

City of

JACKSONVILLE BEACH

F L O R I D A



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2016

CITY OF JACKSONVILLE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Prepared by
Department of Finance

INTRODUCTORY SECTION

INTRODUCTORY SECTION

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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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LETTER OF TRANSMITTAL



February 7, 2017

City of
Jacksonville Beach

City Hall
11 North Third Street
Jacksonville Beach
FL 32250

Phone: 904.247.6274

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 nine 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, 2016.

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, 2016, 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, 2016, 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 23,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City has operated under the council-manager form of government since 1937. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing boards, 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 re-budgeted. 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 19. 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 84.

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, 2015. This was the twenty-first 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, 2015. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories: as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



George D. Forbes
City Manager



Karen W. Nelson, C.P.A.
Chief Financial Officer



Government Finance Officers Association

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

Presented to

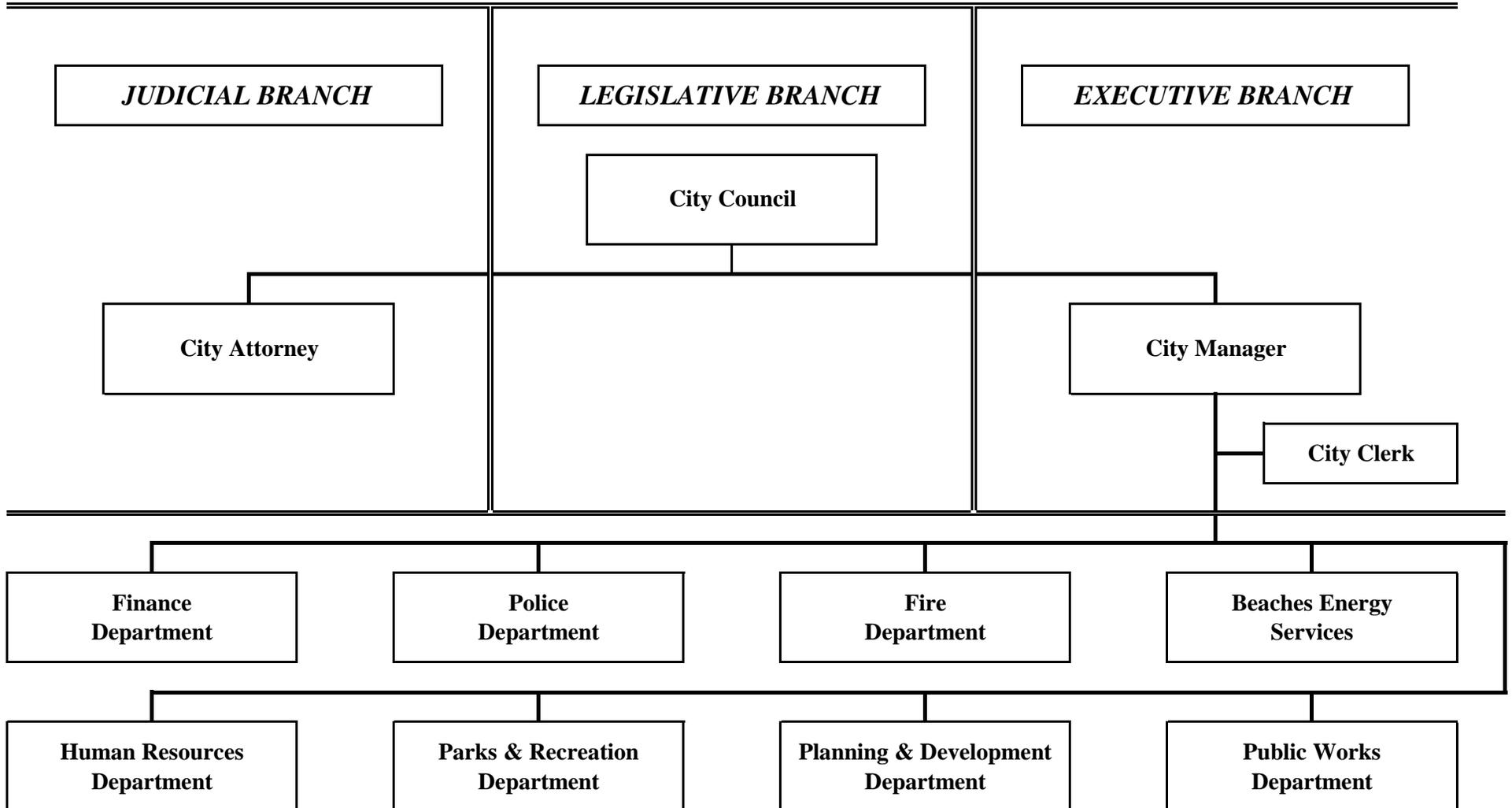
**City of Jacksonville Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

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

City Manager
Deputy City Manager
Chief Financial Officer
Police Chief
Fire Chief
Director of Beaches Energy Services
Director of Human Resources
Director of Parks and Recreation
Director of Planning and Development
Director of Public Works
City Clerk

George D. Forbes
Patricia P. Roberts
Karen W. Nelson, CPA
Patrick K. Dooley
David Whitmill
Allen Putnam
Ann Meuse
Mary Ellen Donner
Bill Mann
William T. Edwards, PE
Laurie Scott

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

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, 2016, 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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5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, 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 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 basic 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 basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2017, 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.



February 7, 2017
Gainesville, Florida

MANAGEMENT'S DISCUSSION
AND ANALYSIS

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
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 City's activities for the fiscal year ended September 30, 2016. 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 financial statements beginning on page 17.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$358,881,490 (net position). The City's total net position increased by \$19,985,658 or 5.9% over the year.
- Unrestricted net position totals \$80,730,875 and 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.
- Revenues and transfers-in for the governmental activities totaled \$33,953,113, an increase of \$3,697,668 or 12.2% for the year. Total expenses were \$22,129,263, an increase of \$2,621,618 or 13.4% for the year.
- Revenues in the business-type activities totaled \$104,351,534, an increase of \$716,200 or .7% from the prior year. Total expenses and transfers out were \$96,189,726, an increase of \$1,535,804 or 1.6% for the year.
- The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and what information about fair value should be reported in the notes to the financial statements. The statement is intended to improve the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements* that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

This report also contains other supplementary information that provides details about the City's non-major funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA

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 government-wide financial statements are presented on pages 17-18 of this report.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as 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.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

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 inspections, physical environment, roads and streets, parks and recreation, and interest on long-term debt. The business-type activities of the City include electric, natural gas, water and sewer, stormwater, sanitation, golf course and leased facilities.

