866,465</u>
Expenses:						
Governmental Activities:						
General Government	2,481,148	2,695,018			2,481,148	2,695,018
Law Enforcement	8,644,124	8,597,705			8,644,124	8,597,705
Fire Control	3,697,834	3,788,360			3,697,834	3,788,360
Building Inspections	436,897	440,927			436,897	440,927
Physical Environment	356,947	355,032			356,947	355,032
Road and Street	2,937,071	3,073,673			2,937,071	3,073,673
Human Services		10,296			0	10,296
Recreation	2,840,920	2,645,363			2,840,920	2,645,363
Interest on Long-Term Debt	167,258	224,307			167,258	224,307
Business-type Activities						
Electric			78,915,218	79,640,256	78,915,218	79,640,256
Water and Sewer			8,919,844	10,267,198	8,919,844	10,267,198
Stormwater			1,307,367	1,376,128	1,307,367	1,376,128
Sanitation			3,201,492	3,197,294	3,201,492	3,197,294
Golf Course			1,346,173	1,381,008	1,346,173	1,381,008
Leased Facilities			267,406	280,629	267,406	280,629
Natural Gas			1,529,129	1,359,485	1,529,129	1,359,485
Total Expenses	<u>21,562,199</u>	<u>21,830,681</u>	<u>95,486,629</u>	<u>97,501,998</u>	<u>117,048,828</u>	<u>119,332,679</u>
Increase in Net Position Before						
Other Items	4,286,780	1,741,106	13,652,915	8,792,680	17,939,695	10,533,786
Transfers	4,030,356	4,355,039	(4,030,356)	(4,355,039)	0	0
Change in Net Position	8,317,136	6,096,145	9,622,559	4,437,641	17,939,695	10,533,786
Net Position-Beginning of Year	<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>
Net Position-End of Year	<u>\$119,088,754</u>	<u>\$110,771,618</u>	<u>\$215,435,463</u>	<u>\$205,812,904</u>	<u>\$334,524,217</u>	<u>\$316,584,522</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

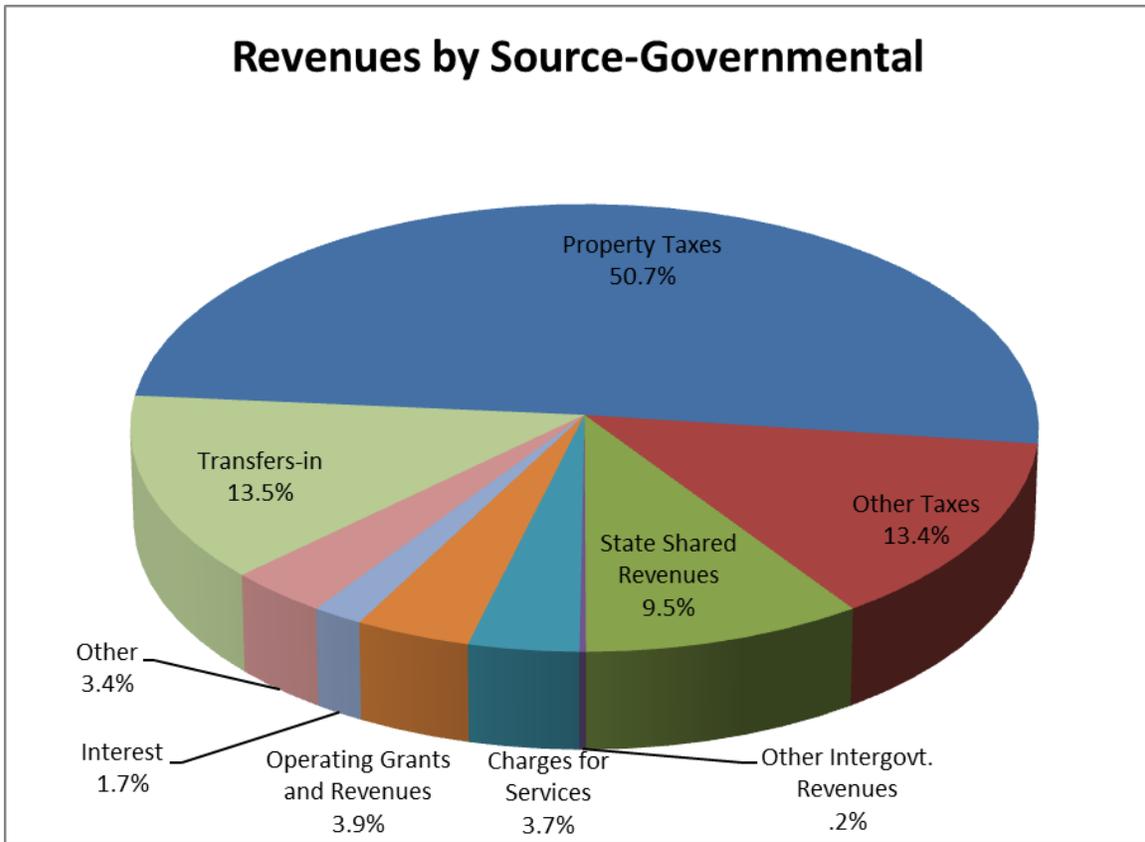
Governmental Activities

Governmental activities increased the City's net position by \$8.3 million or by 7.5% for the year. The following information relates key points regarding the financial activities that significantly impacted the change in net position:

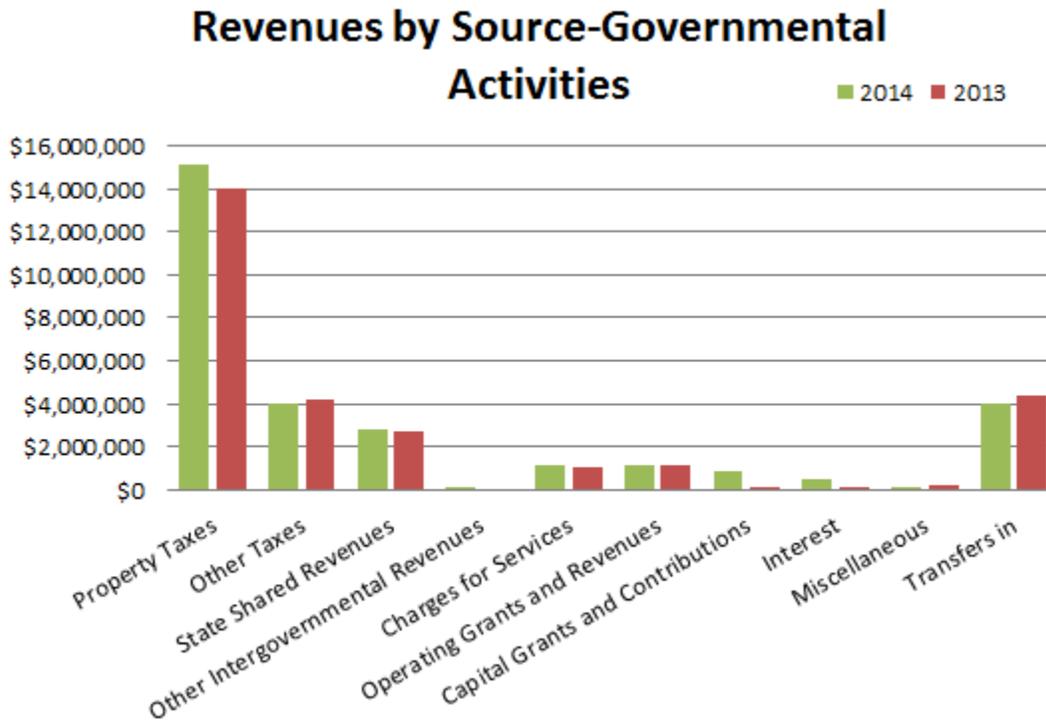
- Charges for services in 2014 exceeded the prior year mostly due to the implementation of a new building permit charge related to parking and also a new charge for dog park membership.
- Operating grants and contributions were more than the prior year mainly due a large amount of memorial donations received in 2014 related to a recently deceased dog park patron.
- Capital grants and contributions were greater than the prior year mostly because of road and sidewalk infrastructure improvements that related to a state project in the City by the Florida Department of Transportation.
- Property tax revenues increased in total by \$1.11 million due to the increase in the City of Jacksonville ad valorem millage rate related to the City's tax increment districts.
- Other tax revenues decreased \$142 thousand over last year mostly because in 2013 a large payment of communication service taxes paid to the City by the State related to prior years.
- State shared revenues increased \$132 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 increased \$346 thousand because of the increase in the 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 \$69 thousand, which is primarily attributable to the receipt of excess funds in 2013 that were originally sent to the Florida Department of Transportation for a road project in the City that they did not use and returned.
- Total expenses for governmental activities decreased by \$268 thousand (1.23%) from the prior year. In general, the decrease is attributable to a reduction in operating expenditures by most of departments. Management carefully managed expenditures during the year because the general economy still had not fully recovered and the primary budgetary goal set by City administration and City Council was to keep spending at the same level as the prior year.

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 2014. As can be seen in the chart, property taxes provide 51% 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
 SEPTEMBER 30, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**



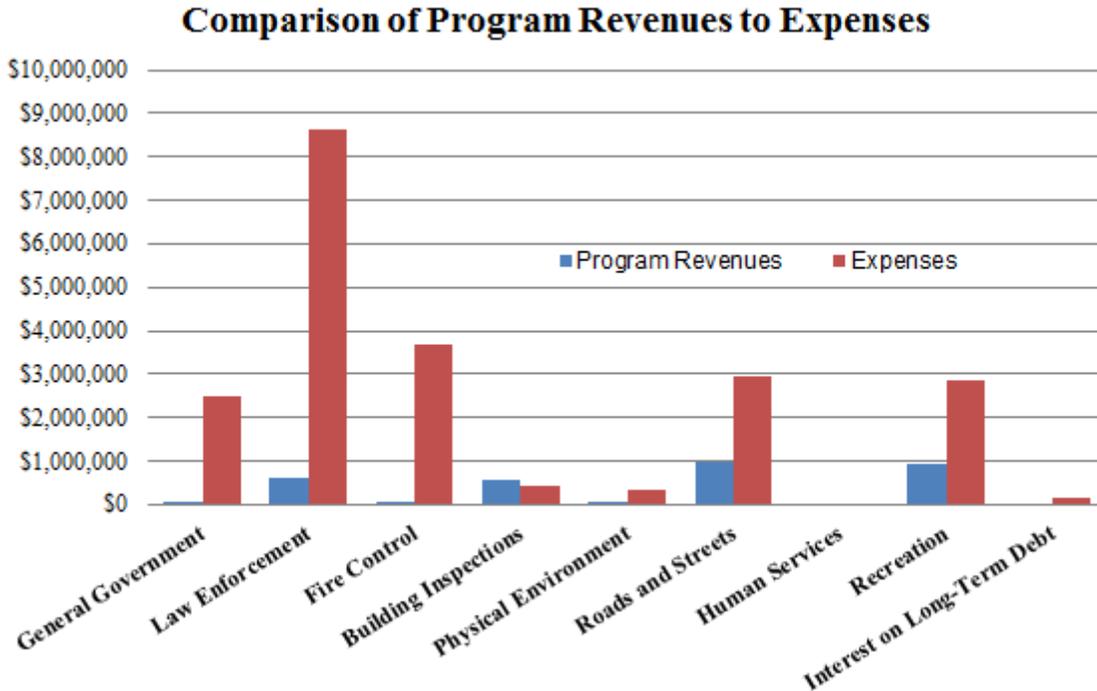
The following graph shows the dollar amounts of revenues by category for the City's governmental activities for fiscal year 2014 compared to 2013.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014
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The total revenue increase of \$2.28 million over the prior year resulted from increases in property taxes, state shared revenues, other governmental revenues, interest earnings, miscellaneous revenues, charges for services, operating grants, and capital grants and contributions, which were partially offset by decreases in other taxes, miscellaneous revenues, 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 2014:



Business-type Activities

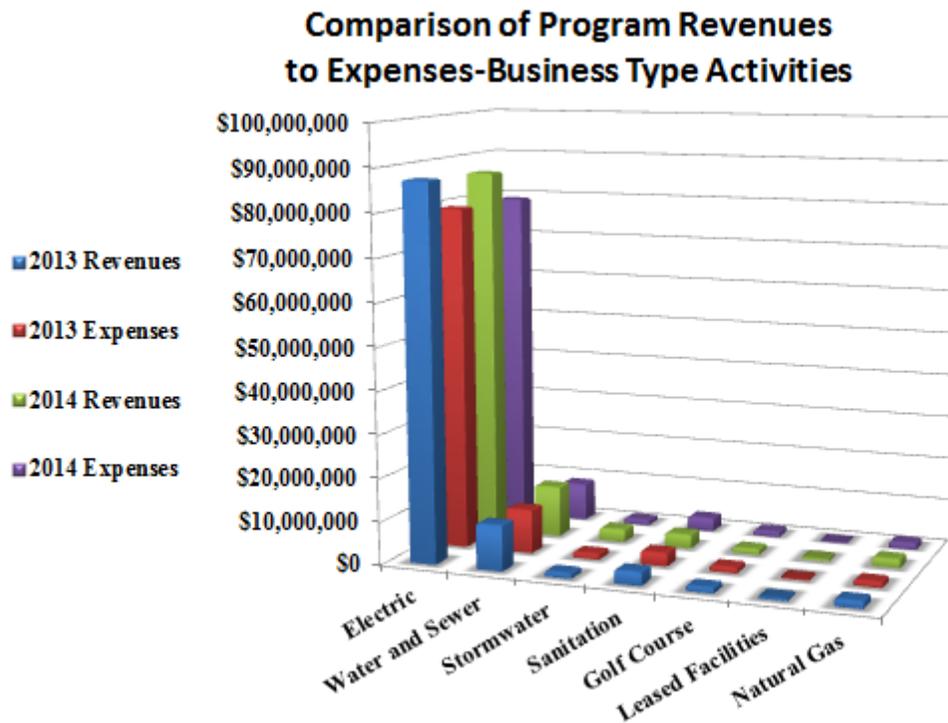
Business-type activities increased the City's net position by \$9.62 million (after transfers). Key financial factors related to these activities are as follows:

- The total increase in net position before transfers was \$13.65 million compared to \$8.79 million in the prior year.
- Charges for services decreased by \$115 thousand over last year mostly due to an decrease in electric revenues. Although kilowatt-hour sales increased by approximately 2.6% in 2014, the City had a large over-recovery in power costs which resulted in a \$2.52 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 2013 the City received \$6,713 related to a FEMA reimbursement and did not receive any operating grant and contributions in 2014.
- Capital grants and contributions were greater than the prior year mostly because of stormwater infrastructure improvements that related to a state project in the City by the Florida Department of Transportation.
- Interest revenues increased \$432 thousand because of the increase in the rates of return paid on investments in the City's operating fund investment portfolio.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014
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- Total expenses for the business-type activities were less than last year mainly due to a \$1.44 million decrease 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 \$5.16 million, which resulted mostly from the results of operations.
- Significant transfers out in business-type activities included a \$3.61 million transfer from the electric enterprise fund and \$101.5 thousand from the Natural Gas Fund to governmental activities operations in accordance with the City's policies on electric and natural gas transfers. The remaining transfers out include \$260 thousand from the Lease Facilities Fund to the General Fund to fund \$220 thousand for major equipment purchases and \$40 thousand to the Capital Projects for computer equipment replacement.

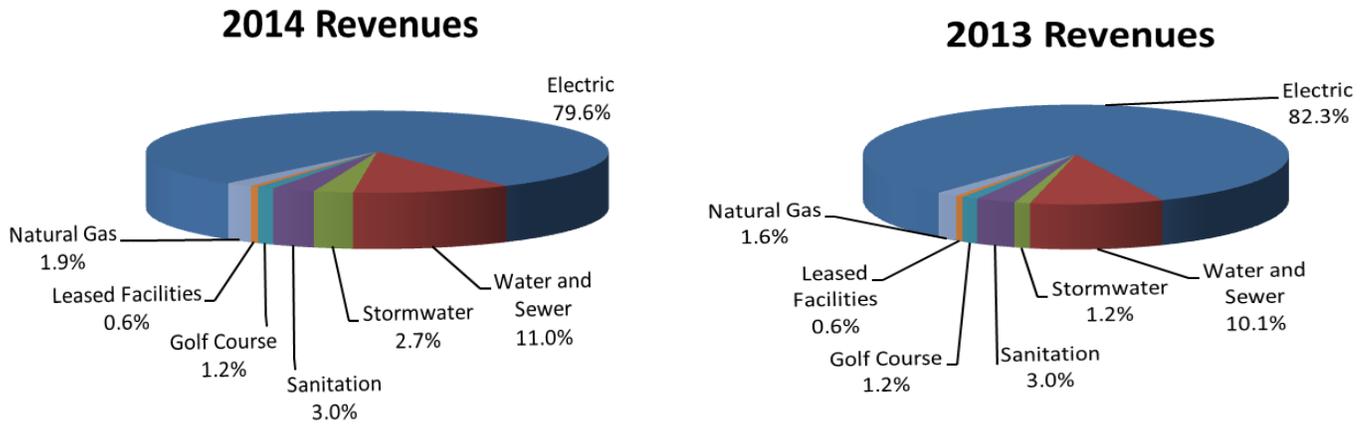
The following chart compares expenses with program revenues for the City's business-type activities for fiscal year 2014. As can be seen in the chart, electric revenue provided the major portion of business-type activities revenues.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

The following chart shows the percentage composition of revenues for business-type activities for the fiscal years 2014 and 2013:

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, except for Stormwater revenues, which resulted from operating grants and contributions related to a construction project by the Florida Department of Transportation.

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 23-26. The focus of the City's *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$33.9 million; of this amount, \$17.8 million (53%) is restricted fund balance, \$4.9 million is committed as a revenue stabilization reserve, \$58 thousand committed for cemetery improvements, \$6 thousand committed for tree replacement, another \$4.6 million is assigned for an emergency/unanticipated event reserve, and \$6 million is assigned for capital projects and \$632 thousand for a debt service 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 notes 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

The General Fund is the chief operating fund of the City. The following schedule compares 2014 revenues and expenditures with the prior year. The variance for taxes was due to an increase in ad valorem taxes, which were the result of the increased taxable property values caused by the improved real estate market, and increases in insurance premium taxes due to greater insured taxable values of property and automotive vehicles. Intergovernmental revenues were greater than last year because state shared revenue collections increased because of the improved state economy. Interest and other revenues were greater because of improved investment returns and larger investment balances. The City's investments are managed by professional investment firms, which were hired pursuant to the City's investment policy.