Fund Financial Statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The governmental fund financial statements consist of a *balance sheet* and a *statement of revenues, expenditures, and changes in fund balance*. The basic governmental fund statements are presented on pages 19-24 of this report.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund financial statements for the general fund, the capital projects fund, and the community redevelopment fund, which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA

The City adopts an annual appropriated budget for its various funds. To demonstrate compliance with the adopted budget, a budgetary comparison statement has been included with the basic financial statements for the general fund and the community redevelopment fund.

Proprietary funds. The City maintains two different types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the city-wide financial statements. The City uses enterprise funds to account for its utilities (electric, natural gas, water and sewer, stormwater and sanitation) as well as its golf course and leased facilities operations. Internal service funds are an accounting classification used to allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, property maintenance, employment services, financial services, information technology services, and insurance programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the city-wide financial statements.

The proprietary fund financial statements provide separate information for the water and sewer utility and the electric utility. Data from the other enterprise funds is combined into a single, aggregated presentation. All internal service funds are combined into an aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements are presented on pages 25-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because their resources are not available to support the City's own programs. The City uses fiduciary funds to account for the activities of the police, fire, and general employees' pension trust funds. The basic fiduciary fund financial statements are presented on pages 30-31 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 are presented on pages 32-73 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information is presented on pages 74-83 of this report.

Individual fund data for the non-major funds is provided in the form of combining statements in the supplemental information section titled "Combining and Individual Nonmajor Fund Statements and Other Schedules". Budgetary comparison statements for the non-major governmental funds are also included in this section which begins on page 84.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. Over time, changes in net position serve as one useful measure of the City's financial condition. During fiscal year 2016, the City's net position for governmental activities increased by \$11,823,850 or 9.9%. The increase in net position for business-type activities was \$8,161,808 or 3.7%.

The following condensed comparison shows the City's net position for the two most recent fiscal years. The detailed statement of net position is presented on page 17 of this report.

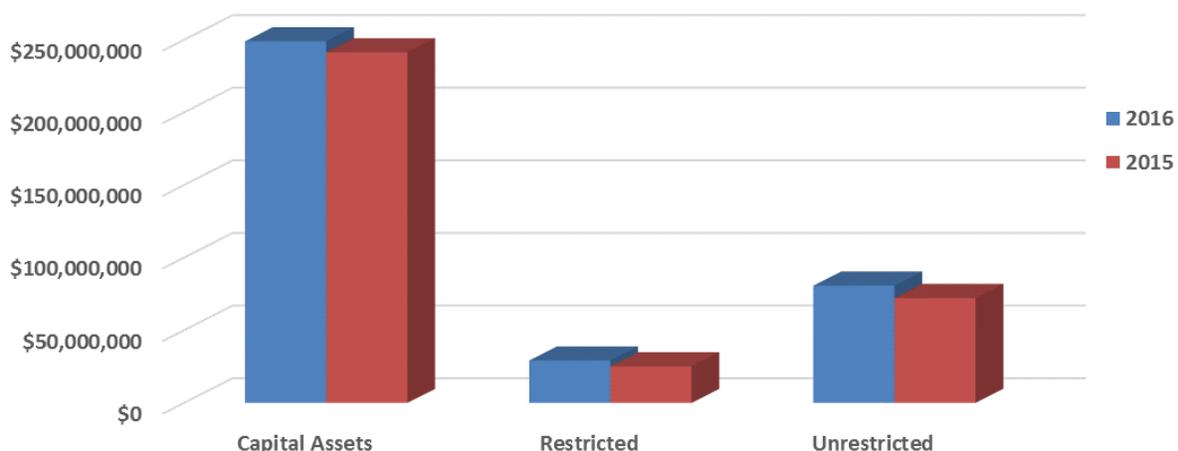
**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

**City of Jacksonville Beach
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$52,840,433	\$45,407,462	\$130,315,858	\$118,269,216	\$183,156,291	\$163,676,678
Capital Assets, Net	93,716,193	90,390,615	175,606,278	176,511,747	269,322,471	266,902,362
Total Assets	146,556,626	135,798,077	305,922,136	294,780,963	452,478,762	430,579,040
Total Deferred Outflows of Resources	4,694,283	1,720,335	2,592,007	1,597,079	7,286,290	3,317,414
Current Liabilities	2,377,245	2,016,684	52,826,291	46,423,897	55,203,536	48,440,581
Noncurrent Liabilities	17,636,153	15,136,166	27,571,137	29,479,262	45,207,290	44,615,428
Total Liabilities	20,013,398	17,152,850	80,397,428	75,903,159	100,410,826	93,056,009
Total Deferred Inflows of Resources	198,184	1,150,085	274,552	794,528	472,736	1,944,613
Net Position:						
Net Invested in						
Capital Assets	91,291,193	86,383,735	157,675,660	155,027,489	248,966,853	241,411,224
Restricted	27,183,762	23,230,058	2,000,000	2,000,000	29,183,762	25,230,058
Unrestricted	12,564,372	9,601,684	68,166,503	62,652,866	80,730,875	72,254,550
Total Net Position	\$131,039,327	\$119,215,477	\$227,842,163	\$219,680,355	\$358,881,490	\$338,895,832

By far, the largest portion of the City's net position (69.4%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens and customers; therefore, these assets are not available for future spending. Although the City's investment in 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 (8.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (22.5%) may be used to meet the government's ongoing obligations to citizens, customers, and creditors.

City of Jacksonville Beach - Net Position



**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

Statement of Activities. The following table illustrates the condensed statement of activities for the most recent fiscal year as compared to the prior year. The detailed statement of activities is presented on page 18 of this report.

**City of Jacksonville Beach
Changes in Net Position**

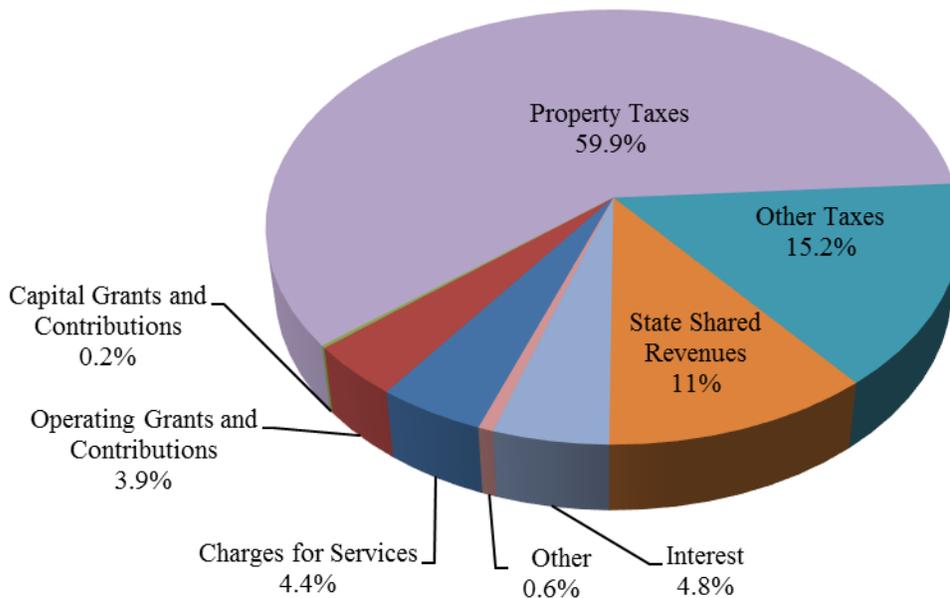
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	\$1,248,909	\$1,262,540	\$102,586,320	\$101,753,584	\$103,835,229	\$103,016,124
Operating Grants and Contributions	1,105,992	1,149,520			1,105,992	1,149,520
Capital Grants and Contributions	53,564	328,049	489,894	861,845	543,458	1,189,894
General Revenues:						
Property Taxes	16,942,109	15,906,918			16,942,109	15,906,918
Other Taxes	4,305,129	4,122,988			4,305,129	4,122,988
State Shared Revenues	3,120,537	3,022,878			3,120,537	3,022,878
Other Intergovernmental Revenues	31,883	32,343			31,883	32,343
Interest	1,344,885	947,694	1,275,320	1,019,905	2,620,205	1,967,599
Miscellaneous	146,118	245,617			146,118	245,617
Total Revenues	28,299,126	27,018,547	104,351,534	103,635,334	132,650,660	130,653,881
Program Expenses:						
General Government	2,493,191	3,327,768			2,493,191	3,327,768
Law Enforcement	9,020,136	6,158,188			9,020,136	6,158,188
Fire Control	3,827,130	1,972,069			3,827,130	1,972,069
Building Inspections	510,092	498,870			510,092	498,870
Physical Environment	356,268	356,095			356,268	356,095
Road and Street	2,713,668	3,936,380			2,713,668	3,936,380
Parks and Recreation	3,134,179	3,141,474			3,134,179	3,141,474
Interest on Long-Term Debt	74,599	116,801			74,599	116,801
Electric			74,126,043	74,983,356	74,126,043	74,983,356
Water and Sewer			9,008,417	8,835,376	9,008,417	8,835,376
Stormwater			1,290,008	1,190,742	1,290,008	1,190,742
Sanitation			3,362,128	3,320,470	3,362,128	3,320,470
Golf Course			1,268,556	1,471,132	1,268,556	1,471,132
Leased Facilities			278,923	265,349	278,923	265,349
Natural Gas			1,201,664	1,350,599	1,201,664	1,350,599
Total Expenses	22,129,263	19,507,645	90,535,739	91,417,024	112,665,002	110,924,669
Change in Net Position						
Before Transfers	6,169,863	7,510,902	13,815,795	12,218,310	19,985,658	19,729,212
Net Transfers	5,653,987	3,236,898	(5,653,987)	(3,236,898)	-	-
Change in Net Position	11,823,850	10,747,800	8,161,808	8,981,412	19,985,658	19,729,212
Net Position-Beginning of Year	119,215,477	108,467,677	219,680,355	210,698,943	338,895,832	319,166,620
Net Position-End of Year	\$ 131,039,327	\$ 119,215,477	\$ 227,842,163	\$ 219,680,355	\$ 358,881,490	\$ 338,895,832

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2016
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Governmental activities. Governmental activities for fiscal year 2016 increased the City's net position by \$6,169,863 (before transfers). For purposes of this discussion, interfund transfers from business-type funds to governmental funds are not included in revenues from activities.

The chart below reflects the percentage of individual revenue sources to total revenue sources for governmental activities. Charges for services, grants, and contributions are considered program revenues. Taxes, intergovernmental revenues, and interest are considered general revenues.

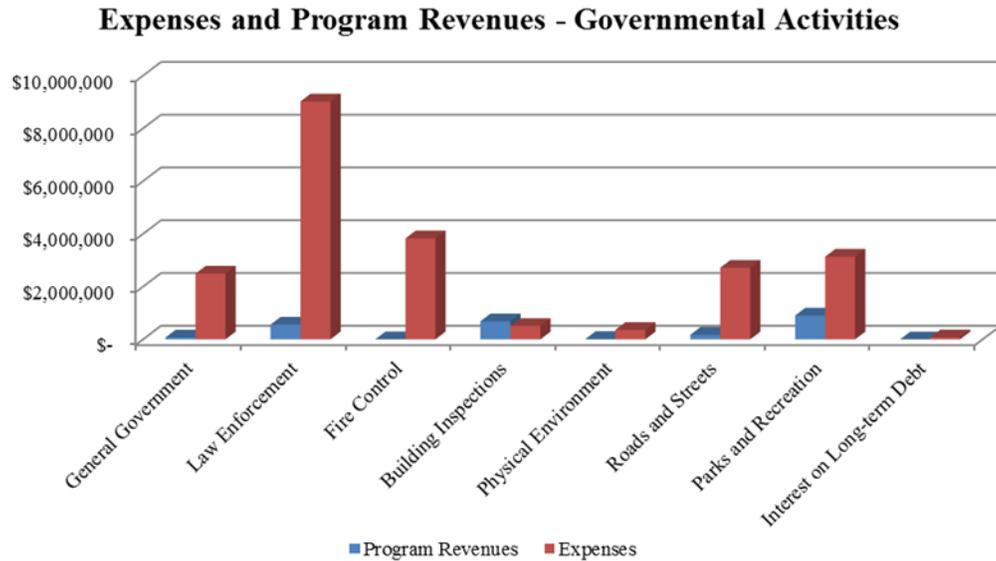
Revenues by Source - Governmental Activities