Total expenditures reflect a decrease of \$420.7 thousand and transfers out reflect an increase of \$494 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>2014</u>	<u>2013</u>	<u>Over (Under) Prior Year</u>
Revenues:			
Taxes	\$ 9,135,534	\$ 9,222,513	\$ (86,979)
Licenses and Permits	568,985	559,485	9,500
Intergovernmental	3,709,349	3,538,261	171,088
Charges for Services	315,396	316,225	(829)
Fines and Forfeitures	179,357	155,340	24,017
Interest and Other Revenues	332,235	154,911	177,324
Total Revenues	<u>14,240,856</u>	<u>13,946,735</u>	<u>294,121</u>
Expenditures:			
General Government	1,970,460	1,803,902	166,558
Public Safety	11,338,103	11,871,929	(533,826)
Roads and Streets	1,403,175	1,475,566	(72,391)
Parks and Recreation	2,305,359	2,286,416	18,943
Total Expenditures	<u>17,017,097</u>	<u>17,437,813</u>	<u>(420,716)</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(2,776,241)	(3,491,078)	714,837
Other Financing Sources			
Transfers in	4,537,049	4,260,420	276,629
Transfers out	<u>(1,318,799)</u>	<u>(824,787)</u>	<u>(494,012)</u>
Net Change in Fund Balances	442,009	(55,445)	497,454
Fund Balance-Beginning of Year	<u>9,041,079</u>	<u>9,096,524</u>	<u>(55,445)</u>
Fund Balance-End of Year	<u>\$ 9,483,088</u>	<u>\$ 9,041,079</u>	<u>\$ 442,009</u>

At the end of the current fiscal year the fund balance of the General Fund was \$9.5 million of which \$4.9 million was committed for a revenue stabilization reserve and additional \$4.6 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 50% of total budgeted General Fund expenditures for 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

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 \$114.5 thousand for expenditures and \$1.15 million 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 2014, the total fund balance of the City's General Fund increased by \$442 thousand. Actual revenues came in below final budgeted revenues by 0.07%, and actual expenditures were 9.65% under budget. Total revenues were below budgeted revenues primarily because total ad valorem taxes did not increase as much as was projected. 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 2014, approximately \$459 thousand was spent for computer equipment in the City's strategic technology plan, \$21 thousand for security cameras at various city locations, \$164 thousand for firefighting equipment, \$104 thousand on dog park improvements, \$195 for major dune walkover repair, \$16 thousand for major building maintenance, and \$52 thousand for other operating 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 \$2.8 million less than the revenues it received last year, and in the Southend Tax Increment District the City spent \$59 thousand (before transfers) more than it received in revenues. In the coming fiscal year, the Community Redevelopment Agency has committed to the funding of an additional \$9.4 million from current and future revenues in the Downtown Tax Increment District to complete Phase III-C and III-D of the Downtown Vision Plan, and \$3.3 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

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, 2014 amounts to \$267.4 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 \$5.6 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
- South Beach Area Infrastructure Improvements
- Natural Gas Distribution System
- 2nd Street North Sewer Replacement
- Rehabilitation Lift Station #1 and #9
- Water Division Maintenance Facility
- A1A Rebuild Phase 3
- Sawgrass Feeder Rebuild
- Ocean Forest Upgrade
- Odom's Mill Underground Improvements
- South Beach Parkway Electrical Improvements
- Switchgear Replacement Program
- Underground Replacement Program

Additional information on the City's capital assets can be found in Note 7 beginning on page 52 of this report. As can be seen in the schedule of capital activity in this note, the City has continued to invest significantly in its capital assets for both governmental and business-type activities.

Long-Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$31.7 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

**CITY OF JACKSONVILLE BEACH
Bonded Indebtness**

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenue Bonds:						
Infrastructure Sales Tax	\$4,285,000	\$5,185,000			\$ 4,285,000	\$ 5,185,000
Tax Increment	1,267,680	2,233,145			1,267,680	2,233,145
Utility Revenue			\$25,380,000	\$28,840,000	25,380,000	28,840,000
Total Outstanding	5,552,680	7,418,145	25,380,000	28,840,000	30,932,680	36,258,145
Add:						
Unamortized Premium	0	0	730,671	996,581	730,671	996,581
Total Net Outstanding	\$5,552,680	\$7,418,145	\$26,110,671	\$29,836,581	\$31,663,351	\$37,254,726

The City's total debt outstanding decreased by \$5.3 million primarily because of scheduled principal payments (\$1.8 million in Governmental Activities and \$3.5 million in the Business-type Activities). At September 30, 2014 and 2013, unamortized refunding losses related to bonded indebtedness totaling \$1.2 million and \$1.7 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.

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

Moody's reaffirmed their rating in 2010 and Fitch reaffirmed their rating of AA- in 2014 for the Utility Revenue Bonds. All of the Governmental Activity bonds are unrated and all but one are qualified tax-exempt obligations pursuant to Section 265 (b) (3), Internal Revenue Code of 1986. The one bond 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 53-56 of this report. As can be seen in the debt information presented, the City should be debt free in the beginning of Fiscal Year 2021.

Economic Factors and Next Year's Budget and Rates

The strength of the local economy has shown a significant improvement in the past year although the current national economic condition is improving at a somewhat slower pace. The City's 2015 budget anticipates minor increases in property taxes, communication services taxes, tourist taxes, and building permit fees, which will contribute to an overall 4% increase in General Fund revenues. However, total revenues for the City including proprietary funds are estimated to decline approximately 2.5%.

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 has been other proposed legislation that has thus far been defeated or otherwise negated which could have reduced communications service taxes and business taxes. Even so, the City is closely monitoring potential future revenue reductions related to additional property tax reform initiatives or other local revenue sources by the state legislature.

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

Of particular concern to management in the past few years has been the trend of increasing costs for health and pension benefits for employees. During the past fiscal year, the City issued requests for proposals for health insurance and was successful in containing these costs through the acquisition of a new health insurance provider while improving health insurance coverage for its employees. In addition, the City successfully negotiated pension reforms with the employee unions and substantially improved the financial sustainability of all three employee pension plans while maintaining the defined benefit status of those plans. We are continuing to review potential legislative options to reform the state laws related to these retirement plans which could increase local control over retirement benefits and costs and still further improving the financial sustainability of the retirement 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 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 is 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 recent economic conditions, property tax reform initiatives by the state legislature, employee pension and health care costs, 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 trend 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 FY 2015 included the following:

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

- Spending patterns in all funds must be sustainable.
- The General Fund Budget will be based on a reduced millage rate of \$3.9947.
- 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.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 39,051,269	\$ 72,703,533	\$ 111,754,802
Other Cash and Investments	4,625	2,815,697	2,820,322
Accounts Receivable, Net	237,208	17,379,916	17,617,124
Assessments Receivable, Net	48,662	3,110	51,772
Due from Other Governments	1,191,834		1,191,834
Inventories		2,275,099	2,275,099
Prepaid Items	52,899	90,723	143,622
Restricted Assets:			
Equity in Pooled Cash and Investments		9,630,182	9,630,182
Capital Assets:			
Nondepreciable	41,205,597	16,342,150	57,547,747
Depreciable, Net	49,428,406	160,430,077	209,858,483
Total Assets	131,220,500	281,670,487	412,890,987
Deferred Outflows of Resources			
Unamortized Refunding Loss	0	1,224,991	1,224,991
Liabilities			
Accounts Payable	516,203	5,981,618	6,497,821
Accrued Interest		456,704	456,704
Other Accrued Liabilities	801,047	972,422	1,773,469
Power Costs Recovered in Advance		25,836,835	25,836,835
Due to Other Governments	281,830		281,830
Deposits	7,184	5,427,213	5,434,397
Unearned Revenues	178,076	38,434	216,510
Self-insurance Claims Payable	218,151		218,151
Noncurrent Liabilities:			
Due Within One Year	2,179,963	3,889,383	6,069,346
Due in More Than One Year	7,949,292	24,857,406	32,806,698
Total Liabilities	12,131,746	67,460,015	79,591,761
Net Position			
Net Investment in Capital Assets	85,081,323	151,886,547	236,967,870
Restricted for:			
Redevelopment	12,893,684		12,893,684
Tourism	661,380		661,380
Transportation Improvements	374,231		374,231
Capital Projects	3,452,035	2,000,000	5,452,035
Law Enforcement	822,580		822,580
Unrestricted	15,803,521	61,548,916	77,352,437
Total Net Position	\$ 119,088,754	\$ 215,435,463	\$ 334,524,217

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 2,481,148	\$ 74,677			\$ (2,406,471)		\$ (2,406,471)
Law Enforcement	8,644,124	169,424	\$ 367,809	\$ 74,792	(8,032,099)		(8,032,099)
Fire Control	3,697,834		6,147		(3,691,687)		(3,691,687)
Building Inspections	436,897	563,934			127,037		127,037
Physical Environment	356,947	3,758			(353,189)		(353,189)
Roads and Streets	2,937,071	177,144		788,681	(1,971,246)		(1,971,246)
Parks and Recreation	2,840,920	126,804	791,787		(1,922,329)		(1,922,329)
Interest on Long-term Debt	167,258				(167,258)		(167,258)
Total Governmental Activities	21,562,199	1,115,741	1,165,743	863,473	(18,417,242)	\$ 0	(18,417,242)
Business-type Activities							
Electric	78,915,218	86,218,701		303,170		7,606,653	7,606,653
Water and Sewer	8,919,844	10,793,248		1,158,758		3,032,162	3,032,162
Stormwater	1,307,367	1,273,921		1,692,879		1,659,433	1,659,433
Sanitation	3,201,492	3,218,670				17,178	17,178
Golf Course	1,346,173	1,271,338				(74,835)	(74,835)
Leased Facilities	267,406	621,022				353,616	353,616
Natural Gas	1,529,129	2,100,135				571,006	571,006
Total Business-type Activities	95,486,629	105,497,035	0	3,154,807	0	13,165,213	13,165,213
Total Primary Government	\$ 117,048,828	\$ 106,612,776	\$ 1,165,743	\$ 4,018,280	(18,417,242)	13,165,213	(5,252,029)
General Revenues							
Taxes:							
					15,137,151		15,137,151
					5,280		5,280
					1,112,859		1,112,859
					1,158,559		1,158,559
					298,019		298,019
					719,143		719,143
					718,854		718,854
					2,830,039		2,830,039
					64,142		64,142
					511,269	487,702	998,971
					148,707		148,707
					4,030,356	(4,030,356)	0
					26,734,378	(3,542,654)	23,191,724
					8,317,136	9,622,559	17,939,695
					110,771,618	205,812,904	316,584,522
					\$ 119,088,754	\$ 215,435,463	\$ 334,524,217

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 10,515,661	\$ 5,970,427	\$ 13,163,234	\$ 5,544,442	\$ 35,193,764
Other Cash and Investments	4,625				4,625
Receivables:					
Accounts, Net	206,005	375	165	30,038	236,583
Assessments, Net	12,285		1,128	35,249	48,662
Interfund Receivables	39,575				39,575
Due from Other Governments	753,882			437,952	1,191,834
Total Assets	11,532,033	5,970,802	13,164,527	6,047,681	36,715,043
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	209,220	34,342	84,185	12,502	340,249
Other Accrued Liabilities	462,459		186,493	3,046	651,998
Due to Other Governments	281,830				281,830
Interfund Payables				39,575	39,575
Deposits	7,184				7,184
Unearned Revenue	177,911		165		178,076
Total Liabilities	1,138,604	34,342	270,843	55,123	1,498,912
Deferred Inflows of Resources					
Unavailable Revenues	910,341	375	1,128	377,787	1,289,631
Fund Balances					
Restricted for:					
Redevelopment			12,892,556		12,892,556
Tourism Expenses				636,680	636,680
Transportation Improvements				192,931	192,931
Capital Projects				3,280,248	3,280,248
Law Enforcement				822,580	822,580
Committed for:					
Revenue Stabilization	4,865,183				4,865,183
Cemetery Improvements	57,650				57,650
Tree Replacement				5,955	5,955
Assigned for:					
Unanticipated Events/ Emergencies	4,560,255				4,560,255
Capital Projects		5,936,085		44,490	5,980,575
Debt Service				631,887	631,887
Total Fund Balances	9,483,088	5,936,085	12,892,556	5,614,771	33,926,500
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,532,033	\$ 5,970,802	\$ 13,164,527	\$ 6,047,681	\$ 36,715,043

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

Fund Balance - Total Governmental Funds \$ 33,926,500

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	\$ 136,065,526	
(Accumulated Depreciation)	<u>(46,151,034)</u>	89,914,492

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		1,289,631
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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	(5,552,680)	
Accrued Other Postemployment Benefits	(1,405,754)	
Compensated Absences	<u>(2,298,476)</u>	(9,256,910)

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>3,215,041</u>
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Net Position of Governmental Activities \$ 119,088,754

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,135,534		\$ 7,924,509	\$ 2,118,521	\$ 19,178,564
Licenses and Permits	568,985				568,985
Intergovernmental	3,709,349			221,648	3,930,997
Charges for Services	315,396		1,501	71,685	388,582
Fines and Forfeitures	179,357			125,719	305,076
Interest and Other Revenue	332,235	\$ 67,826	182,857	135,067	717,985
Total Revenues	14,240,856	67,826	8,108,867	2,672,640	25,090,189
Expenditures					
Current:					
General Government	1,970,460	226,068	216,494		2,413,022
Public Safety	11,338,103	11,212	496,984	147,223	11,993,522
Physical Environment				13,270	13,270
Roads and Streets	1,403,175			396,301	1,799,476
Parks and Recreation	2,305,359			114,565	2,419,924
Debt Service:					
Principal			965,466	900,000	1,865,466
Interest and Fees			78,198	89,060	167,258
Capital Outlay		743,769	3,596,075	169,082	4,508,926
(Total Expenditures)	(17,017,097)	(981,049)	(5,353,217)	(1,829,501)	(25,180,864)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,776,241)	(913,223)	2,755,650	843,139	(90,675)
Other Financing Sources (Uses)					
Transfers in	4,537,049	1,406,471		986,797	6,930,317
Transfers (out)	(1,318,799)			(1,695,445)	(3,014,244)
Total Other Financing Sources (Uses)	3,218,250	1,406,471	0	(708,648)	3,916,073
Net Change in Fund Balances	442,009	493,248	2,755,650	134,491	3,825,398
Fund Balances, Beginning of Year	9,041,079	5,442,837	10,136,906	5,480,280	30,101,102
Fund Balances, End of Year	\$ 9,483,088	\$ 5,936,085	\$ 12,892,556	\$ 5,614,771	\$ 33,926,500

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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Change in Fund Balance - Total Governmental Funds \$ 3,825,398

**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	\$ 4,741,971	
Contributions from Developers	807,950	
Disposals and Transfers	(93,711)	
(Current Year Depreciation)	<u>(3,029,331)</u>	2,426,879

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		1,865,466
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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	(116,625)	
Change in Other Postemployment Benefits	<u>(143,422)</u>	(260,047)

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.		(31,685)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		<u>491,125</u>
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Change in Net Position of Governmental Activities \$ 8,317,136

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes	\$ 9,300,883	\$ 9,300,883	\$ 9,135,534	\$ (165,349)
Licenses and Permits	358,600	358,600	568,985	210,385
Intergovernmental	3,693,331	3,647,687	3,709,349	61,662
Charges for Services	371,650	371,650	315,396	(56,254)
Fines and Forfeitures	188,000	188,000	179,357	(8,643)
Interest and Other Revenue	360,000	384,325	332,235	(52,090)
Total Revenues	<u>14,272,464</u>	<u>14,251,145</u>	<u>14,240,856</u>	<u>(10,289)</u>
Expenditures				
Executive and Legislative	750,286	750,286	576,160	174,126
Central Services	436,782	581,220	420,004	161,216
Planning and Development	633,072	633,072	597,238	35,834
Parks and Recreation	2,323,240	2,405,980	2,305,360	100,620
Public Works	1,504,640	1,507,778	1,403,175	104,603
Police	8,304,083	8,368,343	7,462,206	906,137
Fire	3,644,009	3,697,873	3,433,279	264,594
Nondepartmental	1,124,373	890,399	819,675	70,724
(Total Expenditures)	<u>(18,720,485)</u>	<u>(18,834,951)</u>	<u>(17,017,097)</u>	<u>1,817,854</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(4,448,021)</u>	<u>(4,583,806)</u>	<u>(2,776,241)</u>	<u>1,807,565</u>
Other Financing Sources (Uses)				
Transfers in	4,513,021	4,533,062	4,537,049	3,987
Transfers (out)	(165,000)	(1,318,799)	(1,318,799)	0
Total Other Financing Sources (Uses)	<u>4,348,021</u>	<u>3,214,263</u>	<u>3,218,250</u>	<u>3,987</u>
Net Change in Fund Balance	<u>\$ (100,000)</u>	<u>\$ (1,369,543)</u>	<u>\$ 442,009</u>	<u>\$ 1,811,552</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 7,018,330	\$ 7,018,330	\$ 7,924,509	\$ 906,179
Charges for Services			1,501	1,501
Interest and Other Revenue	45,000	45,000	182,857	137,857
Total Revenues	<u>7,063,330</u>	<u>7,063,330</u>	<u>8,108,867</u>	<u>1,045,537</u>
Expenditures				
Current:				
General Government	177,085	632,425	216,494	415,931
Public Safety	629,807	816,335	496,984	319,351
Debt Service:				
Principal	965,465	965,465	965,466	(1)
Interest and Fees	83,274	83,274	78,198	5,076
Capital Outlay	4,256,608	18,733,419	3,596,075	15,137,344
(Total Expenditures)	<u>(6,112,239)</u>	<u>(21,230,918)</u>	<u>(5,353,217)</u>	<u>15,877,701</u>
Net Change in Fund Balance	<u>\$ 951,091</u>	<u>\$ (14,167,588)</u>	<u>\$ 2,755,650</u>	<u>\$ 16,923,238</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Assets					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 50,472,626	\$ 11,214,447	\$ 11,016,460	\$ 72,703,533	\$ 3,857,505
Other Operating Cash	6,120	4,080	1,290	11,490	
Other Investments	1,682,524	1,121,683		2,804,207	
Receivables:					
Accounts, Net	15,152,244	1,433,209	794,463	17,379,916	625
Assessments, Net		3,110		3,110	
Inventories	2,263,576		11,523	2,275,099	
Prepaid Expenses	86,181		4,542	90,723	52,899
Restricted Assets:					
Equity in Pooled Cash and Investments	8,224,762	1,405,420		9,630,182	
Total Current Assets	<u>77,888,033</u>	<u>15,181,949</u>	<u>11,828,278</u>	<u>104,898,260</u>	<u>3,911,029</u>
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,474,389	4,387,615	
Buildings and Improvements	176,547,691	79,014,248	29,253,640	284,815,579	1,610,007
Equipment	4,610,377	2,355,198	1,179,245	8,144,820	1,983,670
Construction in Progress	7,102,507	4,167,375	684,653	11,954,535	
	<u>190,811,831</u>	<u>85,898,791</u>	<u>32,591,927</u>	<u>309,302,549</u>	<u>3,593,677</u>
(Accumulated Depreciation)	<u>(88,050,958)</u>	<u>(33,888,281)</u>	<u>(10,591,083)</u>	<u>(132,530,322)</u>	<u>(2,874,166)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>102,760,873</u>	<u>52,010,510</u>	<u>22,000,844</u>	<u>176,772,227</u>	<u>719,511</u>
Total Noncurrent Assets	<u>102,760,873</u>	<u>52,010,510</u>	<u>22,000,844</u>	<u>176,772,227</u>	<u>719,511</u>
Total Assets	<u>180,648,906</u>	<u>67,192,459</u>	<u>33,829,122</u>	<u>281,670,487</u>	<u>4,630,540</u>
Deferred Outflows of Resources - Noncurrent					
Unamortized Refunding Loss	<u>787,899</u>	<u>437,092</u>	<u>0</u>	<u>1,224,991</u>	<u>0</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA
 (Concluded)**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 5,168,822	\$ 407,541	\$ 405,255	\$ 5,981,618	\$ 175,954
Power Costs Recovered in Advance	25,270,933		565,902	25,836,835	
Other Accrued Liabilities	617,500	302,118	52,804	972,422	149,049
Unearned Revenue			38,434	38,434	
Estimated Liability for Self-insured Losses				0	218,151
Current Portion of Long-term Debt:					
Compensated Absences	208,680	105,323	20,380	334,383	174,470
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,093,895	1,461,105		3,555,000	
Accrued Interest	269,040	187,664		456,704	
Customer Deposits	5,427,213			5,427,213	
Total Current Liabilities	39,056,083	2,463,751	1,082,775	42,602,609	717,624
Noncurrent Liabilities:					
Revenue Bonds Payable	13,285,290	9,270,381		22,555,671	
Accrued Compensated Absences	834,722	421,291	81,520	1,337,533	697,875
Other Postemployment Benefits	567,708	315,393	81,101	964,202	
Total Noncurrent Liabilities	14,687,720	10,007,065	162,621	24,857,406	697,875
Total Liabilities	53,743,803	12,470,816	1,245,396	67,460,015	1,415,499
Net Position					
Net Investment in Capital Assets	88,169,587	41,716,116	22,000,844	151,886,547	719,511
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Unrestricted	38,023,415	12,942,619	10,582,882	61,548,916	2,495,530
Total Net Position	\$ 127,693,002	\$ 55,158,735	\$ 32,583,726	\$ 215,435,463	\$ 3,215,041

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds		
Operating Revenues					
Charges for Services	\$ 86,123,701	\$ 10,705,820	\$ 7,823,995	\$ 104,653,516	\$ 10,478,002
Other	95,000	87,428	661,091	843,519	50,512
Total Operating Revenues	<u>86,218,701</u>	<u>10,793,248</u>	<u>8,485,086</u>	<u>105,497,035</u>	<u>10,528,514</u>
Operating Expenses					
Purchased Power	63,519,558		1,132,401	64,651,959	
Personal Services	4,381,920	2,591,141	995,024	7,968,085	3,620,418
Purchased Services	928,576	439,614	3,323,484	4,691,674	1,080,007
Repairs and Maintenance	448,912	757,480	287,729	1,494,121	426,979
Depreciation	5,438,189	2,515,482	997,872	8,951,543	141,104
Materials and Supplies	534,990	327,501	208,440	1,070,931	293,255
Other Expenses	2,972,805	1,856,606	762,715	5,592,126	4,614,118
(Total Operating Expenses)	<u>(78,224,950)</u>	<u>(8,487,824)</u>	<u>(7,707,665)</u>	<u>(94,420,439)</u>	<u>(10,175,881)</u>
Operating Income	<u>7,993,751</u>	<u>2,305,424</u>	<u>777,421</u>	<u>11,076,596</u>	<u>352,633</u>
Nonoperating Revenues (Expenses)					
Investment Earnings	242,017	116,301	129,384	487,702	38,934
Interest Expense	(678,068)	(432,020)		(1,110,088)	
(Loss) Gain on Disposal of Capital Assets	(12,200)	(47,668)	56,098	(3,770)	(8,742)
(Total Nonoperating Revenues Expenses)	<u>(448,251)</u>	<u>(363,387)</u>	<u>185,482</u>	<u>(626,156)</u>	<u>30,192</u>
Income Before Contributions and Transfers	<u>7,545,500</u>	<u>1,942,037</u>	<u>962,903</u>	<u>10,450,440</u>	<u>382,825</u>
Capital Contributions					
Connection Fees	178,585	201,974		380,559	
Capital Grants		57,339		57,339	
Contributions from Other Funds		8,383		8,383	33,302
Developer and Other Contributions	124,585	899,445	1,692,879	2,716,909	
Total Capital Contributions	<u>303,170</u>	<u>1,167,141</u>	<u>1,692,879</u>	<u>3,163,190</u>	<u>33,302</u>
Transfers					
Transfers in					74,998
Transfers (out)	(3,608,401)		(382,670)	(3,991,071)	
Total Transfers	<u>(3,608,401)</u>	<u>0</u>	<u>(382,670)</u>	<u>(3,991,071)</u>	<u>74,998</u>
Change in Net Position	4,240,269	3,109,178	2,273,112	9,622,559	491,125
Total Net Position, Beginning of Year	<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>
Total Net Position, End of Year	<u>\$ 127,693,002</u>	<u>\$ 55,158,735</u>	<u>\$ 32,583,726</u>	<u>\$ 215,435,463</u>	<u>\$ 3,215,041</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Cash Flows from Operating Activities					
Cash Received from Customers and Users	\$ 89,288,285	\$ 10,702,768	\$ 8,417,346	\$ 108,408,399	\$ 10,806,429
Cash Payments to Vendors for Goods and Services	(69,098,426)	(3,384,043)	(5,762,979)	(78,245,448)	(6,458,767)
Cash Payments to Employees for Services Claims Paid	(4,410,643)	(2,622,350)	(989,682)	(8,022,675)	(3,633,854)
					(503,997)
Net Cash Provided by (Used in) Operating Activities	15,779,216	4,696,375	1,664,685	22,140,276	209,811
Cash Flows from Noncapital Financing Activities					
Transfers in				0	53,799
Transfers (out)	(3,608,401)		(361,471)	(3,969,872)	
Net Cash Provided by (Used in) Noncapital Financing Activities	(3,608,401)	0	(361,471)	(3,969,872)	53,799
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(6,088,748)	(2,620,101)	(762,726)	(9,471,575)	(3,813)
Removal Costs	(166,000)			(166,000)	
Proceeds from Sale of Capital Assets	77,104		57,000	134,104	
Principal Paid on Revenue Bonds	(2,037,940)	(1,422,060)		(3,460,000)	
Interest Paid and Fiscal Charges	(569,320)	(399,974)		(969,294)	
Capital Grants		57,339		57,339	
Connection Fees	178,585	201,974		380,559	
Net Cash Provided by (Used in) Capital and Related Financing Activities	(8,606,319)	(4,182,822)	(705,726)	(13,494,867)	(3,813)
Cash Flows from Investing Activities					
Interest Received on Investments	202,371	89,870	129,386	421,627	38,934
Net Increase (Decrease) in Cash and Cash Equivalents	3,766,867	603,423	726,874	5,097,164	298,731
Cash and Cash Equivalents, Beginning of Year	54,936,641	12,020,524	10,290,876	77,248,041	3,558,774
Cash and Cash Equivalents, End of Year	\$ 58,703,508	\$ 12,623,947	\$ 11,017,750	\$ 82,345,205	\$ 3,857,505

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>	<u>Totals</u>	Activities - Internal Service Funds
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>					
Current Assets					
Equity in Pooled Cash and Investments	\$ 50,472,626	\$ 11,214,447	\$ 11,016,460	\$ 72,703,533	\$ 3,857,505
Other Operating Cash	6,120	4,080	1,290	11,490	
Restricted Assets					
Equity in Pooled Cash and Investments	8,224,762	1,405,420		9,630,182	
Total	<u>\$ 58,703,508</u>	<u>\$ 12,623,947</u>	<u>\$ 11,017,750</u>	<u>\$ 82,345,205</u>	<u>\$ 3,857,505</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income (Loss)	\$ 7,993,751	\$ 2,305,424	\$ 777,421	\$ 11,076,596	\$ 352,633
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,438,189	2,515,482	997,872	8,951,543	141,104
Power Costs Recovered in Advance (Returned)	2,522,888		(57,409)	2,465,479	
Decrease in Estimated Liability for Self-insured Losses				0	(577,264)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	399,054	(128,381)	(16,042)	254,631	277,915
Assessments Receivable		(101)		(101)	
Inventories	(243,259)		5,228	(238,031)	
Due from Other Governments		38,002		38,002	
Prepaid Expenses	1,903		20	1,923	(4,253)
Accounts Payable and Other Accrued Liabilities	(452,229)	(2,842)	(53,458)	(508,529)	33,112
Customer Deposits	147,642			147,642	
Accrued Compensated Absences	(86,643)	(63,387)	(2,932)	(152,962)	(13,436)
Unearned Revenues			5,711	5,711	
Other Postemployment Benefits	57,920	32,178	8,274	98,372	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 15,779,216</u>	<u>\$ 4,696,375</u>	<u>\$ 1,664,685</u>	<u>\$ 22,140,276</u>	<u>\$ 209,811</u>
<u>Supplemental Disclosure of Noncash Activities</u>					
Change in Fair Value of Investments	\$ 39,646	\$ 26,431		\$ 66,077	
Amortization of Bond Discount (Premium)	(156,621)	(109,289)		(265,910)	
Amortization of Loss on Refunding	286,738	159,070		445,808	
Contributed Assets	124,585	899,445	\$ 1,692,879	2,716,909	
Capital Assets Transferred in					\$ 21,199
Capital Assets Transferred (out)			(21,199)	(21,199)	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

Assets

Equity in Pooled Cash and Investments	\$ 1,483,567
Accrued Interest	147,829
Due from Other Governments	83,710
Investments:	
Equities, Including Mutual Funds	51,194,001
Corporate Bonds	14,001,662
U.S. Government Obligations/Agencies	13,086,002
Total Investments	<u>78,281,665</u>
Total Assets	<u><u>79,996,771</u></u>

Liabilities

Accounts Payable	94,928
Other Accrued Liabilities	2,420
Total Liabilities	<u><u>97,348</u></u>

Net Position

Held in Trust for Pension Benefits	<u><u>\$ 79,899,423</u></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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

Additions

Contributions:	
Employee	\$ 1,158,121
Employer	1,765,870
State of Florida	439,509
Total Contributions	<u>3,363,500</u>

Investment Income:	
Investment Earnings	7,762,764
(Investment Expenses)	(235,437)
Net Investment Income	<u>7,527,327</u>

Total Additions	<u>10,890,827</u>
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Deductions

Benefits	5,609,654
Refunds of Contributions	452,116
Administrative Expense	261,536
	<u>6,323,306</u>

(Total Deductions)	<u>(6,323,306)</u>
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Change in Net Position	4,567,521
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Net Position, Beginning of Year	<u>75,331,902</u>
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Net Position, End of Year	<u><u>\$ 79,899,423</u></u>
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See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
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 CRA is being treated as a blended component unit and included as part of the primary government for financial reporting purposes because the City Council is the governing body for the CRA and management of the City has operational responsibility for the CRA. The CRA is presented in the financial statements of the City as a special revenue fund. The CRA does not issue a separate set of financial statements.

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, 2014
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, 2014
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, 2014
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, 2014
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, 2014, is \$191,866. 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, 2014, are unbilled amounts totaling \$8,530,772. 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, 2014, 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 and Prepaid Items**—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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
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 2014.

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, 2014
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, 2014
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, which are considered equally binding) 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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

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, 2014.

■ **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. 67, *Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25*. This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. This Statement requires additional disclosures regarding the City's pension plans and specifies the required approach to measuring the net pension liability.

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:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 2 - Property Tax Calendar (Concluded)

Lien Date	January 1, 2013
Levy Date	October 1, 2013
Installment Payments	
First Installment	No Later Than June 30, 2013
Second Installment	No Later Than September 30, 2013
Third Installment	No Later Than December 31, 2013
Fourth Installment	No Later Than March 31, 2014
Regular Payments	
Discount Periods	November 2013 Through February 2014
No Discount Period	After March 1, 2014
Delinquent Date	April 1, 2014

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.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

Note 3 - Stewardship, Compliance and Accountability (Continued)

Budgets (Continued)

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:

	Encumbrances			Amended Budget
	Original Budget	Rolled Forward	Supplemental Appropriations	
General Fund	\$ 18,885,485	\$ 119,925	\$ 1,148,340	\$ 20,153,750
Special Revenue Funds	8,508,281	10,286,012	5,057,378	23,851,671
Debt Service Funds	990,797			990,797

Supplementary budgetary appropriations for the general fund include the following:

- \$10,670 for improvements to the #1 adult softball field at Wingate Park
- \$23,210 for cemetery improvements at H. Warren Smith Cemetery
- \$22,500 for additional overtime in the Fire Department
- \$10,000 for actuarial services for the General, Police and Fire Pension Funds
- \$3,948 for security costs for “Deck the Chairs” event
- \$12,650 for transfer to Dog Park Fund for installation of fountain, stormwater pond, and shade shelter
- (\$72,242) for reduction in unanticipated budget to partially offset mid-year budget adjustments
- \$1,100,000 for transfer to capital projects fund for partial funding for future radio system replacement, future business software applications, replacement, and future roof replacements and major building repairs
- \$48,240 for repairs to HVAC and security gate at Operations and Maintenance facility
- \$94,038 for replacement of emergency generators at City Hall and Police building
- \$12,490 for repairs at Wingate Park football fields
- \$25,000 for additional hours for ocean rescue
- \$11,280 for security improvements at the Carver Center
- \$15,000 for additional funding for the “Deck the Chairs” event
- \$20,000 for retail feasibility study and business recruitment
- \$19,799 for replacement of rotary mower for grounds maintenance
- \$34,000 for upgrades to GIS software
- (\$262,366) for reduction in unanticipated budget to partially offset year-end budget adjustments
- \$20,123 for other adjustments

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Budgets (Concluded)

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

- \$4,400 for replacement batteries for uninterruptible power supply for radio system
- \$19,000 for professional services for Downtown Action Plan
- \$32,794 for design for South Beach Park improvements and traffic modifications
- \$112,000 for drainage/road improvements for Williams-Coastal near Seabreeze Elementary School and for road improvements for 1st Street North project along 8th Avenue North
- \$332,191 for wages, benefits, supplies, and vehicles for additional police staffing for Downtown CAPE program
- \$45,386 for design of parking lot at 2nd Street North between 3rd and 4th Avenues
- \$4,358,040 to commit funds for Downtown Redevelopment projects related to Phase III of the Downtown Vision Plan
- \$140,507 for purchase of property in South Beach Redevelopment area
- \$13,060 for changes related to the Community Development Block Grant

Other Disclosures

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

	Excess Transfers Out
Special Revenue Fund	
JAG Grant Fund	\$ 3,987

This excess occurred because actual transfers exceeded original budgeted expectations. Current year revenues were sufficient to cover excess transfers over appropriations.

There was a deficit in net position in the Other Internal Service fund totaling (\$106,322). 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 \$121,384,984 in governmental and business-type funds and \$418,964 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$5,915 in petty cash and \$2,814,407 in bank deposits and investments.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

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, 2014, the carrying amount of the City's deposits held in qualified public depositories was \$12,840,354 and the bank balance was \$12,422,325.

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 \$454,237 and the amount of deposits held in the pension trust funds was \$1,064,603.

Investments

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2014:

Investment Type	S&P Credit Rating	Fair Value	Investment Maturities			
			Less than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	AA+	\$ 33,806,431	\$ 1,662,118	\$ 31,593,633	\$ 550,680	
Federal Agency Securities:						
Federal Home Loan Bank Corporation	AA+	6,566,876		6,566,876		
Federal Home Loan Mortgage Association	AA+	6,267,953	134,434	4,083,650	717,613	\$ 1,332,256
Federal Farm Credit Bank Association	AA+	2,482,324	700,410	1,781,914		
Federal National Mortgage Association	AA+	10,429,956	137,196	7,959,832	1,364,244	968,684
Government National Mortgage Association	AA+	629,468		2,308		627,160
U.S. Department of Housing and Urban Development	N/A	50,539		50,539		
Coporate ABSs	AAA	4,629,395	29,471	4,288,803	100,729	210,392
Coporate ABSs	AA+	548,963	96,177		99,996	352,790
Coporate ABSs	Aaa(Moody's)	2,365,823	29,259	2,336,564		
Corporate Bonds	AA+	2,788,446		2,547,572	240,874	
Corporate Bonds	AA	1,406,394		1,406,394		
Corporate Bonds	AA-	2,331,540	67,070	2,264,470		
Corporate Bonds	A+	4,569,712	51,213	4,518,499		
Corporate Bonds	A	5,131,344	205,105	4,926,239		
Corporate Bonds	A-	11,288,882	485,340	10,439,157	364,385	
Corporate Bonds	BBB+	34,678		34,678		
Corporate Bonds	Aaa(Moody's)	2,931,852	2,971	124,674	2,804,207	
Municipal Bonds	AAA	461,687	201,889	259,798		
Municipal Bonds	AA+	435,252	339,684	95,568		
Municipal Bonds	AA	155,732	155,732			
Municipal Bonds	AA-	86,704	25,096	61,608		
Municipal Bonds	Unrated	69,102	47,312	21,790		
Florida State Board of Administration:						
Florida PRIME	AAAm	173,994	173,994			
Florida Municipal Investment Trust:						
Short-term Bond Portfolio (0-2 Years)	AAA (Fitch)	11,680,717	11,680,717			
Total		\$ 111,323,764	\$ 16,225,188	\$ 85,364,566	\$ 6,242,728	\$ 3,491,282

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Investments (Concluded)

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2014:

<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	\$ 51,194,001	\$ 51,194,001			
U.S. Government Securities	8,730,131		\$ 7,727,877		\$ 1,002,254
Federal Agency Securities:					
Federal Home Loan Mortgage Corporation	1,381,954	328,172	45,213	\$ 85,905	922,664
Federal Farm Credit Bank	660,515	660,515			
Federal National Mortgage Association	2,313,402		50,674	199,480	2,063,248
Corporate Bonds	<u>14,001,662</u>		<u>5,958,044</u>	<u>6,026,284</u>	<u>2,017,334</u>
Total	<u>\$ 78,281,665</u>	<u>\$ 52,182,688</u>	<u>\$ 13,781,808</u>	<u>\$ 6,311,669</u>	<u>\$ 6,005,500</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	11.2%
Federal Agency Securities	Aaa	5.6%
Corporate Bonds	A1	3.9%
Corporate Bonds	A2	3.3%
Corporate Bonds	A3	4.4%
Corporate Bonds	Aa3	0.6%
Corporate Bonds	NR*	5.76%

*Bonds were rated A- or better by Fitch

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, 2014
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, 2014, 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).

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 the corporation is listed on one or more of the recognized national stock exchanges. Corporate fixed income securities must hold a rating of A or higher by Moody's or Standard & Poor's rating services.