- Property taxes, which provided 59.9% of governmental revenues, increased by \$1,035,191 or 6.5% in fiscal year 2016, reflecting a local economy that is showing signs of recovery.
- Revenues from other taxes, including infrastructure surtax, communication service tax, convention development tax, and fuel taxes increased by \$182,141.
- Interest revenues increased by \$397,191 due to an increase in the rates of return paid on investments in the City's operating fund investment portfolio. The investment portfolio is managed by professional investment firms hired pursuant to the City's investment policy and monitored by a professional investment advisor.
- Total expenses for governmental activities increased by \$2,621,618 or 13.4% from the prior year. Much of the increase in 2016 is attributable to the implementation of GASB Statements No. 68 and 71 in the prior year. Changes in pension benefit terms including longer vesting periods, changes in the benefit formula, changes in the COLA for Firefighters, and changes in what is considered pensionable compensation resulted in a \$4.1 million decrease in the 2015 pension expense for governmental activities.

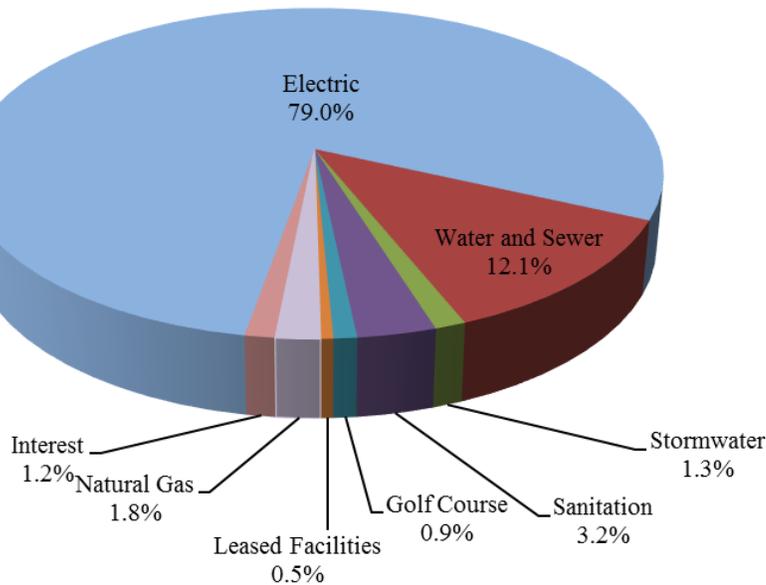
**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

The following chart compares the program revenues from governmental activities to the related expenses. Please note that expenses precede revenues as governments seek to identify the needs of citizens and then raise the resources needed to meet those needs. The excess of expenses over program revenues is then funded by the remaining general revenues of the government.



Business-type activities. Business-type activities for fiscal year 2016 increased the City’s net position by \$13,815,795 (before transfers). On the statement of activities, net revenues are reduced by transfers to the governmental funds of \$5,653,987 to determine the change in net position. The following chart shows the composition of revenues from the City’s business-type activities.

Business-Type Revenues by Activity

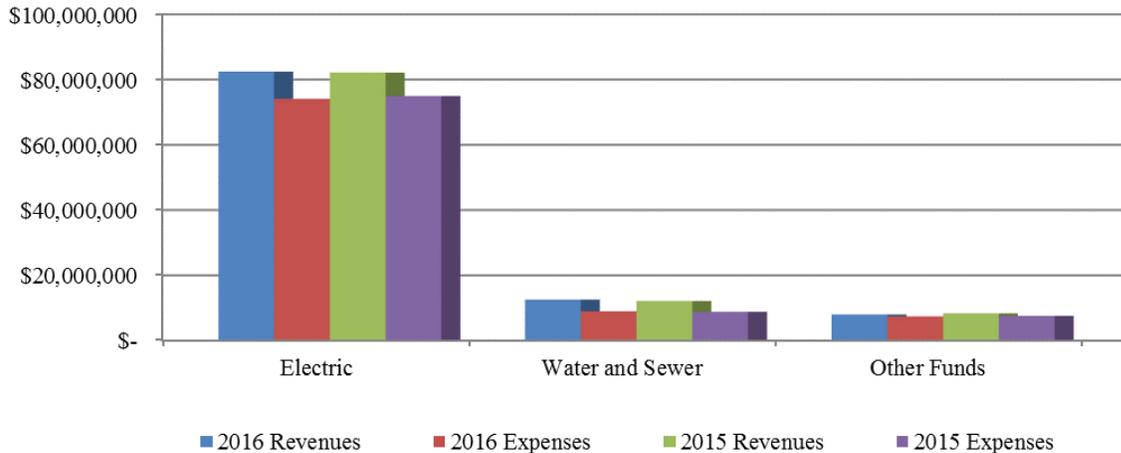


**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2016
 CITY OF JACKSONVILLE BEACH, FLORIDA**

- Charges for services in the business-type activities increased by \$832,736 over the prior year with the most significant increase in the water and sewer fund. Rates for water and sewer services are adjusted annually in accordance with the Consumer Price Index (CPI). The rate increases are necessary to pay for needed maintenance and improvements to the system.
- Total expenses for the business-type activities decreased by \$881,285, due in part to a decrease in the cost of purchased electricity.
- Interest revenues increased by \$255,415 because of the increase in the rates of return paid on investments in the City's operating fund investment portfolio.
- Significant transfers out in business-type activities included a \$3,878,677 transfer from the electric enterprise fund and \$101,549 transfer from the natural gas fund to governmental funds in accordance with the City's policies on electric and natural gas transfers.

The following chart compares the program revenues from the City's business-type activities to the related expenses for fiscal years 2015 and 2016. Business-type activities differ from governmental activities in that charges for services are designed specifically to recover the cost of providing those services, including capital costs such as depreciation or debt service.