Risk Disclosure

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

- **Interest Rate Risk**—the City's fixed rate investments are generally tied to bond reserve requirements and are intended to be held until the funds are needed, at maturity. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's pension funds limit their risk by averaging investment maturities at approximately five to seven years.
- **Custodial Credit Risk**—for an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third-party custodians to help manage custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Concluded)

Risk Disclosure (Concluded)

- **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, 2014, the balance in these accounts consists of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 39,575	
Special Revenue Funds		
Community Development Block Grant		\$ 23,990
JAG Grant		15,585
Total	\$ 39,575	\$ 39,575

Note 6 - Transfers In/Out

Interfund transfers during the year ended September 30, 2014, 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>Other Governmental</u>	<u>Internal Service</u>	
General Fund		\$ 1,265,000 ⁽³⁾		\$ 53,799 ⁽¹⁾	\$ 1,318,799
Other Governmental	\$ 708,648 ⁽³⁾		\$ 986,797 ⁽⁴⁾		1,695,445
Electric Fund	3,608,401 ⁽⁵⁾				3,608,401
Other Enterprise	220,000 ⁽¹⁾	141,471 ⁽²⁾		21,199 ⁽⁶⁾	382,670
Total Transfers Out	\$ 4,537,049	\$ 1,406,471	\$ 986,797	\$ 74,998	\$ 7,005,315

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

In addition, transfers at the entity-wide level include \$8,383 in capital asset transfers from governmental to business-type activities and a \$47,668 capital asset transfer from business-type activities to governmental.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 29,224,644			\$ 29,224,644
Construction in Progress	<u>10,478,751</u>	<u>\$ 3,536,373</u>	<u>\$ (2,034,171)</u>	<u>11,980,953</u>
Total Capital Assets Not Being Depreciated	<u>39,703,395</u>	<u>3,536,373</u>	<u>(2,034,171)</u>	<u>41,205,597</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	31,830,970	236,720		32,067,690
Equipment	11,602,541	1,035,635	(932,388)	11,705,788
Road Network	24,982,941	2,248,188	(148,341)	27,082,788
Other Infrastructure Networks	<u>27,084,499</u>	<u>585,490</u>	<u>(72,646)</u>	<u>27,597,343</u>
Total Capital Assets Being Depreciated	<u>95,500,951</u>	<u>4,106,033</u>	<u>(1,153,375)</u>	<u>98,453,609</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,677,268)	(1,033,406)		(12,710,674)
Equipment	(8,720,732)	(900,510)	914,348	(8,706,894)
Road Network	(10,151,809)	(477,106)	73,815	(10,555,100)
Other Infrastructure Networks	<u>(16,355,881)</u>	<u>(759,413)</u>	<u>62,759</u>	<u>(17,052,535)</u>
Total Accumulated Depreciation	<u>(46,905,690)</u>	<u>(3,170,435)</u>	<u>1,050,922</u>	<u>(49,025,203)</u>
Total Being Depreciated, Net	<u>48,595,261</u>	<u>935,598</u>	<u>(102,453)</u>	<u>49,428,406</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,298,656</u>	<u>\$ 4,471,971</u>	<u>\$ (2,136,624)</u>	<u>\$ 90,634,003</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,134,311	\$ 253,304		\$ 4,387,615
Construction in Progress	<u>9,899,132</u>	<u>8,257,488</u>	<u>\$ (6,202,085)</u>	<u>11,954,535</u>
Total Capital Assets Not Being Depreciated	<u>14,033,443</u>	<u>8,510,792</u>	<u>(6,202,085)</u>	<u>16,342,150</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	275,816,697	9,030,372	(31,490)	284,815,579
Equipment	<u>8,367,200</u>	<u>778,078</u>	<u>(1,000,458)</u>	<u>8,144,820</u>
Total Capital Assets Being Depreciated	<u>284,183,897</u>	<u>9,808,450</u>	<u>(1,031,948)</u>	<u>292,960,399</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(118,777,789)	(8,296,342)	196,225	(126,877,906)
Equipment	<u>(5,919,575)</u>	<u>(655,201)</u>	<u>922,360</u>	<u>(5,652,416)</u>
Total Accumulated Depreciation	<u>(124,697,364)</u>	<u>(8,951,543)</u>	<u>1,118,585</u>	<u>(132,530,322)</u>
Total Being Depreciated, Net	<u>159,486,533</u>	<u>856,907</u>	<u>86,637</u>	<u>160,430,077</u>
Business-type Activities Capital Assets, Net	<u>\$ 173,519,976</u>	<u>\$ 9,367,699</u>	<u>\$ (6,115,448)</u>	<u>\$ 176,772,227</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Capital Assets (Concluded)

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

Governmental Activities			
General Government		\$	559,816
Law Enforcement			385,589
Fire Control			212,212
Building Inspections			2,444
Physical Environment			343,677
Roads and Streets			1,065,350
Parks and Recreation			460,243
Internal Service Funds			141,104
Total Depreciation Expense - Governmental Activities		\$	<u>3,170,435</u>
 Business-type Activities			
Electric		\$	5,438,189
Water and Sewer			2,515,482
Stormwater			710,562
Sanitation			48,683
Golf Courses			95,226
Leased Facilities			34,586
Natural Gas			108,815
Total Depreciation Expense - Business-type Activities		\$	<u>8,951,543</u>

Note 8 - Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

	Balance		Other	Balance	Due Within
	9/30/2013	Additions	Reductions	9/30/2014	One Year
Governmental Activities					
Revenue Bonds	\$ 7,418,146		\$ (1,865,466)	\$ 5,552,680	\$ 1,545,799
Accrued Compensated Absences	3,067,632	\$ 1,211,759	(1,108,570)	3,170,821	634,164
Accrued Other Postemployment Benefits	1,262,332	143,422		1,405,754	
Total Governmental Activities	11,748,110	1,355,181	(2,974,036)	10,129,255	2,179,963
Business-type Activities					
Revenue Bonds - Par	28,840,000		(3,460,000)	25,380,000	3,555,000
Unamortized Premium	996,581		(265,910)	730,671	
Revenue Bonds, Net	29,836,581	0	(3,725,910)	26,110,671	3,555,000
Accrued Compensated Absences	1,824,878	645,171	(798,133)	1,671,916	334,383
Accrued Other Postemployment Benefits	865,830	98,372		964,202	
Total Business-type Activities	32,527,289	743,543	(4,524,043)	28,746,789	3,889,383
Total Long-term Obligations	\$ 44,275,399	\$ 2,098,724	\$ (7,498,079)	\$ 38,876,044	\$ 6,069,346

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Continued)

Bonds and notes outstanding at September 30, 2014, consist of the following for governmental activities:

	<u>Note</u>	<u>Maturity</u>	<u>Originally Issued</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>
Governmental Activities					
Revenue Bonds:					
2012 Series, Infrastructure Sales Surtax	1	2019	\$ 6,495,000	\$ 4,285,000	1.73%
2003 Series (AMT), Southend	2	2016	1,543,022	301,600	4.53%
2003-1 Series, Southend	3	2016	4,986,347	<u>966,080</u>	3.83%
Total Governmental Activities				<u>\$ 5,552,680</u>	

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).

Bonds outstanding at September 30, 2014, 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>
Business-type Activities					
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 14,948,820	2-4%
Water and Sewer Fund	1	2020	<u>15,324,135</u>	<u>10,431,180</u>	2-4%
Total Business-type Activities			<u>\$ 37,285,000</u>	<u>\$ 25,380,000</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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Continued)

Note Explanation - Purpose of Issue (Concluded)

**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.

Annual debt service requirements as of September 30, 2014, are as follows:

Governmental Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2015	\$ 1,545,799	\$ 114,650	\$ 1,660,449
2016	1,581,881	73,625	1,655,506
2017	955,000	37,804	992,804
2018	980,000	21,224	1,001,224
2019	490,000	4,227	494,227
Total	\$ 5,552,680	\$ 251,530	\$ 5,804,210

Business-type Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2015	\$ 3,555,000	\$ 870,938	\$ 4,425,938
2016	3,680,000	745,588	4,425,588
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
Total	\$ 25,380,000	\$ 3,372,458	\$ 28,752,458

Interest paid and incurred in the governmental activities totaled \$163,995 for the year ended September 30, 2014. Interest costs incurred in the business-type activities (excluding amortization) totaled \$966,587 for the same period.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Concluded)

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2014, were as follows:

<u>Description of Bond</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Governmental Activities						
2003-1 Series, Southend, 2003-2 Series, Southend, 2003 Series, Southend	Southend Tax Increment	\$ 3,083,487	\$ 861,456	21.59%	\$ 1,331,669	2016
Infrastructure Sales Surtax Bonds, Series 2012	Infrastructure Surtax	1,107,664	985,797	80.76%	4,472,541	2019
Business-type Activities						
Series 2010, Utility Revenue Bonds	Net Electric Bonds Utility Revenue	13,852,542	2,581,845	17.46%	16,935,197	2021
Series 2010, Utility Revenue Bonds	Net Water and Sewer Utility Revenue	5,139,181	1,801,593	32.85%	11,817,260	2021

Note 9 - Restricted Assets

The following table indicates the balances at September 30, 2014, 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	\$ 266,799	\$ 186,170	\$ 452,969
Interest	1,030,750	719,250	1,750,000
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	<u>5,427,213</u>		<u>5,427,213</u>
Total Restricted Assets	<u>\$ 8,224,762</u>	<u>\$ 1,405,420</u>	<u>\$ 9,630,182</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 9/30/14 (at Par)</u>
Business-type Activities				
Utility Revenue Bonds	1980	1985	<u>\$ 9,500,000</u>	<u>\$ 840,000</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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.

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 2014 under this contract was \$3,389,758. 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, 2044. The City's highest system peak load for fiscal 2014 was in January 2014, at 166.41 MW. Total expense to the City under the All Requirements Project for 2014 was \$59,476,959.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Florida Municipal Power Affiliation (Concluded)

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 2014, under this contract was \$467,553, 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, 2014, the City was over-recovered from customers by \$25,270,933. Of this amount, \$16,239,493 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$9,031,440 will be returned to customers in future years. At September 30, 2013, the City was over-recovered by \$22,748,045.

The City also uses a cost of gas true-up recomputed monthly in its natural gas rates. At September 30, 2014, the City was over-recovered from customers by \$565,902. This amount will be returned to customers in future years. At September 30, 2013, the City was over-recovered by \$623,311.

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, 2013, (date of the latest annual actuarial valuation), employee membership data related to the pension plan were:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Plan Descriptions (Continued)

	<u>General</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Inactive Plan Members or Their Beneficiaries				
Currently Receiving Benefits (Including DROP Participants)	170	42	23	235
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	16	3	1	20
Active Plan Members	213	56	28	297

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.

As described in the following paragraphs, pension plan provisions of each of the three plans were modified significantly during fiscal year 2014. The modifications included increasing the employee's contribution rate, changing the vesting periods, modifying pensionable pay exclusions, and modifying the Deferred Retirement Option Program (DROP), among other things.

General employees' eligibility requirements for normal retirement are as follows for participants with 10 years of service on November 25, 2013: 30 years of service regardless of age, or age 60 with five or more years of service. Eligibility requirements for normal retirement are as follows for participants with less than 10 years of service on November 25, 2013: Age 55 with 30 or more years of service, or age 62 with 10 or more years of service. There is no mandatory retirement age.

Police officers eligibility requirements for normal retirement are as follows for participants with 10 years of service on June 23, 2014: 30 years of service regardless of age, or age 52 with 25 or more years of service, or age 55 with five years of service. Eligibility requirements for normal retirement are as follows for participants with less than 10 years of service on June 23, 2014: 30 years of service regardless of age, or age 52 with 25 or more years of service, or age 55 with 10 years of service. There is no mandatory retirement age.

Fire Fighters eligibility requirements for normal retirement are as follows for participants with 10 years of service on July 21, 2014: 30 years of service regardless of age, or age 52 with 25 or more years of service, or age 55 with five years of service. Eligibility requirements for normal retirement are as follows for participants with less than 10 years of service on July 21, 2014: 30 years of service regardless of age, or age 52 with 25 or more years of service, or age 55 with 10 years of service. There is no mandatory retirement age.

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 retired

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Plan Descriptions (Continued)

after September 30, 1990, but before November 25, 2013, are entitled to benefit payments equal to 2.5% 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. Plan participants who retired on or after November 25, 2013, are entitled to payments for the remainder of their lives equal to 2.5% of their final average compensation times the number of years they were employed by the City up to a maximum of \$90,000 or 90% whichever is less. Accrued benefits in excess of the maximum amount are retained by the Plan. Compensation includes base pay, and longevity pay. Compensation excludes overtime, shift differentials, incentive pay, leave payouts and all other 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 2.5% 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 retired after September 30, 1990, but before June 23, 2014 (police officers) or July 21, 2014 (fire fighters), 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 30 years. After 30 years, the pension benefit is reduced to 2% of their final average compensation times the number of years of service over 30 years. The maximum annual pension benefit to these employees is 100% of their final average compensation.

Police plan participants who retire on or after June 23, 2014, are entitled to 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 \$90,000 or 90% whichever is less. Accrued benefits in excess of the maximum amount are retained by the Plan. Compensation includes base pay, longevity pay, incentive pay, and up to 300 hours of overtime pay per calendar year. All other forms of compensation are excluded.

Fire Fighters plan participants who retire on or after July 21, 2014, are entitled to payments for the remainder of their lives equal to 3% of their final average compensation time the number of years they were employed by the City up to a maximum of \$90,000 or 90% whichever is less. Accrued benefits in excess of the maximum amount are retained by the Plan. Compensation includes base pay, longevity pay, incentive pay, but excludes overtime and all other forms of 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 January 1, 2009, but before July 21, 2014, 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. Retirees who were employed on and retire after July 21, 2014, receive a 2% Cost of Living Adjustment (COLA) increase for service earned before July 21, 2014, and 1% COLA increase for service earned after July 21, 2014, compounded annually beginning two years after retirement. Retirees hired after July 21, 2014, are not eligible for a COLA.

The normal form of benefit is a benefit payable for the life of the retired member (with the first 10 years guaranteed for police officers and fire fighters). Optional benefit forms are available on an actuarial equivalent basis.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Plan Descriptions (Concluded)

A deferred retirement benefit is available upon attainment of retirement eligibility. Benefits begin to accrue upon the election to participate in the 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 10-year credited service requirement is waived if the employee has a duty-related disability. An employee with a duty-related disability receives additional service credit granted from the date of retirement to the later of normal retirement age or five years after date of disability, at which time, the member who is retired because of duty disability has the option of converting his or her benefit to a normal retirement or remaining on duty disability. Until an employee reaches regular retirement age, the minimum non-duty 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 non-duty-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 10 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, 2014, plan participants were required to pay 7.95% (6.45% prior to the plan changes described in the preceding paragraphs) 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 he or she is vested, 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 becoming vested, 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, 2014, the actuarially determined contribution amount, as determined in a roll-forward of the actuarial valuation dated October 1, 2012, was to be \$2,205,379. The actual contribution was \$2,205,379. The on-behalf payments received from the State of Florida (totaling \$439,509) 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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Funding Policy (Concluded)

For the year ended September 30, 2014, the City's total covered payroll amounted to \$15,847,567. 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, 2014, was \$19,024,440.

Annual Pension Cost

The pension cost for the year ended September 30, 2014, was \$1,765,870 (actuarial contribution – City share). The pension cost for the 2014 fiscal year was determined as part of the October 1, 2012, actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions in the October 1, 2012, 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 4.5% to 12.1% 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, 2012, was two to 25 years for the fire plan, and four to 25 years for the general and police plans. Following is three-year trend information for each plan:

General Employees' Trend Information

Year Ended September 30,	Pension Cost (PC)	Percentage of PC Contributed	Net Pension Asset/(Liability)
2012	\$ 1,132,385	100.0%	0
2013	1,490,902	100.0%	0
2014	1,216,994	100.0%	0

Police Officers' Trend Information

Year Ended September 30,	Pension Cost (PC)*	Percentage of PC Contributed	Net Pension Asset/(Liability)
2012	\$ 653,602	100.0%	0
2013	764,988	100.0%	0
2014	326,017	100.0%	0

Fire Fighters' Trend Information

Year Ended September 30,	Pension Cost (PC)*	Percentage of PC Contributed	Net Pension Asset/(Liability)
2012	\$ 388,143	100.0%	0
2013	449,185	100.0%	0
2014	222,859	100.0%	0

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Funded Status and Funding Progress

The following is funded status information for each plan as of October 1, 2013, 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>
10/1/2013	\$ 45,066	\$ 56,970	\$ 11,904	79.1%	\$ 10,714	111.1%

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>
10/1/2013	\$ 17,469	\$ 22,653	\$ 5,184	77.1%	\$ 3,559	145.6%

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>
10/1/2013	\$ 9,701	\$ 13,271	\$ 3,570	73.1%	\$ 1,836	194.4%

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.

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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Fund Balance Reserves (Concluded)

- **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. This program was closed to new entrants as of November 25, 2013 for the general employees plan, June 23, 2014 for police officers plan, and July 21, 2014 for the fire fighters plan.

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.

Schedule of Pension Plan Net Position as of September 30, 2014

	General Employees	Police Officers	Fire Fighters	Totals
Assets				
Cash and Cash Equivalents	\$ 948,990	\$ 328,461	\$ 206,116	\$ 1,483,567
Accrued Interest	92,278	35,735	19,816	147,829
Due from Other Governments			83,710	83,710
Investments:				
Equities, Including Mutual Funds	31,779,677	12,407,105	7,007,219	51,194,001
Corporate Bonds	8,740,137	3,384,667	1,876,858	14,001,662
U.S. Government Obligations/Agencies	8,168,562	3,163,322	1,754,118	13,086,002
Total Investments	<u>48,688,376</u>	<u>18,955,094</u>	<u>10,638,195</u>	<u>78,281,665</u>
Total Assets	<u>49,729,644</u>	<u>19,319,290</u>	<u>10,947,837</u>	<u>79,996,771</u>
Liabilities				
Accounts Payable	92,306	1,446	1,176	94,928
Other Accrued Liabilities	1,524	541	355	2,420
Total Liabilities	<u>93,830</u>	<u>1,987</u>	<u>1,531</u>	<u>97,348</u>
Net Assets				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 49,635,814</u>	<u>\$ 19,317,303</u>	<u>\$ 10,946,306</u>	<u>\$ 79,899,423</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Continued)

Investments (Concluded)

Schedule of the Change in Pension Plan Net Position as of September 30, 2014

	General Employees	Police Officers	Fire Fighters	Totals
Additions				
Contributions				
Employee	\$ 771,553	\$ 263,978	\$ 122,590	\$ 1,158,121
Employer	1,216,994	326,017	222,859	1,765,870
State of Florida		204,436	235,073	439,509
Total Contributions	<u>1,988,547</u>	<u>794,431</u>	<u>580,522</u>	<u>3,363,500</u>
Investment Income				
Investment Earnings	4,843,961	1,876,720	1,042,083	7,762,764
(Investment Expenses)	(146,696)	(56,819)	(31,922)	(235,437)
Net Investment Income	<u>4,697,265</u>	<u>1,819,901</u>	<u>1,010,161</u>	<u>7,527,327</u>
Total Additions	<u>6,685,812</u>	<u>2,614,332</u>	<u>1,590,683</u>	<u>10,890,827</u>
Deductions				
Benefits	3,669,967	1,275,228	664,459	5,609,654
Refunds of Contributions	301,456	150,660		452,116
Administrative Expense	102,359	81,366	77,811	261,536
(Total Deductions)	<u>(4,073,782)</u>	<u>(1,507,254)</u>	<u>(742,270)</u>	<u>(6,323,306)</u>
Change in Net Assets	2,612,030	1,107,078	848,413	4,567,521
Net Assets, Beginning of Year	<u>47,023,784</u>	<u>18,210,225</u>	<u>10,097,893</u>	<u>75,331,902</u>
Net Assets, End of Year	<u>\$ 49,635,814</u>	<u>\$ 19,317,303</u>	<u>\$ 10,946,306</u>	<u>\$ 79,899,423</u>

New Disclosures under GASB 67

During the year, the City implemented GASB 67, as required, for its three pension plans. This statement requires additional disclosures in the City's separately issued pension plan financial statements. This statement also requires the net pension liability to be measured as of the plans' most recent fiscal year end using methods prescribed by GASB that differ significantly from previous methods. The significant disclosures from the City's three separately issued pension plan financial statements are noted below.