**Expenses and Program Revenues
 Business-Type Activities**



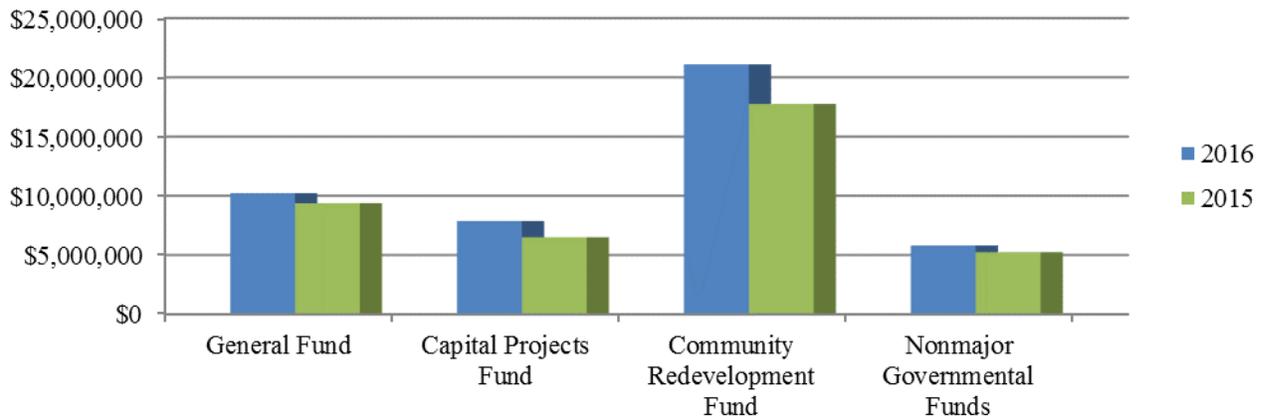
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2016
 CITY OF JACKSONVILLE BEACH, FLORIDA**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds. 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 available resources at the end of the fiscal year.

At the end of fiscal year 2016, the City's governmental funds reported a combined ending fund balance of \$44,997,995, an increase of \$6,111,830 or 15.7% for the year. Of the total fund balance, \$26,836,531 is restricted for specific uses related to redevelopment, tourism, transportation improvements, capital projects, and law enforcement; \$5,175,150 is committed for revenue stabilization, cemetery improvements, and tree replacement; and \$12,984,507 is assigned for capital projects, debt service, and unanticipated events/emergencies.

Fund Balances - Governmental Funds



General fund. The general fund is the chief operating fund of the City. The financial operations of the general fund are reported separately in the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*.

At the end of the fiscal year, the fund balance of the general fund was \$10,220,838, of which \$5,168,956 was committed for revenue stabilization and cemetery improvements. An additional \$5,050,075 was assigned to an unanticipated events/emergencies reserve account. The remaining \$1,807 was reserved for prepaid expenditures. The City uses current revenue sources to fund budgeted expenditures in the general fund. 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 events/emergencies account may be used to supplement operating revenues if approved by the City Council. Combined, the general fund balances represent 56.7% of general fund expenditures for 2016.

Other major governmental funds. Other major governmental funds include the capital projects fund and the community redevelopment fund. The capital projects fund is used to account for various capital projects, major equipment purchases, and major repairs and renovations. These expenditures are funded by transfers from other funds, debt, or grants. The fund balance at year-end in the capital projects fund was \$7,874,132, an increase of \$1,369,735 or 21.1% for the year.

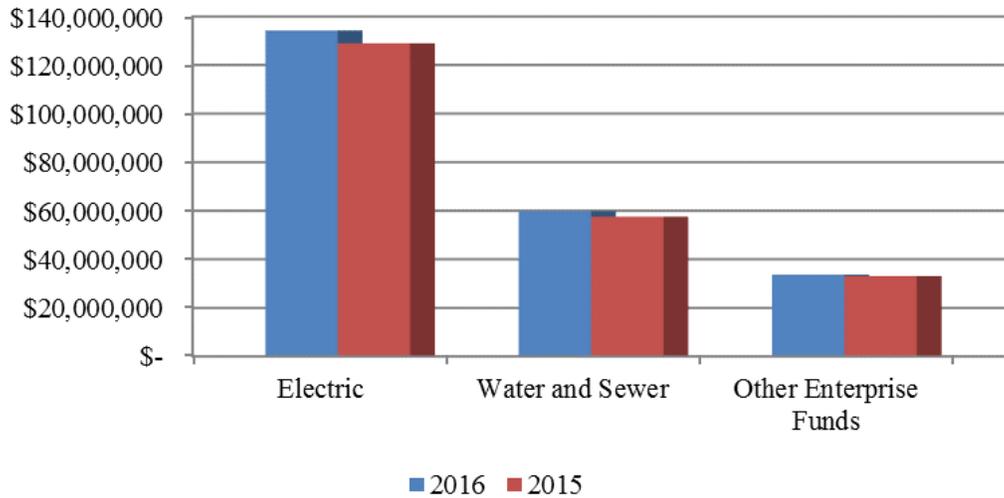
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2016
 CITY OF JACKSONVILLE BEACH, FLORIDA**

The community redevelopment fund is used to account for expenses in the City's two redevelopment districts, which are funded by tax increment revenues. The ending fund balance in the redevelopment fund was \$21,096,176, an increase of \$3,335,550 for the year. A more detailed summary of the activities in this fund can be found in the notes to the financial statements.

Proprietary Funds. The proprietary fund financial statements provide information related to activities in the City's enterprise funds and internal service funds. The proprietary fund financial statements are comprised of: 1) a *statement of net position*, 2) a *statement of revenues, expenses, and changes in fund net position*, and 3) a *statement of cash flows*.

At the end of fiscal year 2016, the City's enterprise funds reported a combined ending net position of \$227,842,163, an increase of \$8,161,808 or 3.7% for the year.

Net Position - Enterprise Funds



GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was an increase in net appropriations of \$86,692 for expenditures and \$963,857 for transfers out. Major amendments are summarized in Note 3 of 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 2016, the total fund balance of the City's general fund increased by \$834,032. Actual revenues were higher than final budgeted revenues by \$355,703 and actual expenditures were under budget by \$1,474,749 or 7.6%. Total expenditures came in under budget because the departments actively managed their individual budgets to ensure compliance with budgetary limits.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, totaled \$269,322,471 (net of accumulated depreciation). Capital assets include land, buildings, equipment, infrastructure, and construction in progress. The City's total investment in capital assets increased by \$2,420,109 or .9%.

Additional information on the City's capital assets is presented in Note 7 of the notes to the financial statements. As demonstrated 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.

The following table is a summary of the City's investment in capital assets for fiscal years 2015 and 2016:

City of Jacksonville Beach						
Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 29,656,509	\$ 29,656,509	\$ 4,388,198	\$ 4,388,198	\$ 34,044,707	\$ 34,044,707
Buildings	33,789,155	33,532,589	302,924,627	293,301,043	336,713,782	326,833,632
Equipment	12,034,490	12,256,500	8,724,293	8,170,703	20,758,783	20,427,203
Infrastructure	59,539,816	58,415,669			59,539,816	58,415,669
Construction in Progress	12,385,517	8,090,891	8,456,297	11,187,806	20,841,814	19,278,697
	147,405,487	141,952,158	324,493,415	317,047,750	471,898,902	458,999,908
Less: Accumulated Depreciation	(53,689,294)	(51,561,543)	(148,887,137)	(140,536,003)	(202,576,431)	(192,097,546)
Capital Assets, Net	\$ 93,716,193	\$ 90,390,615	\$ 175,606,278	\$ 176,511,747	\$ 269,322,471	\$ 266,902,362

Long-Term Debt. At September 30, 2016, the City had total bonded debt outstanding of \$20,886,884. Total debt outstanding decreased by \$5,448,658 or 20.7% from the prior fiscal year. The major reason for the decrease in long-term bonded debt was the principal bond payments made during the fiscal year.

City of Jacksonville Beach						
Outstanding Bonded Debt						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital Improvement Bonds	\$ 2,425,000	\$ 4,006,881	\$ -	\$ -	\$ 2,425,000	\$ 4,006,881
Utility System Bonds			18,145,000	21,825,000	18,145,000	21,825,000
Unamortized Premium			316,884	503,662	316,884	503,662
Total	\$ 2,425,000	\$ 4,006,881	\$ 18,461,884	\$ 22,328,662	\$ 20,886,884	\$ 26,335,543

The City had no outstanding general obligation debt at the close of fiscal year 2016. All of the City's long-term bonded debt is secured solely by specified revenue sources. Debt related to business-type activities is paid with operating revenues. The capital improvement debt in the governmental activities is secured by a pledge of non-ad valorem tax revenues. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, the utility revenue bonds require various funds or accounts to be established and maintained within the City's accounting system.

The City maintains excellent bond ratings from the major rating agencies, indicating that the City's bonds have strong investment quality characteristics.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA

Additional information on the City's long-term debt is presented in Note 8 of the notes to the financial statements. As indicated 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

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.

The City's economy and demographics reflect statewide and national trends. Both state and local economic outlooks show continuing signs of progress toward a full recovery. The City of Jacksonville Beach's property values increased by 8% and 2017 budget projections for some property, sales, and gas taxes have increased.

The 2017 annual budget reduces the millage rate by 2.6% to 3.7947 mills. The total adopted budget of \$158.7 million is less than the 2016 budget by \$22,249. The general fund's budget of \$20,169,225 is \$131,362 more than the prior year budget. The increase reflects additional funding for planning and development, streets maintenance, and public safety.

In October 2016, just days after the fiscal year-end, Hurricane Matthew passed closely by our shores as a Category 3 storm causing wind damage, flooding, and power outages. The City's dune walkovers and stormwater outfalls were heavily damaged and initial estimates for repairs exceed \$2 million. An additional \$1.5 million is estimated for debris removal. Although we have applied for public assistance through FEMA, the City must bear the cost of cleanup and restoration prior to receiving any reimbursement monies. Because the City has been conservative in our spending and diligent about maintaining adequate reserves, we were able to react quickly to the storm without the added stress of worrying about how to fund the initial emergency services and ongoing repairs.

City Council approved an agreement to purchase an Enterprise Resource Planning system from Tyler Technologies in November 2016. The total cost for the software and implementation is approximately \$2.1 million and includes finance, human resources, payroll, purchasing, employee self-service, and utility billing functions. Funding for this project is available in the General Capital Projects Fund. Full implementation is estimated to take at least 24 months. The proposed ERP system does not include planning and development or enterprise asset management functionality. The City will issue a solicitation within the next 12 to 24 months to procure additional software to provide these functions.

Of particular concern to management in the past few years has been the trend of increasing costs for health and pension benefits for employees. The City has partnered with its providers to offer wellness programs and other initiatives to contain healthcare costs while improving 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.

In the near future, changes in the electric industry due to global warming concerns, and changes in the amount and types of available 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA

Due to concerns about the adequacy of water and sewer rates to pay for improvements needed to maintain the system, the City engaged a rate consultant in 2012 to prepare a revenue sufficiency analysis. At the recommendation of the consultants, the City implemented a series of three annual rate increases for FY 2012 through FY 2014 and a CPI rate increase factor beginning in FY 2015. 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 same level of service to our citizens as 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.

We feel strongly that with careful planning and due diligence we can overcome the challenges that will affect our financial position and operations while meeting our budget objectives each year. The budget objectives for FY 2017 include the following:

- Maintain sustainable spending patterns in all funds
- Maintain the ability to provide core service levels
- Provide adequate maintenance of City equipment, facilities, and infrastructure
- Fund capital budgets 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:

Chief Financial Officer
City of Jacksonville Beach
11 North Third Street
Jacksonville Beach, Florida 32250