Net Pension Liability

The components of the net pension liability on September 30, 2014, were as follows:

	General	Police Officers	Fire Fighters
Total Pension Liability	\$ 58,571,949	\$ 20,723,781	\$ 12,114,201
Plan Fiduciary Net Position	(49,635,814)	(19,317,303)	(10,946,306)
Net Pension Liability	<u>\$ 8,936,135</u>	<u>\$ 1,406,478</u>	<u>\$ 1,167,895</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.74%	93.21%	90.36%

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Retirement Systems (Concluded)

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The single discount rate reflects the long-term expected rate of return on pension plan investments and tax exempt municipal bond rate based on the Bond Buyer 20-bond Index of general obligation bonds with an average AA credit rating as of the measurement date.

The table below provides the sensitivity of the net pension liability to changes in the discount rate. The table represents the plan's net pension liability, if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher than the single discount rate.

**Sensitivity of Net Pension Liability to the
Single Discount Rate Assumption**

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
General Plan:	\$ 15,075,659	\$ 8,936,135	\$ 3,689,987
Police Plan:	\$ 3,743,522	\$ 1,406,478	\$ (584,553)
Fire Plan:	\$ 2,590,420	\$ 1,167,895	\$ (26,904)

The total pension liability information is based on the actuarial valuation performed October 1, 2013. The total pension liability was rolled-forward from the valuation date to the plan year ending September 30, 2014, using generally accepted actuarial principles.

Rate of Return

For the year ended September 30, 2014, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 10.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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	11.16%	16.67%
Total	<u>100.00%</u>	<u>100.00%</u>

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

	<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	16.67%	25.00%
Total	<u>100.00%</u>	<u>100.00%</u>

The City made no contributions to the interlocal agreement during 2014. The interlocal agreement has no debt outstanding as of September 30, 2014. 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.

In one particular case, the City is a defendant in a lawsuit regarding a conditional use permit. No damages are being sought by the plaintiff in the case; however, the plaintiff's attorneys are seeking legal fees. The City is disputing liability in this case but estimates the range of potential loss to be between \$0 and \$500,000. Due to the uncertainty of the outcome of the case and the amounts to be paid, no amounts have been accrued as of the balance sheet date.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Construction Commitments

As of September 30, 2014, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	<u>Expended as of 9/30/14</u>	<u>Remaining Commitment</u>
Downtown Improvements - Phase II	\$ 5,585,116	\$ 143,002
Downtown Improvements - Phase III	2,941,999	536,647
South Beach Improvements - Phase I	2,937,050	1,146,992
South Beach Parkway Irrigation Improvements	112,611	51,670
South Beach Improvements Concept B	60,491	57,396
2nd Street North Sewer Replacement	2,073,533	313,768
Divisional Maintenance Facility Design	482,016	300,998
Rehab Lift Station #1	875,352	475,341
Rehab Lift Station #7	4,194	256,160
Rehab Lift Station #9	203,391	363,429
A1A Water Main Replacement	138,370	64,582

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		\$ 186,669
General Capital Projects Fund		138,769
Community Redevelopment Fund	\$ 2,077,552	
Other Governmental Funds	142,351	
Total	<u>\$ 2,219,903</u>	<u>\$ 325,438</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
- Effective January 1, 2014, the City converted from a self-insured health plan to a traditional health insurance plan with coverage provided by a commercial insurance carrier
- 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
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Risk Management (Concluded)

During 2014, 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
- Health

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 \$3,134,543 in 2014 and \$3,121,969 in 2013.

The City is self-insured for workers' compensation risks with the Florida League of Cities, Inc. providing aggregate excess coverage.

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 2014, interdepartmental charges and other earnings were more than actual costs by \$552,254. For 2013, interdepartmental charges and other earnings were more than actual costs by \$148,882. The self-insurance fund has unrestricted net position of \$3,321,363 at September 30, 2014.

There were no significant reductions in insurance coverage from 2013 to 2014. In addition, no settlements exceeded insurance coverage in the past three years.

The estimated liability for self-insured losses of \$218,151 accrued in the self-insurance fund at September 30, 2014, 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:

	2014	2013
Beginning Balance	\$ 795,415	\$ 925,729
Current Year Claims and Changes in Estimates	(73,267)	1,817,110
(Claim Payments)	(503,997)	(1,947,424)
Ending Balance	\$ 218,151	\$ 795,415

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
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(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.

Phase I involving the reconstruction of 3rd Street (SR A1A) between 2nd Avenue South and 6th Avenue North with landscaped medians, traffic signal relocation, and new lighting has been completed. In December 2011, the CRA approved the funding of \$6.862 million for Phase II of the Downtown Vision Plan that included streetscape and infrastructure improvements and construction. Phase II consisted of 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, known as Phase III-A northward by two blocks for \$1.806 million. This phase included completing the reconstruction of North 1st Street from the Pier to 6th Avenue North, 5th Avenue North, and 6th Avenue North between North 1st Street and North 3rd Street. The Phase II and Phase III-A projects are complete.

Work is nearing completion on Phase III-B, which includes infrastructure replacement and street resurfacing in the area bounded by 6th Avenue North, North 3rd Street, 9th Avenue North, and North 1st Street. The cost of Phase III-B is \$867,000. While this work was underway, the CRA also committed an additional \$9.43 million from current and future tax increment revenues for the completion of Phases III-C and Phase III-D which includes major reconstruction of the water, sewer, and storm drainage systems; 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. The completed projects are Riptide, South Beach Regional Shopping Center, South Beach Parkway Shopping Center, Ocean Cay, Paradise Key, and the South Beach Mixed Use Development.

The construction of an infrastructure project for Phase I of the South Beach Capital Improvements Program that encompasses an area known as Jacksonville Beach Heights is nearing completion. This \$3.32 million project was included in the initial set of projects identified in a capital improvement study completed in 2011. Engineering and design work has been authorized for additional phases of work 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, the installation of maintenance manholes in the stormwater piping under the South Beach Regional Shopping Center property, and the construction of traffic safety and congestion management improvements on South Beach Parkway between Jacksonville Drive and J. Turner Butler Boulevard. The latter project included the acquisition of a single family residence that was needed to provide sufficient right of way for an additional southbound turn lane on South Beach Parkway.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 17 - Community Redevelopment Agency (Concluded)

In addition, numerous other public infrastructure projects have been constructed, are under construction, or are in the design phase to support the redevelopment activity in both districts. The CRA has also expended funds for the acquisition of land parcels in the Downtown district for future redevelopment purposes, including but not limited to off-street parking.

The following schedule summarizes revenue and expenditure activity for the two districts in Fiscal Year 2014:

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
Revenues and Transfers in			
Ad Valorem Taxes	\$ 4,909,602	\$ 3,014,907	\$ 7,924,509
Interest and Other	115,778	68,580	184,358
Total Revenues and Transfers in	<u>5,025,380</u>	<u>3,083,487</u>	<u>8,108,867</u>
Expenditures			
General Government	149,723	66,771	216,494
Public Safety	496,984		496,984
Equipment	59,702		59,702
Capital Projects:			
Downtown Landscape/Streetscape			
Improvements	1,300,876		1,300,876
Downtown Surface Parking Lot	21,322		21,322
Southend Infrastructure Improvements		2,214,175	2,214,175
Debt Service:			
Principal	177,825	787,641	965,466
Interest	4,382	73,816	78,198
(Total Expenditures)	<u>(2,210,814)</u>	<u>(3,142,403)</u>	<u>(5,353,217)</u>
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures	<u>\$ 2,814,566</u>	<u>\$ (58,916)</u>	<u>\$ 2,755,650</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 90 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	\$ 826,240	\$ (623,562)	\$ 202,678
Improvements	43,168	(31,706)	11,462
Total	<u>\$ 869,408</u>	<u>\$ (655,268)</u>	<u>\$ 214,140</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
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 date of the last OPEB 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 \$2,369,956 and is reflected as a liability in the statement of net position (\$1,405,754 governmental, \$964,202 business-type). The general fund and the business type funds will be used to liquidate the net OPEB 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, 2014:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Annual OPEB Cost and Net OPEB Obligation (Concluded)

	<u>2014</u>	<u>2013</u>
Normal Cost	\$ 263,239	\$ 250,542
Amortization of Unfunded Actuarial Accrued Liability	238,105	228,947
Annual Required Contribution (ARC)	<u>\$ 501,344</u>	<u>\$ 479,489</u>
Net OPEB Obligation, Beginning of Year	<u>\$ 2,128,163</u>	<u>\$ 1,864,429</u>
Annual Required Contribution	501,344	479,489
Interest on Net OPEB Obligation	85,127	74,577
Adjustment to ARC	(88,674)	(77,685)
Annual OPEB Cost	497,797	476,381
Employer Contribution Toward the OPEB Cost	(256,004)	(212,648)
Net OPEB Obligation, End of Year	<u>\$ 2,369,956</u>	<u>\$ 2,128,162</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>
2012	\$ 509,057	\$ 230,321	45.24%	\$ 1,864,429
2013	476,381	212,648	44.64%	2,128,162
2014	497,797	256,004	51.43%	2,369,956

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, 2014
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, Closed
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

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
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%
2013	45,066	56,970	11,904	79.1%	10,714	111.1%

Police Officers' Retirement System

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
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%
2013	17,469	22,653	5,184	77.1%	3,559	145.7%

Fire Fighters' Retirement System

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
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%
2013	9,701	13,271	3,570	73.1%	1,836	194.4%

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

General Employees' Retirement System

Period Ended	Actuarial Valuation Date 10/1	Required Contribution	Actual Contribution	Percentage Contribution
9/30/09	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%
9/30/14	2012*	1,216,994	1,216,994	100.0%

Police Officers' Retirement System

Period Ended	Actuarial Valuation Date 10/1	Required Contribution (1)	Actual Contribution (1)	Percentage Contribution
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%
9/30/14	2012*	530,453	530,453	100.0%

Fire Fighters' Retirement System

Period Ended	Actuarial Valuation Date 10/1	Required Contribution (1)	Actual Contribution (1)	Percentage Contribution
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%
9/30/14	2012*	457,932	457,932	100.0%

* Actuarial impact statements were performed during the year, due to plan changes, which updated the original 2012 actuarial valuation.

(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, 2013
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 CHANGES IN NET POSITION LIABILITY
AND RELATED RATIOS MULTI-YEAR
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

	Pension Trust Funds		
	General Employees	Police Officers	Fire Fighters
Total Pension Liability			
Service Cost	\$ 1,129,366	\$ 517,788	\$ 246,636
Interest on the Total Pension Liability	4,443,924	1,568,728	912,823
Benefit Changes		(2,590,277)	(1,652,165)
Difference Between Expected and Actual Experience			
Assumption Changes			
Benefit Payments	(3,669,967)	(1,275,228)	(664,459)
Refunds	(301,456)	(150,660)	
Net Change in Total Pension Liability	<u>1,601,867</u>	<u>(1,929,649)</u>	<u>(1,157,165)</u>
Total Pension Liability-Beginning	<u>56,970,082</u>	<u>22,653,430</u>	<u>13,271,366</u>
Total Pension Liability-Ending (a)	<u>58,571,949</u>	<u>20,723,781</u>	<u>12,114,201</u>
Plan Fiduciary Net Position			
Employer and State Contributions	1,216,994	530,453	457,932
Employee Contributions	771,553	263,978	122,590
Pension Plan Net Investment Income	4,697,264	1,840,038	1,010,160
Benefit Payments	(3,669,967)	(1,275,228)	(664,459)
Refunds	(301,456)	(150,660)	
Pension Plan Administrative Expense	(102,359)	(81,366)	(77,810)
Other		(20,137)	
Net Change in Plan Fiduciary Net Position	<u>2,612,029</u>	<u>1,107,078</u>	<u>848,413</u>
Plan Fiduciary Net Position-Beginning	<u>47,023,784</u>	<u>18,210,225</u>	<u>10,097,893</u>
Plan Fiduciary Net Position-Ending (b)	<u>49,635,813</u>	<u>19,317,303</u>	<u>10,946,306</u>
Net Pension Liability-Ending (a) – (b)	<u>\$ 8,936,136</u>	<u>\$ 1,406,478</u>	<u>\$ 1,167,895</u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	<u>84.74%</u>	<u>93.21%</u>	<u>90.36%</u>
Covered Employee Payroll	<u>\$ 10,622,900</u>	<u>\$ 3,945,943</u>	<u>\$ 1,867,968</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	84.12%	35.64%	62.52%

Additional years will be added to this schedule annually until 10 years of data is presented.

Notes to Schedule:

Annual Money-weighted Rate of Return Net of Investment Expense	10.22%	10.22%	10.22%
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**NOTES TO SCHEDULE OF CHANGES IN NET POSITION
LIABILITY AND RELATED RATIOS MULTI-YEAR
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

Notes to Schedule of Changes:

Valuation Date:	For the September 30, 2014 contributions, the valuation date was as of October 1, 2013.
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Asset Valuation Method:	4-year Smoothed Market
Inflation:	3.5%
Salary Increases:	4.5% to 12.10 Including Inflation
Investment Rate of Return:	8.0%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	The 1994 Group Annuity Mortality Tables, set back 0 years for men and 0 years for women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

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

Other Postemployment Benefit Plan

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded (Overfunded) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
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

Period Ended	Actuarial Valuation Date 10/1	Annual OPEB Cost	Estimated Amount Contributed	Percentage Contribution	Estimated Net OPEB Obligation
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
9/30/14	2013	497,798	256,004	51.43%	2,369,957

**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, 2014
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
Assets					
Equity in Pooled Cash and Investments	\$ 550,813	\$ 101,501	\$ 196,558	\$ 267,887	
Accounts Receivable			30,038		
Special Assessments Receivable			31,662	3,587	
Due from Other Governments	110,577		119,600	168,200	\$ 23,990
Total Assets	<u>661,390</u>	<u>101,501</u>	<u>377,858</u>	<u>439,674</u>	<u>23,990</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	10	3,671	1,926		
Other Accrued Liabilities			1,701		
Interfund Payables					23,990
Total Liabilities	<u>10</u>	<u>3,671</u>	<u>3,627</u>	<u>0</u>	<u>23,990</u>
Deferred Inflows of Resources					
Unavailable Revenues	24,700	0	181,300	171,787	0
Fund Balances					
Restricted for:					
Tourism Expenses	636,680				
Transportation Improvements			192,931		
Capital Projects				267,887	
Law Enforcement		97,830			
Committed for:					
Tree Replacement					
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	<u>636,680</u>	<u>97,830</u>	<u>192,931</u>	<u>267,887</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 661,390</u>	<u>\$ 101,501</u>	<u>\$ 377,858</u>	<u>\$ 439,674</u>	<u>\$ 23,990</u>

	Special Revenue Funds				
	Radio Communications Fund	J.A.G. Grant Fund	Tree Protection Fund	Law Enforcement Trust Fund	Equitable Sharing Trust Fund
Assets					
Equity in Pooled Cash and Investments	\$ 132,283		\$ 5,955	\$ 110,483	\$ 486,832
Accounts Receivable					
Special Assessments Receivable					
Due from Other Governments		\$ 15,585			
Total Assets	132,283	15,585	5,955	110,483	486,832
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable				3,550	
Other Accrued Liabilities				1,298	
Interfund Payables		15,585			
Total Liabilities	0	15,585	0	4,848	0
Deferred Inflows of Resources					
Unavailable Revenues	0	0	0	0	0
Fund Balances					
Restricted for:					
Tourism Expenses					
Transportation Improvements					
Capital Projects					
Law Enforcement	132,283			105,635	486,832
Committed for:					
Tree Replacement			5,955		
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	132,283	0	5,955	105,635	486,832
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 132,283	\$ 15,585	\$ 5,955	\$ 110,483	\$ 486,832

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014
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	
Assets					
Equity in Pooled Cash and Investments	\$ 631,887	\$ 3,012,361	\$ 4,422	\$ 43,460	\$ 5,544,442
Accounts Receivable					30,038
Special Assessments Receivable					35,249
Due from Other Governments					437,952
Total Assets	<u>631,887</u>	<u>3,012,361</u>	<u>4,422</u>	<u>43,460</u>	<u>6,047,681</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable				3,345	12,502
Other Accrued Liabilities				47	3,046
Interfund Payables					39,575
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,392</u>	<u>55,123</u>
Deferred Inflows of Resources					
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>377,787</u>
Fund Balances					
Restricted for:					
Tourism Expenses					636,680
Transportation Improvements					192,931
Capital Projects		3,012,361			3,280,248
Law Enforcement					822,580
Committed for:					
Tree Replacement					5,955
Assigned for:					
Capital Projects			4,422	40,068	44,490
Debt Service	631,887				631,887
Total Fund Balances	<u>631,887</u>	<u>3,012,361</u>	<u>4,422</u>	<u>40,068</u>	<u>5,614,771</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 631,887</u>	<u>\$ 3,012,361</u>	<u>\$ 4,422</u>	<u>\$ 43,460</u>	<u>\$ 6,047,681</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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
Revenues					
Taxes	\$ 296,319		\$ 717,543	\$ 1,104,659	
Intergovernmental					\$ 146,856
Charges for Services			882	493	
Fines and Forfeitures		\$ 8,379			
Other Revenue	6,581	1,562	5,376	2,512	
Total Revenues	<u>302,900</u>	<u>9,941</u>	<u>723,801</u>	<u>1,107,664</u>	<u>146,856</u>
Expenditures					
Current:					
Public Safety		39,713			
Physical Environment					
Roads and Streets			396,301		
Parks and Recreation	91,683				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					
(Total Expenditures)	<u>(91,683)</u>	<u>(39,713)</u>	<u>(396,301)</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>211,217</u>	<u>(29,772)</u>	<u>327,500</u>	<u>1,107,664</u>	<u>146,856</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	(115,000)		(372,000)	(986,797)	(146,856)
Total Other Financing Sources (Uses)	<u>(115,000)</u>	<u>0</u>	<u>(372,000)</u>	<u>(986,797)</u>	<u>(146,856)</u>
Net Change in Fund Balance	96,217	(29,772)	(44,500)	120,867	0
Fund Balances, Beginning of Year	<u>540,463</u>	<u>127,602</u>	<u>237,431</u>	<u>147,020</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 636,680</u>	<u>\$ 97,830</u>	<u>\$ 192,931</u>	<u>\$ 267,887</u>	<u>\$ 0</u>