Additional information can also be found on the City's website at www.jacksonvillebeach.org.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 50,011,871	\$ 98,686,490	\$ 148,698,361
Other Cash and Investments	5,125	3,037,788	3,042,913
Accounts Receivable, Net	438,694	16,416,938	16,855,632
Assessments Receivable, Net	45,954	919	46,873
Due from Other Governments	1,234,752		1,234,752
Inventories		2,299,632	2,299,632
Prepaid Items	1,104,037	91,893	1,195,930
Restricted Assets:			
Equity in Pooled Cash and Investments		9,782,198	9,782,198
Capital Assets:			
Nondepreciable	42,042,026	12,844,495	54,886,521
Depreciable, Net	51,674,167	162,761,783	214,435,950
Total Assets	146,556,626	305,922,136	452,478,762
Deferred Outflows of Resources			
Unamortized Refunding Loss		531,266	531,266
Pension Related	4,694,283	2,060,741	6,755,024
Total Deferred Outflows of Resources	4,694,283	2,592,007	7,286,290
Liabilities			
Accounts Payable	1,145,986	6,479,739	7,625,725
Accrued Interest		339,730	339,730
Other Accrued Liabilities	559,301	662,624	1,221,925
Power Costs Recovered in Advance		39,726,055	39,726,055
Due to Other Governments	44,191		44,191
Deposits	15,208	5,581,205	5,596,413
Unearned Revenues	151,605	36,938	188,543
Self-insurance Claims Payable	460,954		460,954
Noncurrent Liabilities:			
Due Within One Year	1,602,113	4,148,946	5,751,059
Due in More Than One Year	16,034,040	23,422,191	39,456,231
Total Liabilities	20,013,398	80,397,428	100,410,826
Deferred Inflows of Resources			
Pension Related	198,184	274,552	472,736
Net Position			
Net Investment in Capital Assets	91,291,193	157,675,660	248,966,853
Restricted for:			
Redevelopment	21,097,407		21,097,407
Tourism	691,735		691,735
Transportation Improvements	646,663		646,663
Capital Projects	3,877,027	2,000,000	5,877,027
Law Enforcement	870,930		870,930
Unrestricted	12,564,372	68,166,503	80,730,875
Total Net Position	\$ 131,039,327	\$ 227,842,163	\$ 358,881,490

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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	\$ 2,493,191	\$ 73,132			\$ (2,420,059)		\$ (2,420,059)
Law Enforcement	9,020,136	187,762	\$ 317,529	\$ 53,177	(8,461,668)		(8,461,668)
Fire Control	3,827,130		5,640		(3,821,490)		(3,821,490)
Building Inspections	510,092	683,556			173,464		173,464
Physical Environment	356,268	12,371			(343,897)		(343,897)
Roads and Streets	2,713,668	170,746		387	(2,542,535)		(2,542,535)
Parks and Recreation	3,134,179	121,342	782,823		(2,230,014)		(2,230,014)
Interest on Long-term Debt	74,599				(74,599)		(74,599)
Total Governmental Activities	<u>22,129,263</u>	<u>1,248,909</u>	<u>1,105,992</u>	<u>53,564</u>	<u>(19,720,798)</u>	<u>\$ 0</u>	<u>(19,720,798)</u>
Business-type Activities							
Electric	74,126,043	82,096,562		362,695		8,333,214	8,333,214
Water and Sewer	9,008,417	12,459,297		127,199		3,578,079	3,578,079
Stormwater	1,290,008	1,314,783				24,775	24,775
Sanitation	3,362,128	3,333,899				(28,229)	(28,229)
Golf Course	1,268,556	984,317				(284,239)	(284,239)
Leased Facilities	278,923	528,391				249,468	249,468
Natural Gas	1,201,664	1,869,071				667,407	667,407
Total Business-type Activities	<u>90,535,739</u>	<u>102,586,320</u>	<u>0</u>	<u>489,894</u>	<u>0</u>	<u>12,540,475</u>	<u>12,540,475</u>
Total Primary Government	<u>\$ 112,665,002</u>	<u>\$ 103,835,229</u>	<u>\$ 1,105,992</u>	<u>\$ 543,458</u>	<u>(19,720,798)</u>	<u>12,540,475</u>	<u>(7,180,323)</u>
General Revenues							
Taxes:							
					16,942,109		16,942,109
					5,280		5,280
					1,242,584		1,242,584
					1,168,470		1,168,470
					363,370		363,370
					797,149		797,149
					728,276		728,276
					3,120,537		3,120,537
					31,883		31,883
					1,344,885	1,275,320	2,620,205
					146,118		146,118
					5,653,987	(5,653,987)	0
					<u>31,544,648</u>	<u>(4,378,667)</u>	<u>27,165,981</u>
					11,823,850	8,161,808	19,985,658
					119,215,477	219,680,355	338,895,832
					<u>\$ 131,039,327</u>	<u>\$ 227,842,163</u>	<u>\$ 358,881,490</u>

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
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	\$ 10,726,813	\$ 7,883,311	\$ 22,186,250	\$ 5,773,163	\$ 46,569,537
Other Cash and Investments	5,125				5,125
Receivables:					
Accounts, Net	175,367				175,367
Assessments, Net	12,781		1,231	31,942	45,954
Interfund Receivables	21,743				21,743
Due from Other Governments	810,033			424,719	1,234,752
Prepaid Expenditures	1,807				1,807
Total Assets	<u>11,753,669</u>	<u>7,883,311</u>	<u>22,187,481</u>	<u>6,229,824</u>	<u>48,054,285</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	202,293	9,179	766,637	22,567	1,000,676
Other Accrued Liabilities	182,252		323,437	723	506,412
Due to Other Governments	44,191				44,191
Interfund Payables				21,743	21,743
Deposits	15,208				15,208
Unearned Revenue	151,605				151,605
Total Liabilities	<u>595,549</u>	<u>9,179</u>	<u>1,090,074</u>	<u>45,033</u>	<u>1,739,835</u>
Deferred Inflows of Resources					
Unavailable Revenues	937,282	0	1,231	377,942	1,316,455
Fund Balances					
Nonspendable:					
Prepaid Expenditures	1,807				1,807
Restricted for:					
Redevelopment			21,096,176		21,096,176
Tourism Expenses				663,935	663,935
Transportation Improvements				514,663	514,663
Capital Projects				3,690,827	3,690,827
Law Enforcement				870,930	870,930
Committed for:					
Revenue Stabilization	5,042,306				5,042,306
Cemetery Improvements	126,650				126,650
Tree Replacement				6,194	6,194
Assigned for:					
Unanticipated Events/ Emergencies	5,050,075				5,050,075
Capital Projects		7,874,132		15,653	7,889,785
Debt Service				44,647	44,647
Total Fund Balances	<u>10,220,838</u>	<u>7,874,132</u>	<u>21,096,176</u>	<u>5,806,849</u>	<u>44,997,995</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,753,669</u>	<u>\$ 7,883,311</u>	<u>\$ 22,187,481</u>	<u>\$ 6,229,824</u>	<u>\$ 48,054,285</u>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