	Special Revenue Funds				
	Radio Communication Fund	J.A.G. Grant Fund	Tree Protection Fund	Law Enforcement Trust Fund	Equitable Sharing Trust Fund
Revenues					
Taxes					
Intergovernmental		\$ 74,792			
Charges for Services					
Fines and Forfeitures	\$ 25,830			\$ 26,360	\$ 65,150
Other Revenue	1,526		\$ 82	18,012	6,834
Total Revenues	<u>27,356</u>	<u>74,792</u>	<u>82</u>	<u>44,372</u>	<u>71,984</u>
Expenditures					
Current:					
Public Safety	4,370			42,559	60,581
Physical Environment			676		
Roads and Streets					
Parks and Recreation					
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					40,649
(Total Expenditures)	<u>(4,370)</u>	<u>0</u>	<u>(676)</u>	<u>(42,559)</u>	<u>(101,230)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>22,986</u>	<u>74,792</u>	<u>(594)</u>	<u>1,813</u>	<u>(29,246)</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)		(74,792)			
Total Other Financing Sources (Uses)	<u>0</u>	<u>(74,792)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	22,986	0	(594)	1,813	(29,246)
Fund Balances, Beginning of Year	<u>109,297</u>	<u>0</u>	<u>6,549</u>	<u>103,822</u>	<u>516,078</u>
Fund Balances, End of Year	<u>\$ 132,283</u>	<u>\$ 0</u>	<u>\$ 5,955</u>	<u>\$ 105,635</u>	<u>\$ 486,832</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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	
Revenues					
Taxes					\$ 2,118,521
Intergovernmental					221,648
Charges for Services		\$ 52,517		\$ 17,793	71,685
Fines and Forfeitures					125,719
Other Revenue	\$ 11,229	40,870	\$ 69	40,414	135,067
Total Revenues	<u>11,229</u>	<u>93,387</u>	<u>69</u>	<u>58,207</u>	<u>2,672,640</u>
Expenditures					
Current:					
Public Safety					147,223
Physical Environment		12,594			13,270
Roads and Streets					396,301
Parks and Recreation			1,374	21,508	114,565
Debt Service:					
Principal	900,000				900,000
Interest and Fees	89,060				89,060
Capital Outlay		115,794		12,639	169,082
(Total Expenditures)	<u>(989,060)</u>	<u>(128,388)</u>	<u>(1,374)</u>	<u>(34,147)</u>	<u>(1,829,501)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(977,831)</u>	<u>(35,001)</u>	<u>(1,305)</u>	<u>24,060</u>	<u>843,139</u>
Other Financing Sources (Uses)					
Transfers in	986,797				986,797
Transfers (out)					(1,695,445)
Total Other Financing Sources (Uses)	<u>986,797</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(708,648)</u>
Net Change in Fund Balance	8,966	(35,001)	(1,305)	24,060	134,491
Fund Balances, Beginning of Year	<u>622,921</u>	<u>3,047,362</u>	<u>5,727</u>	<u>16,008</u>	<u>5,480,280</u>
Fund Balances, End of Year	<u>\$ 631,887</u>	<u>\$ 3,012,361</u>	<u>\$ 4,422</u>	<u>\$ 40,068</u>	<u>\$ 5,614,771</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 225,000	\$ 225,000	\$ 296,319	\$ 71,319
Other Revenue	2,580	2,580	6,581	4,001
Total Revenues	<u>227,580</u>	<u>227,580</u>	<u>302,900</u>	<u>75,320</u>
Expenditures				
Current:				
Parks and Recreation	106,669	106,669	91,683	14,986
(Total Expenditures)	<u>(106,669)</u>	<u>(106,669)</u>	<u>(91,683)</u>	<u>14,986</u>
Excess of Revenues Over Expenditures	120,911	120,911	211,217	90,306
Other Financing Sources (Uses)				
Transfers (out)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 5,911</u>	<u>\$ 5,911</u>	<u>\$ 96,217</u>	<u>\$ 90,306</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, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 8,379	\$ 3,379
Other Revenue	1,000	1,000	1,562	562
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>9,941</u>	<u>3,941</u>
Expenditures				
Current:				
Public Safety	60,400	60,400	39,713	20,687
(Total Expenditures)	<u>(60,400)</u>	<u>(60,400)</u>	<u>(39,713)</u>	<u>20,687</u>
Net Change in Fund Balance	<u>\$ (54,400)</u>	<u>\$ (54,400)</u>	<u>\$ (29,772)</u>	<u>\$ 24,628</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 720,000	\$ 720,000	\$ 717,543	\$ (2,457)
Charges for Services			882	882
Other Revenue	1,700	1,700	5,376	3,676
Total Revenues	<u>721,700</u>	<u>721,700</u>	<u>723,801</u>	<u>2,101</u>
Expenditures				
Current:				
Roads and Streets	406,928	545,262	396,301	148,961
(Total Expenditures)	<u>(406,928)</u>	<u>(545,262)</u>	<u>(396,301)</u>	<u>148,961</u>
Excess of Revenues Over Expenditures	314,772	176,438	327,500	151,062
Other Financing Sources (Uses)				
Transfers (out)	<u>(372,000)</u>	<u>(372,000)</u>	<u>(372,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (57,228)</u>	<u>\$ (195,562)</u>	<u>\$ (44,500)</u>	<u>\$ 151,062</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,104,659	\$ 54,659
Charges for Services			493	493
Other Revenue	500	500	2,512	2,012
Total Revenues	<u>1,050,500</u>	<u>1,050,500</u>	<u>1,107,664</u>	<u>57,164</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(Total Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	1,050,500	1,050,500	1,107,664	57,164
Other Financing Sources (Uses)				
Transfers (out)	<u>(986,797)</u>	<u>(986,797)</u>	<u>(986,797)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 63,703</u>	<u>\$ 63,703</u>	<u>\$ 120,867</u>	<u>\$ 57,164</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, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 135,000	\$ 146,856	\$ 146,856	\$ 0
Total Revenues	<u>135,000</u>	<u>146,856</u>	<u>146,856</u>	<u>0</u>
Expenditures				
Current:				
Human Services	6,981			0
(Total Expenditures)	<u>(6,981)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	128,019	146,856	146,856	0
Other Financing Sources (Uses)				
Transfers (out)	<u>(126,815)</u>	<u>(146,856)</u>	<u>(146,856)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 1,204</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 14,000	\$ 14,000	\$ 25,830	\$ 11,830
Other Revenue	1,000	1,000	1,526	526
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>27,356</u>	<u>12,356</u>
Expenditures				
Current:				
Public Safety		4,400	4,370	30
(Total Expenditures)	<u>0</u>	<u>(4,400)</u>	<u>(4,370)</u>	<u>30</u>
Net Change in Fund Balance	<u>\$ 15,000</u>	<u>\$ 10,600</u>	<u>\$ 22,986</u>	<u>\$ 12,386</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 85,393	\$ 85,393	\$ 74,792	\$ (10,601)
Total Revenues	<u>85,393</u>	<u>85,393</u>	<u>74,792</u>	<u>(10,601)</u>
Expenditures				
Current:				
Public Safety	14,588	14,588		14,588
(Total Expenditures)	<u>(14,588)</u>	<u>(14,588)</u>	<u>0</u>	<u>14,588</u>
Excess of Revenues Over Expenditures	70,805	70,805	74,792	3,987
Other Financing Sources (Uses)				
Transfers (out)	<u>(70,805)</u>	<u>(70,805)</u>	<u>(74,792)</u>	<u>(3,987)</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Fines and Forfeitures	\$ 1,000	\$ 1,000		\$ (1,000)
Other Revenue	100	100	\$ 82	(18)
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>82</u>	<u>(1,018)</u>
Expenditures				
Current:				
Physical Environment	3,000	3,000	676	2,324
(Total Expenditures)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(676)</u>	<u>2,324</u>
Net Change in Fund Balance	<u>\$ (1,900)</u>	<u>\$ (1,900)</u>	<u>\$ (594)</u>	<u>\$ 1,306</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, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 4,000	\$ 4,000	\$ 26,360	\$ 22,360
Other Revenue	1,000	1,000	18,012	17,012
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>44,372</u>	<u>39,372</u>
Expenditures				
Current:				
Public Safety	60,059	80,077	42,559	37,518
(Total Expenditures)	<u>(60,059)</u>	<u>(80,077)</u>	<u>(42,559)</u>	<u>37,518</u>
Net Change in Fund Balance	<u>\$ (55,059)</u>	<u>\$ (75,077)</u>	<u>\$ 1,813</u>	<u>\$ 76,890</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, 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 65,150	\$ 60,150
Other Revenue	2,700	2,700	6,834	4,134
Total Revenues	<u>7,700</u>	<u>7,700</u>	<u>71,984</u>	<u>64,284</u>
Expenditures				
Current:				
Public Safety	66,000	66,000	60,581	5,419
Capital Outlay		48,899	40,649	8,250
(Total Expenditures)	<u>(66,000)</u>	<u>(114,899)</u>	<u>(101,230)</u>	<u>13,669</u>
Net Change in Fund Balance	<u>\$ (58,300)</u>	<u>\$ (107,199)</u>	<u>\$ (29,246)</u>	<u>\$ 77,953</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Revenues	\$ 4,000	\$ 4,000	\$ 11,229	\$ 7,229
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>11,229</u>	<u>7,229</u>
Expenditures				
Debt Service:				
Principal	900,000	900,000	900,000	0
Interest and Fees	90,797	90,797	89,060	1,737
(Total Expenditures)	<u>(990,797)</u>	<u>(990,797)</u>	<u>(989,060)</u>	<u>1,737</u>
(Deficiency) of Revenues				
(Under) Expenditures	(986,797)	(986,797)	(977,831)	8,966
Other Financing Sources (Uses)				
Transfers in	986,797	986,797	986,797	0
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,966</u>	<u>\$ 8,966</u>

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2014
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>
Assets						
Current Assets						
Equity in Pooled Cash and Investments	\$ 2,948,241	\$ 4,660,224	\$ 306,526	\$ 905,398	\$ 2,196,071	\$ 11,016,460
Other Operating Cash			1,290			1,290
Receivables:						
Accounts, Net	157,783	390,479		16,492	229,709	794,463
Inventory			11,523			11,523
Prepaid Expenses			3,799	743		4,542
Total Current Assets	<u>3,106,024</u>	<u>5,050,703</u>	<u>323,138</u>	<u>922,633</u>	<u>2,425,780</u>	<u>11,828,278</u>
Noncurrent Assets						
Capital Assets:						
Land	1,057,409		388,980	28,000		1,474,389
Buildings and Improvements	22,099,105		1,977,219	964,056	4,213,260	29,253,640
Equipment	170,211	374,858	190,326	443,850		1,179,245
Construction in Progress	684,653					684,653
	<u>24,011,378</u>	<u>374,858</u>	<u>2,556,525</u>	<u>1,435,906</u>	<u>4,213,260</u>	<u>32,591,927</u>
(Accumulated Depreciation)	<u>(7,865,836)</u>	<u>(76,320)</u>	<u>(1,162,435)</u>	<u>(1,133,501)</u>	<u>(352,991)</u>	<u>(10,591,083)</u>
Total Noncurrent Assets	<u>16,145,542</u>	<u>298,538</u>	<u>1,394,090</u>	<u>302,405</u>	<u>3,860,269</u>	<u>22,000,844</u>
Total Assets	<u>19,251,566</u>	<u>5,349,241</u>	<u>1,717,228</u>	<u>1,225,038</u>	<u>6,286,049</u>	<u>33,829,122</u>

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2014
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>
Liabilities						
Current Liabilities						
Accounts Payable	\$ 42,916	\$ 240,113	\$ 28,375	\$ 7,426	\$ 86,425	\$ 405,255
Power Costs Recovered in Advance					565,902	565,902
Other Accrued Liabilities	5,583	8,826	26,709	876	10,810	52,804
Unearned Revenues			38,434			38,434
Current Portion of Long-term Debt:						
Compensated Absences		6,131	14,249			20,380
Total Current Liabilities	<u>48,499</u>	<u>255,070</u>	<u>107,767</u>	<u>8,302</u>	<u>663,137</u>	<u>1,082,775</u>
Noncurrent Liabilities						
Accrued Compensated Absences		24,524	56,996			81,520
Other Postemployment Benefits	18,022		63,079			81,101
Total Noncurrent Liabilities	<u>18,022</u>	<u>24,524</u>	<u>120,075</u>	<u>0</u>	<u>0</u>	<u>162,621</u>
Total Liabilities	<u>66,521</u>	<u>279,594</u>	<u>227,842</u>	<u>8,302</u>	<u>663,137</u>	<u>1,245,396</u>
Net Position						
Net Investment in Capital Assets	16,145,542	298,538	1,394,090	302,405	3,860,269	22,000,844
Unrestricted	3,039,503	4,771,109	95,296	914,331	1,762,643	10,582,882
Total Net Position	<u>\$ 19,185,045</u>	<u>\$ 5,069,647</u>	<u>\$ 1,489,386</u>	<u>\$ 1,216,736</u>	<u>\$ 5,622,912</u>	<u>\$ 32,583,726</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Operating Revenues						
Charges for Services	\$ 1,273,790	\$ 3,218,670	\$ 1,270,662		\$ 2,060,873	\$ 7,823,995
Other	131		676	\$ 621,022	39,262	661,091
Total Operating Revenues	<u>1,273,921</u>	<u>3,218,670</u>	<u>1,271,338</u>	<u>621,022</u>	<u>2,100,135</u>	<u>8,485,086</u>
Operating Expenses						
Purchased Power					1,132,401	1,132,401
Personal Services	154,601	206,686	620,524	13,213		995,024
Purchased Services	196,059	2,856,289	78,677	9,346	183,113	3,323,484
Repairs and Maintenance	28,284	12,482	64,730	181,872	361	287,729
Depreciation	710,562	48,683	95,226	34,586	108,815	997,872
Materials and Supplies	19,527	13,632	173,866		1,415	208,440
Other Expenses	198,334	120,720	313,150	27,126	103,385	762,715
(Total Operating Expenses)	<u>(1,307,367)</u>	<u>(3,258,492)</u>	<u>(1,346,173)</u>	<u>(266,143)</u>	<u>(1,529,490)</u>	<u>(7,707,665)</u>
Operating (Loss) Income	<u>(33,446)</u>	<u>(39,822)</u>	<u>(74,835)</u>	<u>354,879</u>	<u>570,645</u>	<u>777,421</u>
Nonoperating Income (Expense)						
Investment Earnings	34,951	62,042	3,853	10,133	18,405	129,384
Gain (Loss) on Disposal of Capital Assets		57,000		(1,263)	361	56,098
Total Nonoperating Income (Expense)	<u>34,951</u>	<u>119,042</u>	<u>3,853</u>	<u>8,870</u>	<u>18,766</u>	<u>185,482</u>
Income (Loss) Before Contributions and Transfers	<u>1,505</u>	<u>79,220</u>	<u>(70,982)</u>	<u>363,749</u>	<u>589,411</u>	<u>962,903</u>
Capital Contributions						
Developer Contributions	1,692,879					1,692,879
Total Capital Contributions	<u>1,692,879</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,692,879</u>
Transfers						
Transfers (out)	(21,199)			(260,000)	(101,471)	(382,670)
Total Transfers	<u>(21,199)</u>	<u>0</u>	<u>0</u>	<u>(260,000)</u>	<u>(101,471)</u>	<u>(382,670)</u>
Change in Net Position	1,673,185	79,220	(70,982)	103,749	487,940	2,273,112
Total Net Position, Beginning of Year	<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>
Total Net Position, End of Year	<u>\$ 19,185,045</u>	<u>\$ 5,069,647</u>	<u>\$ 1,489,386</u>	<u>\$ 1,216,736</u>	<u>\$ 5,622,912</u>	<u>\$ 32,583,726</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Cash Flows from Operating Activities						
Cash Received from Customers and Users	\$ 1,268,244	\$ 3,209,795	\$ 1,277,049	\$ 612,107	\$ 2,050,151	\$ 8,417,346
Cash Payments to Vendors for Goods and Services	(480,994)	(2,977,558)	(633,174)	(212,059)	(1,459,194)	(5,762,979)
Cash Payments to Employees for Services	(152,763)	(197,435)	(626,271)	(13,213)		(989,682)
Net Cash Provided by (Used in) Operating Activities	<u>634,487</u>	<u>34,802</u>	<u>17,604</u>	<u>386,835</u>	<u>590,957</u>	<u>1,664,685</u>
Cash Flows from Noncapital Financing Activities						
Transfers (out)				(260,000)	(101,471)	(361,471)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(260,000)</u>	<u>(101,471)</u>	<u>(361,471)</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(342,562)	(214,233)	(34,625)		(171,306)	(762,726)
Proceeds from the Sale of Capital Assets		57,000				57,000
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(342,562)</u>	<u>(157,233)</u>	<u>(34,625)</u>	<u>0</u>	<u>(171,306)</u>	<u>(705,726)</u>
Cash Flows from Investing Activities						
Interest Received on Investments	34,951	62,042	3,853	10,135	18,405	129,386
Net Increase (Decrease) in Cash and Cash Equivalents	326,876	(60,389)	(13,168)	136,970	336,585	726,874
Cash and Cash Equivalents, Beginning of Year	<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>
Cash and Cash Equivalents, End of Year	<u>\$ 2,948,241</u>	<u>\$ 4,660,224</u>	<u>\$ 307,816</u>	<u>\$ 905,398</u>	<u>\$ 2,196,071</u>	<u>\$ 11,017,750</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Current Assets						
Equity in Pooled Cash and Investments	\$ 2,948,241	\$ 4,660,224	\$ 306,526	\$ 905,398	\$ 2,196,071	\$ 11,016,460
Other Operating Cash			1,290			1,290
Total	<u>\$ 2,948,241</u>	<u>\$ 4,660,224</u>	<u>\$ 307,816</u>	<u>\$ 905,398</u>	<u>\$ 2,196,071</u>	<u>\$ 11,017,750</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ (33,446)	\$ (39,822)	\$ (74,835)	\$ 354,879	\$ 570,645	\$ 777,421
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	710,562	48,683	95,226	34,586	108,815	997,872
Power Costs Recovered in Advance (Returned)					(57,409)	(57,409)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	(5,677)	(8,875)		(8,915)	7,425	(16,042)
Inventories			5,228			5,228
Prepaid Expenses			78	(58)		20
Accounts Payable and Other Accrued Liabilities	(38,790)	25,565	(8,057)	6,343	(38,519)	(53,458)
Unearned Revenues			5,711			5,711
Accrued Compensated Absences		9,251	(12,183)			(2,932)
Other Postemployment Benefits	1,838		6,436			8,274
Net Cash Provided by (Used in) Operating Activities	<u>\$ 634,487</u>	<u>\$ 34,802</u>	<u>\$ 17,604</u>	<u>\$ 386,835</u>	<u>\$ 590,957</u>	<u>\$ 1,664,685</u>

**Supplemental Disclosure of Noncash
Activities**

Contributed Assets	\$ 1,692,879					\$ 1,692,879
Capital Asset Transfers	(21,199)					(21,199)

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Assets			
Current Assets			
Equity in Pooled Cash and Investments	\$ 3,503,515	\$ 353,990	\$ 3,857,505
Accounts Receivable, Net	625		625
Prepaid Expenses	52,899		52,899
Total Current Assets	<u>3,557,039</u>	<u>353,990</u>	<u>3,911,029</u>
Noncurrent Assets			
Capital Assets:			
Buildings and Improvements		1,610,007	1,610,007
Equipment		1,983,670	1,983,670
	<u>0</u>	<u>3,593,677</u>	<u>3,593,677</u>
(Accumulated Depreciation)		(2,874,166)	(2,874,166)
Total Noncurrent Assets	<u>0</u>	<u>719,511</u>	<u>719,511</u>
Total Assets	<u>3,557,039</u>	<u>1,073,501</u>	<u>4,630,540</u>
Liabilities			
Current Liabilities			
Accounts Payable	16,987	158,967	175,954
Other Accrued Liabilities	538	148,511	149,049
Estimated Liability for Self-insured Losses	218,151		218,151
Current Portion of Long-term Debt, Compensated Absences		174,470	174,470
Total Current Liabilities	<u>235,676</u>	<u>481,948</u>	<u>717,624</u>
Noncurrent Liabilities			
Accrued Compensated Absences	<u>0</u>	<u>697,875</u>	<u>697,875</u>
Total Liabilities	<u>235,676</u>	<u>1,179,823</u>	<u>1,415,499</u>
Net Position			
Net Investment in Capital Assets		719,511	719,511
Unrestricted	3,321,363	(825,833)	2,495,530
Total Net Position (Deficit)	<u>\$ 3,321,363</u>	<u>\$ (106,322)</u>	<u>\$ 3,215,041</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Operating Revenues			
Charges for Services	\$ 3,597,863	\$ 6,880,139	\$ 10,478,002
Other Revenue	50,000	512	50,512
Total Operating Revenues	<u>3,647,863</u>	<u>6,880,651</u>	<u>10,528,514</u>
Operating Expenses			
Personal Services	11,734	3,608,684	3,620,418
Purchased Services	148,883	931,124	1,080,007
Repairs and Maintenance		426,979	426,979
Depreciation		141,104	141,104
Materials and Supplies	375	292,880	293,255
Other Expenses	2,973,551	1,640,567	4,614,118
(Total Operating Expenses)	<u>(3,134,543)</u>	<u>(7,041,338)</u>	<u>(10,175,881)</u>
Operating Income (Loss)	<u>513,320</u>	<u>(160,687)</u>	<u>352,633</u>
Nonoperating Income (Expense)			
Investment Earnings	38,934		38,934
(Loss) on Disposal of Capital Assets		(8,742)	(8,742)
Total Nonoperating Income (Expense)	<u>38,934</u>	<u>(8,742)</u>	<u>30,192</u>
Income (Loss) Before Transfers	552,254	(169,429)	382,825
Capital Contributions			
Contributions from Other Funds		33,302	33,302
Transfers in	<u>0</u>	<u>74,998</u>	<u>74,998</u>
Change in Net Position	552,254	(61,129)	491,125
Total Net Position (Deficit), Beginning of Year	<u>2,769,109</u>	<u>(45,193)</u>	<u>2,723,916</u>
Total Net Position (Deficit), End of Year	<u>\$ 3,321,363</u>	<u>\$ (106,322)</u>	<u>\$ 3,215,041</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 3,925,778	\$ 6,880,651	\$ 10,806,429
Cash Payments to Vendors for Goods and Services	(3,218,236)	(3,240,531)	(6,458,767)
Cash Payments to Employees for Services	(11,734)	(3,622,120)	(3,633,854)
Claims Paid	(503,997)		(503,997)
Net Cash Provided by (Used in) Operating Activities	<u>191,811</u>	<u>18,000</u>	<u>209,811</u>
Cash Flows from Noncapital Financing Activities			
Operating Transfers in	<u>0</u>	<u>53,799</u>	<u>53,799</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	<u>0</u>	<u>(3,813)</u>	<u>(3,813)</u>
Cash Flows from Investing Activities			
Interest Received on Investments	<u>38,934</u>	<u>0</u>	<u>38,934</u>
Net Increase (Decrease) in Cash and Cash Equivalents	230,745	67,986	298,731
Cash and Cash Equivalents, Beginning of Year	<u>3,272,770</u>	<u>286,004</u>	<u>3,558,774</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,503,515</u>	<u>\$ 353,990</u>	<u>\$ 3,857,505</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>			
Current Assets			
Equity in Pooled Cash and Investments	<u>\$ 3,503,515</u>	<u>\$ 353,990</u>	<u>\$ 3,857,505</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 513,320	\$ (160,687)	\$ 352,633
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		141,104	141,104
(Decrease) in Estimated Liability for Self-insured Losses	(577,264)		(577,264)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
A/R and Unbilled Revenue	277,915		277,915
Prepaid Expenses	(4,253)		(4,253)
Accounts Payable and Other Accrued Liabilities	(17,907)	51,019	33,112
Accrued Compensated Absences		(13,436)	(13,436)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 191,811</u>	<u>\$ 18,000</u>	<u>\$ 209,811</u>
<u>Supplemental Disclosure of Noncash Activities</u>			
Capital Assets Transferred in		\$ 21,199	\$ 21,199

**SCHEDULE OF COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND
SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District	Southend Redevelopment District	Totals
Assets			
	\$ 9,123,920	\$ 4,039,314	\$ 13,163,234
Accounts, Net	165		165
Assessments, Net		1,128	1,128
Total Assets	<u>9,124,085</u>	<u>4,040,442</u>	<u>13,164,527</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts Payable	3,143	81,042	84,185
Other Accrued Liabilities	53,830	132,663	186,493
Unearned Revenues	165		165
Total Liabilities	<u>57,138</u>	<u>213,705</u>	<u>270,843</u>
Deferred Inflows of Resources			
Unavailable Revenues	<u>0</u>	<u>1,128</u>	<u>1,128</u>
Fund Balances			
Restricted for:			
Redevelopment	<u>9,066,947</u>	<u>3,825,609</u>	<u>12,892,556</u>
Total Fund Balances	<u>9,066,947</u>	<u>3,825,609</u>	<u>12,892,556</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,124,085</u>	<u>\$ 4,040,442</u>	<u>\$ 13,164,527</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Downtown Redevelopment</u>	<u>Southend Redevelopment</u>	<u>Totals</u>
Revenues			
Taxes	\$ 4,909,602	\$ 3,014,907	\$ 7,924,509
Charges for Services		1,501	1,501
Interest and Other Revenue	115,778	67,079	182,857
Total Revenues	<u>5,025,380</u>	<u>3,083,487</u>	<u>8,108,867</u>
Expenditures			
Current:			
General Government	149,723	66,771	216,494
Public Safety	496,984		496,984
Debt Service:			
Principal	177,825	787,641	965,466
Interest and Fees	4,382	73,816	78,198
Capital Outlay	1,381,900	2,214,175	3,596,075
(Total Expenditures)	<u>(2,210,814)</u>	<u>(3,142,403)</u>	<u>(5,353,217)</u>
Net Change in Fund Balances	2,814,566	(58,916)	2,755,650
Fund Balances, Beginning of Year	<u>6,252,381</u>	<u>3,884,525</u>	<u>10,136,906</u>
Fund Balances, End of Year	<u>\$ 9,066,947</u>	<u>\$ 3,825,609</u>	<u>\$ 12,892,556</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, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 102,249,823	\$ 96,829,521	\$ (5,420,302)
Other	280,829	182,428	(98,401)
Total Operating Revenues	<u>102,530,652</u>	<u>97,011,949</u>	<u>(5,518,703)</u>
Operating Expenses			
Purchased Power	70,535,134	63,519,558	7,015,576
Personal Services	8,619,637	6,973,061	1,646,576
Purchased Services	1,515,058	1,368,190	146,868
Repairs and Maintenance	1,481,036	1,206,392	274,644
Materials and Supplies	956,666	862,491	94,175
Other Expenses	6,756,327	4,829,411	1,926,916
(Total Operating Expenses)	<u>(89,863,858)</u>	<u>(78,759,103)</u>	<u>11,104,755</u>
Operating Income	<u>12,666,794</u>	<u>18,252,846</u>	<u>5,586,052</u>
Nonoperating Income (Expense)			
Investment Earnings	481,785	358,318	(123,467)
Interest Expense	(943,438)	(930,190)	13,248
Connection Fees	125,000	380,559	255,559
Gain (Loss) on Disposal of Capital Assets	50,000	(59,868)	(109,868)
Capital Outlay	(14,959,980)	(8,708,849)	6,251,131
System Removal Costs		(166,000)	(166,000)
Debt Service Principal	(3,460,000)	(3,460,000)	0
Capital Grant Revenue		57,339	57,339
Developer Contributions	86,000		(86,000)
Total Nonoperating Income (Expense)	<u>(18,620,633)</u>	<u>(12,528,691)</u>	<u>6,091,942</u>
Income Before Operating Transfers	<u>(5,953,839)</u>	<u>5,724,155</u>	<u>11,677,994</u>
Other Financing Sources (Uses)			
Transfers (out)	(3,608,401)	(3,608,401)	0
Total Other Financing Sources (Uses)	<u>(3,608,401)</u>	<u>(3,608,401)</u>	<u>0</u>
Net Income	<u>\$ (9,562,240)</u>	<u>\$ 2,115,754</u>	<u>\$ 11,677,994</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
ELECTRIC, WATER AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2014
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 7,349,447</u>
Adjustments	
Depreciation	7,953,671
Capital Outlay, Purchased	(8,708,849)
Capital Outlay, Developer Contributions	(1,024,030)
Contributions from Other Funds	(8,383)
Removal Costs	(166,000)
Debt Service, Principal	(3,460,000)
Amortization:	
Bond Premium	(265,910)
Loss on Refunding	445,808
(Total Adjustments)	<u>(5,233,693)</u>
Net Income - Budgetary Basis	<u><u>\$ 2,115,754</u></u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED
 UNDER UTILITY REVENUE BOND COVENANTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Utility Customers Connected and Active

	<u>2014</u>	<u>2013</u>
Electrical Customers		
Jacksonville Beach	\$ 14,199	\$ 13,927
Neptune Beach	3,925	3,895
Other	15,842	15,713
Total Electrical Customers	<u>\$ 33,966</u>	<u>\$ 33,535</u>
Water and Wastewater Customers		
Water	\$ 10,029	\$ 9,865
Wastewater	9,872	9,691
Total Water and Wastewater Customers	<u>\$ 19,901</u>	<u>\$ 19,556</u>

Insurance in Existence

Electrical Department		
Buildings, Equipment, Transformers, Regulators, Substations, and Equipment	<u>\$ 55,715,258</u>	<u>\$ 63,826,919</u>
Water Department		
Buildings and Equipment	<u>\$ 34,075,392</u>	<u>\$ 39,214,718</u>
General Liability	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Automobile Liability	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

Statistical Section (Unaudited)

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

Contents	Pages
Financial Trends Information These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	113
Revenue Capacity Information These schedules contain information to help the reader assess the City's local revenue source.	118
Debt Capacity Information These schedules present information to help the reader assess the City's debt burden and its ability to issue additional debt in the future.	122
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.	127
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	129

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 85,081,323
Restricted	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	18,203,910
Unrestricted	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	15,803,521
Total Governmental Activities Net Position	<u>68,917,116</u>	<u>78,943,437</u>	<u>90,839,584</u>	<u>99,168,245</u>	<u>101,977,608</u>	<u>96,248,665</u>	<u>98,879,177</u>	<u>104,675,473</u>	<u>110,771,618</u>	<u>119,088,754</u>
Business-type Activities										
Net Investment in Capital Assets	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	151,886,547
Restricted	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	2,000,000
Unrestricted	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	61,548,916
Total Business-type Activities Net Position	<u>130,277,631</u>	<u>138,860,765</u>	<u>144,086,351</u>	<u>150,538,402</u>	<u>163,327,488</u>	<u>185,467,730</u>	<u>197,127,938</u>	<u>201,735,953</u>	<u>205,812,904</u>	<u>215,435,463</u>
Primary Government										
Net Investment in Capital Assets	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	236,967,870
Restricted	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	20,203,910
Unrestricted	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	77,352,437
Total Primary Government Net Position	<u>\$ 199,194,747</u>	<u>\$ 217,804,202</u>	<u>\$ 234,925,935</u>	<u>\$ 249,706,647</u>	<u>\$ 265,305,096</u>	<u>\$ 281,716,395</u>	<u>\$ 296,007,115</u>	<u>\$ 306,411,426</u>	<u>\$ 316,584,522</u>	<u>\$ 334,524,217</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 2,481,148
Law Enforcement	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	8,644,124
Fire Control	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	3,697,834
Building Inspections	535,243	808,782	564,002	582,524	554,407	448,328	459,024	427,941	440,927	436,897
Physical Environment	296,654	282,946	351,125	348,893	25,401	367,166	365,433	380,328	355,032	356,947
Roads and Streets	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	2,937,071
Economic Environment	108,574	108,574	108,574	0	0	0	0	0	0	0
Human Services	48,237	64,798	52,967	72,908	102,705	81,754	20,000	20,000	10,296	0
Parks and Recreation	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	2,840,920
Interest on Long-term Debt	707,425	616,590	843,849	799,470	714,233	626,709	535,930	393,170	224,307	167,258
Total Governmental Activities Expenses	19,059,401	19,908,775	20,967,327	22,112,731	21,961,079	24,842,200	21,980,948	22,257,935	21,830,681	21,562,199
Business-type Activities:										
Electric	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	78,915,218
Water and Sewer	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	8,919,844
Stormwater	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	1,307,367
Sanitation	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	3,201,492
Golf Course	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	1,346,173
Leased Facilities	238,354	190,490	409,283	341,061	473,711	369,927	376,748	271,007	280,629	267,406
Natural Gas	0	0	0	0	1,323	99,804	897,732	1,187,673	1,359,485	1,529,129
Total Business-type Activities Expenses	81,833,221	93,102,931	94,454,851	106,815,746	108,976,404	107,035,217	95,677,769	90,676,187	97,501,998	95,486,629
Total Primary Government Expenses	100,892,622	113,011,706	115,422,178	128,928,477	130,937,483	131,877,417	117,658,717	112,934,122	119,332,679	117,048,828
Program Revenues										
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	74,677
Law Enforcement	532,788	276,969	286,226	264,479	697,090	207,411	145,164	156,311	163,486	169,424
Building Inspections	440,196	963,930	616,215	521,039	323,726	347,700	257,693	267,879	372,025	563,934
Physical Environment	66,408	42,036	36,608	52,656	40,667	52,029	23,866	14,791	8,619	3,758
Roads and Streets	4,360	5,040	5,720	3,560	3,120	25,085	129,850	229,084	217,998	177,144
Parks and Recreation	51,422	79,209	61,855	66,325	129,393	75,389	104,251	107,867	107,199	126,804
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	1,165,743
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	863,473
Total Governmental Activities										
Program Revenues	4,055,614	3,305,629	5,394,522	5,616,942	3,415,661	3,660,338	4,019,758	3,196,757	2,632,866	3,144,957

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues (Concluded)										
Business-type Activities:										
Charges for Services:										
Electric	\$ 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	\$ 86,218,701
Water and Sewer	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	10,793,248
Stormwater	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	1,273,921
Sanitation	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	3,218,670
Golf Course	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	1,271,338
Leased Facilities	539,337	515,700	415,581	494,476	498,717	541,785	570,920	551,647	611,679	621,022
Natural Gas	0	0	0	0	0	89,255	1,114,296	1,579,134	1,729,246	2,100,135
Operating Grants and Contributions	16,829	0	0	299,832	(265,331)	306,715	0	196,737	6,713	0
Capital Grants and Contributions	732,955	947,321	1,772,041	1,169,269	2,988,839	6,430,278	1,888,820	996,393	620,087	3,154,807
Total Business-type Activities	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	108,651,842
Total Primary Government Program Revenues	99,958,626	106,796,698	106,364,970	121,097,284	122,685,288	124,887,776	109,791,485	101,479,925	108,872,091	111,796,799
Net (Expense) Revenue										
Governmental Activities	(15,003,787)	(16,603,146)	(15,572,805)	(16,495,789)	(18,545,418)	(21,181,862)	(17,961,190)	(19,061,178)	(19,197,815)	(18,417,242)
Business-type Activities	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	13,165,213
Total Primary Government Net Expense	(933,996)	(6,215,008)	(9,057,208)	(7,831,193)	(8,252,195)	(6,989,641)	(7,867,232)	(11,454,197)	(10,460,588)	(5,252,029)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	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	15,137,151
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	1,060,370	1,150,436	1,109,323	1,062,472	973,627	944,140	975,611	997,077	1,055,321	1,112,859
Communication Service Tax	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	1,158,559
Convention Development Tax	198,762	203,508	179,442	235,080	208,957	220,694	221,509	224,402	283,358	298,019
Fuel Taxes	804,025	839,717	806,961	783,579	725,730	747,903	742,603	708,396	709,816	719,143
Other Taxes	0	0	0	0	0	273,107	252,578	611,181	628,673	718,854
State-shared Revenues	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	2,830,039
Other Intergovernmental Revenues	38,051	31,653	39,876	38,334	33,964	35,033	33,681	33,504	0	64,142
Interest	937,211	1,687,137	2,820,596	1,811,187	1,030,966	663,193	373,674	656,852	152,872	511,269
Miscellaneous	18,856	1,837	26,747	225,061	4,736	21,916	185,037	254,892	217,694	148,707
Net Transfers	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	4,030,356
Total Governmental Activities	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	26,734,378
Business-type Activities:										
Interest	1,234,670	2,123,457	2,477,537	1,267,824	606,533	795,084	610,607	758,841	55,453	487,702
Miscellaneous	18,804	21,817	42,409	25,156	(19,165)	0	0	0	0	0
Net Transfers	(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)	(4,030,356)
Total Business-type Activities	(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)	(3,542,654)
Total Primary Government	17,887,859	22,735,570	25,956,521	24,813,186	23,447,128	23,041,520	22,980,953	22,422,399	21,308,677	23,191,724
Change in Net Position										
Governmental Activities	5,804,529	7,937,428	11,673,727	10,529,942	2,405,847	(6,088,363)	3,478,199	5,796,296	6,410,448	8,317,136
Business-type Activities	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	9,622,559
Total Primary Government	\$ 16,953,863	\$ 16,520,562	\$ 16,899,313	\$ 16,981,993	\$ 15,194,933	\$ 16,051,879	\$ 15,113,721	\$ 10,404,311	\$ 10,848,089	\$ 17,939,695

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Pre-GASB 54:										
Reserved	\$ 291,479	\$ 231,530	\$ 116,148	\$ 190,292	\$ 140,701	\$ 114,442	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	6,014,717	6,484,046	6,652,414	7,266,918	7,879,457	8,258,521	0	0	0	0
Post-GASB 54:										
Nonspendable	0	0	0	0	0	0	18,000	41,640	41,640	0
Committed	0	0	0	0	0	0	4,529,922	4,447,636	4,755,631	4,922,833
Assigned	0	0	0	0	0	0	3,723,744	4,607,248	4,243,808	4,560,255
Total General Fund	\$ 6,306,196	\$ 6,715,576	\$ 6,768,562	\$ 7,457,210	\$ 8,020,158	\$ 8,372,963	\$ 8,271,666	\$ 9,096,524	\$ 9,041,079	\$ 9,483,088
All Other Governmental Funds										
Pre-GASB 54:										
Reserved	\$ 11,183,119	\$ 12,129,093	\$ 23,030,084	\$ 20,332,022	\$ 18,906,029	\$ 15,246,377	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, Reported in:										
Special Revenue Funds	355,838	525,474	315,996	538,436	313,426	808,007	0	0	0	0
Debt Service Funds	403,867	86,105	99,026	50,777	50,146	54,227	0	0	0	0
Capital Projects Fund	2,304,445	3,452,300	4,155,813	5,219,459	3,989,455	4,507,823	0	0	0	0
Post-GASB 54:										
Restricted	0	0	0	0	0	0	14,163,932	15,417,977	14,965,981	17,824,995
Committed	0	0	0	0	0	0	12,756	6,548	6,549	5,955
Assigned	0	0	0	0	0	0	5,850,337	4,737,290	6,087,493	6,612,462
Total All Other Governmental Funds	\$ 14,247,269	\$ 16,192,972	\$ 27,600,919	\$ 26,140,694	\$ 23,259,056	\$ 20,616,434	\$ 20,027,025	\$ 20,161,815	\$ 21,060,023	\$ 24,443,412

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 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	\$ 19,178,564
Licenses and Permits	1,275,226	894,925	671,728	608,246	618,240	229,564	261,309	367,855	559,485	568,985
Intergovernmental	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	3,930,997
Charges for Services	164,856	433,984	227,186	257,255	181,526	289,680	763,837	696,313	465,176	388,582
Fines and Forfeitures	446,998	422,586	452,653	743,505	298,613	510,579	234,427	701,853	277,193	305,076
Interest and Other Revenue	1,238,508	2,003,352	2,943,256	2,058,022	1,227,435	836,043	479,251	891,669	411,091	717,985
Total Revenues	20,247,001	25,676,618	28,212,794	26,717,192	26,418,923	26,663,130	24,950,618	24,569,938	23,666,184	25,090,189
Expenditures										
Current:										
General Government	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	2,413,022
Public Safety	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	11,993,522
Physical Environment	26	4,840	24,986	12,435	25,401	507,257	21,756	36,651	11,355	13,270
Roads and Streets	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	1,799,476
Human Services	48,237	64,798	52,967	72,908	102,705	81,754	20,000	20,000	10,296	0
Parks and Recreation	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	2,419,924
Debt Service:										
Principal	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	1,865,466
Interest	707,425	616,590	843,849	799,470	714,236	626,709	535,930	393,170	224,307	167,258
Capital Outlay	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	4,508,926
Grants and Aid	0	0	0	0	0	0	0	0	0	0
(Total Expenditures)	(22,321,314)	(28,672,890)	(30,834,340)	(31,169,870)	(28,066,915)	(29,906,825)	(25,718,830)	(27,347,083)	(27,269,754)	(25,180,864)
(Deficiency) of Revenues										
(Under) Expenditures	(2,074,313)	(2,996,272)	(2,621,546)	(4,452,678)	(1,647,992)	(3,243,695)	(768,212)	(2,777,145)	(3,603,570)	(90,675)
Other Financing Sources (Uses)										
Proceeds from Borrowing	0	0	10,000,000	0	0	0	0	6,495,000	0	0
Principal - Current Refundings	0	0	0	0	0	0	0	(6,495,000)	0	0
Transfers in	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	6,930,317
Transfers (out)	(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)	(3,014,244)
Total Other Financing Sources (Uses)	4,199,733	5,351,355	14,082,479	3,681,101	(829,537)	953,878	102,192	3,736,793	4,446,333	3,916,073
Net Change in Fund Balance	\$ 2,125,420	\$ 2,355,083	\$ 11,460,933	\$ (771,577)	\$ (2,477,529)	\$ (2,289,817)	\$ (666,020)	\$ 959,648	\$ 842,763	\$ 3,825,398
Debt Service as a % of Noncapital Expenditures*	16.0%	15.3%	21.2%	14.5%	14.7%	14.4%	14.9%	13.0%	11.9%	10.0%

* 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				
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%
2014	2,428,035,702	63,450,619	2,491,486,321	865,057,320	3,356,543,641	4.0947	74.23%

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

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

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

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

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

Fiscal Year September 30,	Direct Rates (1)	Overlapping Rates			Duval County	Total Millage Rate
	City of Jacksonville Beach	Florida Inland Navigation	Water Management District	School District		
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
2014	4.0947	0.0345	0.3283	7.3880	8.1512	19.9967

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 2014 and Nine Years Ago

	2014			2005		
	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	\$ 26,546,528	1	1.09%			
Ocean Park Partnership, Ltd.	19,910,000	2	0.82%	\$ 10,980,286	5	0.60%
Hampton Inn Oceanfront	19,023,700	3	0.78%			
Courtyard Marriot	17,075,019	4	0.70%			
South Beach Regional Shopping Center	16,231,600	5	0.67%	15,053,986	1	0.83%
Pablo Plaza	15,338,200	6	0.63%	13,535,086	3	0.74%
Beach Marine	11,758,300	7	0.48%	12,233,992	4	0.67%
Gordon Bank	10,095,400	8	0.42%			
South Beach Parkway Shopping Center	10,076,600	9	0.42%	10,899,818	6	0.60%
Adventure Landing Amusement Park	9,378,531	10	0.39%			
Oceans Edge			0.00%	13,962,941	2	0.77%
Comfort Inn				9,722,365	7	0.53%
Holiday Inn				9,644,140	8	0.53%
Southend Parkway Land Trust (Marsh Landing)				9,473,611	9	0.52%
Baptist Medical Center				8,121,669	10	0.45%
Total	<u>\$ 155,433,878</u>		<u>6.40%</u>	<u>\$ 113,627,894</u>		<u>6.24%</u>
Total Assessed Real Property Valuation from Schedule 5	<u>\$2,428,035,702</u>			<u>\$ 1,819,825,773</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>
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	7,494,073	7,008,399	93.52%	54,150	7,062,549	94.24%
2013	7,365,825	6,886,688	93.50%	88,106	6,974,794	94.69%
2014	7,412,686	7,017,198	94.66%	54,624	7,071,822	95.40%

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

(1) Taxes Levied do 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	Electric Bonds	Outstanding Debt Per Electric Customer (1)	Water and Sewer Bonds	Outstanding Debt Per Water Customer (1)	Stormwater Bonds	Outstanding Debt Per Stormwater Customer (1)
2005	\$ 15,722,683	\$ 1,571,420	\$ 1,188,119	\$ 18,482,222	\$ 32,618,820	\$ 987	\$ 22,761,180	\$ 2,333	\$ 2,894,888	297
2006	14,122,224	1,328,178	606,916	16,057,318	30,981,400	940	21,618,600	2,227	2,517,018	259
2007	12,466,848	0	9,730,000	22,196,848	29,302,750	935	20,447,250	2,133	2,127,835	222
2008	10,754,919	0	9,095,000	19,849,919	27,576,980	836	19,243,020	2,002	1,727,070	180
2009	8,983,595	0	8,395,000	17,378,595	25,807,035	779	18,007,965	1,874	1,314,165	137
2010	7,151,554	0	7,660,000	14,811,554	23,972,300	723	16,727,700	1,735	888,967	92
2011	5,256,399	0	6,890,000	12,146,399	20,956,620	632	14,623,380	1,517	451,040	47
2012	3,601,725	0	6,060,000	9,661,725	18,971,690	570	13,238,310	1,363	0	0
2013	2,233,146	0	5,185,000	7,418,146	17,573,746	524	12,262,835	1,243	0	0
2014	1,267,680	0	4,285,000	5,552,680	15,379,185	453	10,731,486	1,070	0	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

Fiscal Year	Business-type Activities (Concluded)			Total Debt	Percentage of Personal Income (2)	Total Debt Per Capita (2)
	Sales Tax Bonds (3)	Per Round of Golf	Total Business-type			
2005	\$ 160,668	\$ 3	\$ 58,435,556	\$ 76,917,778	10.32%	\$ 3,572
2006	135,798	2.17	55,252,816	71,310,134	8.85%	3,310
2007	0	0	51,877,835	74,074,683	8.65%	3,329
2008	0	0	48,547,070	68,396,989	7.62%	3,007
2009	0	0	45,129,165	62,507,760	7.07%	2,752
2010	0	0	41,588,967	56,400,521	6.24%	2,444
2011	0	0	36,031,040	48,177,439	5.64%	2,247
2012	0	0	32,210,000	41,871,725	4.74%	1,937
2013	0	0	29,836,581	37,254,727	N/A	1,716
2014	0	0	26,110,671	31,663,351	N/A	1,430

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	Total Debt Per Capita
2005	\$ 15,722,683	4.44%	\$ 1,571,420	\$ 73	\$ 1,188,119	\$ 55	\$ 18,482,222	\$ 858
2006	14,122,224	2.77%	1,328,178	62	606,916	28	16,057,318	745
2007	12,466,848	1.89%	0	0	9,730,000	437	22,196,848	997
2008	10,754,919	1.26%	0	0	9,095,000	400	19,849,919	873
2009	8,983,595	0.96%	0	0	8,395,000	370	17,378,595	765
2010	7,151,554	0.82%	0	0	7,660,000	332	14,811,554	642
2011	5,256,399	0.66%	0	0	6,890,000	321	12,146,399	567
2012	3,601,725	0.52%	0	0	6,060,000	280	9,661,725	447
2013	2,233,146	0.33%	0	0	5,185,000	240	7,418,146	342
2014	1,267,680	0.19%	0	0	4,285,000	194	5,552,680	251

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, 2014
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Percentage (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Duval County School Board	\$ 0		<u>\$ 0</u>
Subtotal, Overlapping Debt			0
City of Jacksonville Beach, Direct Debt			<u>5,552,680</u>
Total Direct and Overlapping Debt			<u><u>\$ 5,552,680</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	
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
2014	97,011,949	(78,759,103)	18,252,846	3,460,000	966,588	4.12

(1) Excludes depreciation expense.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Fiscal Year	Population (1)	Duval County Unemployment Rate (2)	Duval County Per Capita Income (3)	Personal Income
2005	21,531	4.5%	\$ 34,610	\$ 745,187,910
2006	21,544	3.8%	37,387	805,465,528
2007	22,253	4.1%	38,462	855,894,886
2008	22,749	5.7%	39,473	897,971,277
2009	22,715	9.9%	38,937	884,453,955
2010	23,077	12.9%	39,140	903,233,780
2011	21,441	10.3%	39,858	854,595,378
2012	21,615	9.3%	40,905	884,161,575
2013	21,713	7.5%	N/A	N/A
2014	22,136	6.5%	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
Fiscal Year 2014 and Nine Years Ago

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Naval Station Mayport	15,170	1	N/A	15,000	1	N/A
Baptist Medical Center - Beaches	800	2	N/A	700	3	N/A
Ponte Vedra Inn and Club	650	3	N/A	550	4	N/A
PGA Tour	620	4	N/A	500	5	N/A
Honeywell	570	5	N/A			N/A
Sawgrass Marriott	450	6	N/A	475	6	N/A
City of Jacksonville Beach	400	7	N/A	375	7	N/A
TPC Sawgrass	320	8	N/A			N/A
U.S. Coast Guard	320	9	N/A			N/A
Vicar's Landing	320	10	N/A	250	10	N/A
Duval County School Board				840	2	N/A
St. Johns County Schools				371	8	N/A
Fleet Landing				278	9	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.

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	16	16	17	18	16	16	15	14	13	13
Finance	28	28	32	32	32	33	33	33	33	33
Planning and Development	11	11	11	11	9	9	8	8	8	8
Electric	81	82	82	85	86	76	76	78	77	75
Central Services	12	11	6	4	4	4	4	4	4	4
Public Works	65	65	65	66	65	65	65	65	65	65
Human Resources	7	7	7	7	7	7	7	8	7	7
Parks and Recreation*	59	56	55	55	57	100	100	99	98	98
Grounds and Maintenance	25	25	24	24	22	20	9	8	8	7
Golf Course	19	19	19	19	19	19	27	26	26	25
Police	110	110	114	98	95	95	94	95	95	96
Fire Fighters	31	31	32	32	32	31	31	31	31	31
Total	464	461	464	451	444	475	469	469	465	462

Source: City of Jacksonville Beach Annual Budget.

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

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

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

<u>Function/Program</u>	<u>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>	<u>2014</u>
Police										
Physical Arrests	3,336	2,490	2,436	2,429	1,986	1,665	1,192	1,573	1,398	1,568
Parking Violations	4,803	3,636	2,127	1,955	2,456	2,726	3,085	3,267	2,331	2,200
Law Violations	11,547	9,174	8,408	7,620	6,362	6,898	3,520	2,292	3,152	5,004
Fire										
Emergency Incidents	2,994	2,876	3,034	3,196	2,975	2,947	3,161	3,063	3,104	3,040
Inspections (Total)	1,917	2,154	1,684	1,890	2,719	2,648	2,169	2,275	1,839	1,580
Other Public Works										
Street Resurfacing (Miles)	30.6	0.0	0.0	2.9	4.0	1.2	4.9	8.1	0.0	0.0
Electric										
Number of Active										
Electric Customers	32,023	32,773	33,038	32,976	31,351	32,996	33,147	33,303	33,535	33,966
Average Residential										
Monthly Consumption										
(Kilowatt Hours)	1,442	1,486	1,353	1,304	1,301	1,395	1,368	1,232	1,209	1,239
Water										
Number of Active										
Water Customers	9,433	9,806	9,756	9,709	9,585	9,610	9,642	9,711	9,865	10,029
Average Residential Monthly										
Consumption (Gallons)	4,700	4,620	4,743	4,267	4,245	4,373	4,530	4,029	4,014	4,038
Wastewater										
Number of Active Wastewater										
Customers	9,244	9,598	9,583	9,557	9,436	9,472	9,502	9,569	9,691	9,872
Storm Mains Cleaned (Feet)	40,788	26,839	35,623	28,408	65,550	73,670	36,297	33,010	23,821	23,530

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

<u>Function/Program</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>	<u>2014</u>
Police										
Stations (Including Satellite Stations)	2	2	2	2	2	2	2	2	2	1
Patrol Units	53	53	53	54	51	51	73	51	78	76
Fire Stations	2	2	2	2	2	2	2	1	2	2
Other Public Works										
Paved Roads (Miles)	77	85	87	88	88	89	89	77	89	89
Streetlights	5,700	5,701	5,198	5,262	5,229	5,376	5,385	5,659	5,479	5,513
Water										
Water Mains (Miles)	105	108	108	108	108	109	110	105	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	815	833	840	842	849	859	858	687	870	873
Wastewater										
Sanitary Sewer Mains (Gravity, in Miles)	83	83	84	84	84	85	85	83	85	85
Sanitary Sewer Mains (Force, in Miles)	16	16	16	17	16	16	18	16	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	34	35	36	36	38	38	38	34	38	38
Treatment Capacity (Thousands of Gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Parks and Recreation										
Acreage	80	80	84	84	84	84	84	34	86	86
Parks	12	12	10	10	10	10	10	9	11	11
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	7	8	8

SINGLE AUDIT SECTION

SINGLE AUDIT SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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>
Federal Awards				
U.S. Department of Housing and Urban Development				
Passed Through City of Jacksonville				
Community Development Block Grant	14.218	3177-89	\$ 146,856	\$ 146,856
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0708	14,588	5,077
Passed through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAGC-DUVA-5-E5-043	70,805	69,715
<i>Subtotal Expenditures - CFDA No. 16.738</i>			<u>85,393</u>	<u>74,792</u>
Federal Equitable Sharing Agreement	16.922	N/A	N/A	101,230
Total U.S. Department of Justice			<u>85,393</u>	<u>176,022</u>
U.S. Environmental Protection Agency				
Congressionally Mandated Projects	66.202	XP-95469611-0	485,000	57,339
U.S. Department of Homeland Security				
Assistance to Firefighters Grant	97.044	EMW-2008-FP-00470	8,370	501
Total Federal Awards			<u>\$ 725,619</u>	<u>\$ 380,718</u>

**SCHEDULE OF EXPENDITURES OF GRANT FUNDS PER THE
CITY OF JACKSONVILLE'S ORDINANCE CODE CHAPTER 118.202(e)
FOR THE YEAR ENDED SEPTEMBER 30, 2014
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 2013 - 2014 Grant No. 3177-89 - \$146,856

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
CAPE				
Salaries	\$ 44,868	\$ 44,868	\$ 5,467	
Benefits	15,762	15,762		
Total CAPE	<u>60,630</u>	<u>60,630</u>	<u>5,467</u>	<u>\$ 0</u>
CARVER				
Salaries	68,018	68,018		
Benefits	18,208	18,208		
Total CARVER	<u>86,226</u>	<u>86,226</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 146,856</u>	<u>\$ 146,856</u>	<u>\$ 5,467</u>	<u>\$ 0</u>

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 3, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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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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

**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

February 3, 2015
Gainesville, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined the City of Jacksonville Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and pass-through entities, the Mayor and City Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

February 3, 2015
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2014, and have issued our report thereon dated February 3, 2015.

Auditors' Responsibility

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 Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 3, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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.

Official Title and Legal Authority

Section 10.554(1)(i)4, *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

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Financial Condition

Section 10.554(1)(i)5.a, *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City 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.

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), *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.

Annual Financial Report

Section 10.554(1)(i)5.(b), *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2, *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)3, *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.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and pass-through entities, the Mayor and City Council members, and applicable management, 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

February 3, 2015
Gainesville, Florida