Fund Balance - Total Governmental Funds		\$ 44,997,995
 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	\$ 143,867,798	
(Accumulated Depreciation)	<u>(50,884,705)</u>	92,983,093
 Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension plan made after the measurement date:		
Deferred Outflows Related to Pensions	3,834,069	
Deferred Inflows Related to Pensions	<u>(99,973)</u>	3,734,096
 Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		
		1,316,455
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Revenue Bonds	(2,425,000)	
Accrued Other Postemployment Benefits	(1,587,909)	
Net Pension Liability	(7,851,738)	
Compensated Absences	<u>(2,318,731)</u>	(14,183,378)
 Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported with governmental activities.		
		<u>2,191,066</u>
Net Position of Governmental Activities		<u><u>\$ 131,039,327</u></u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,953,256		\$ 8,884,278	\$ 2,390,703	\$ 21,228,237
Licenses and Permits	679,820				679,820
Intergovernmental	4,017,107			190,705	4,207,812
Charges for Services	326,513			25,413	351,926
Fines and Forfeitures	175,596			84,273	259,869
Interest and Other Revenue	506,025	\$ 160,979	633,060	150,704	1,450,768
Total Revenues	<u>15,658,317</u>	<u>160,979</u>	<u>9,517,338</u>	<u>2,841,798</u>	<u>28,178,432</u>
Expenditures					
Current:					
General Government	1,925,647	241,600	389,001	502	2,556,750
Public Safety	11,970,308		806,466	97,900	12,874,674
Physical Environment				9,651	9,651
Roads and Streets	1,475,859			108,250	1,584,109
Parks and Recreation	2,661,545			121,716	2,783,261
Debt Service:					
Principal			646,880	935,000	1,581,880
Interest and Fees			19,525	55,074	74,599
Capital Outlay		423,644	4,319,916	13,487	4,757,047
(Total Expenditures)	<u>(18,033,359)</u>	<u>(665,244)</u>	<u>(6,181,788)</u>	<u>(1,341,580)</u>	<u>(26,221,971)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(2,375,042)</u>	<u>(504,265)</u>	<u>3,335,550</u>	<u>1,500,218</u>	<u>1,956,461</u>
Other Financing Sources (Uses)					
Transfers in	4,687,931	1,874,000		904,180	7,466,111
Transfers (out)	(1,478,857)			(1,831,885)	(3,310,742)
Total Other Financing Sources (Uses)	<u>3,209,074</u>	<u>1,874,000</u>	<u>0</u>	<u>(927,705)</u>	<u>4,155,369</u>
Net Change in Fund Balances	834,032	1,369,735	3,335,550	572,513	6,111,830
Fund Balances, Beginning of Year	<u>9,386,806</u>	<u>6,504,397</u>	<u>17,760,626</u>	<u>5,234,336</u>	<u>38,886,165</u>
Fund Balances, End of Year	<u>\$ 10,220,838</u>	<u>\$ 7,874,132</u>	<u>\$ 21,096,176</u>	<u>\$ 5,806,849</u>	<u>\$ 44,997,995</u>

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, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Change in Fund Balance - Total Governmental Funds \$ 6,111,830

**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	\$ 5,020,710	
Transfer of Capital Assets	1,500,271	
Disposals	(133,917)	
(Current Year Depreciation)	<u>(3,048,266)</u>	3,338,798

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		1,581,880
--------------------	--	-----------

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	7,839	
Change in Net Pension Liability and Deferred Inflows and Outflows Related to Pensions	(2,989)	
Change in Other Postemployment Benefits	<u>(82,479)</u>	(77,629)

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. (6,470)

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. 875,441

Change in Net Position of Governmental Activities \$ 11,823,850

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 10,151,466	\$ 10,151,466	\$ 9,953,256	\$ (198,210)
Licenses and Permits	562,250	562,250	679,820	117,570
Intergovernmental	3,743,233	3,743,233	4,017,107	273,874
Charges for Services	309,200	309,200	326,513	17,313
Fines and Forfeitures	170,000	170,000	175,596	5,596
Interest and Other Revenue	359,000	366,465	506,025	139,560
Total Revenues	<u>15,295,149</u>	<u>15,302,614</u>	<u>15,658,317</u>	<u>355,703</u>
Expenditures				
Executive and Legislative	764,364	764,463	627,481	136,982
Central Services	450,146	467,908	412,875	55,033
Planning and Development	801,510	810,747	741,630	69,117
Parks and Recreation	2,819,153	3,046,718	2,661,545	385,173
Public Works	1,565,729	1,580,788	1,475,859	104,929
Police	8,130,587	8,213,358	7,729,617	483,741
Fire	3,800,720	3,832,560	3,705,948	126,612
Nondepartmental	1,089,207	791,566	678,404	113,162
(Total Expenditures)	<u>(19,421,416)</u>	<u>(19,508,108)</u>	<u>(18,033,359)</u>	<u>1,474,749</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(4,126,267)</u>	<u>(4,205,494)</u>	<u>(2,375,042)</u>	<u>1,830,452</u>
Other Financing Sources (Uses)				
Transfers in	4,641,267	4,682,405	4,687,931	5,526
Transfers (out)	(515,000)	(1,478,857)	(1,478,857)	0
Total Other Financing Sources (Uses)	<u>4,126,267</u>	<u>3,203,548</u>	<u>3,209,074</u>	<u>5,526</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ (1,001,946)</u>	<u>\$ 834,032</u>	<u>\$ 1,835,978</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, 2016
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	\$ 8,871,003	\$ 8,871,003	\$ 8,884,278	\$ 13,275
Interest and Other Revenue	165,000	165,000	633,060	468,060
Total Revenues	<u>9,036,003</u>	<u>9,036,003</u>	<u>9,517,338</u>	<u>481,335</u>
Expenditures				
Current:				
General Government	396,131	487,731	389,001	98,730
Public Safety	877,975	848,225	806,466	41,759
Debt Service:				
Principal	646,881	646,881	646,880	1
Interest and Fees	19,481	19,481	19,525	(44)
Capital Outlay		20,454,663	4,319,916	16,134,747
(Total Expenditures)	<u>(1,940,468)</u>	<u>(22,456,981)</u>	<u>(6,181,788)</u>	<u>16,275,193</u>
Net Change in Fund Balance	<u>\$ 7,095,535</u>	<u>\$ (13,420,978)</u>	<u>\$ 3,335,550</u>	<u>\$ 16,756,528</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2016
 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	\$ 68,739,302	\$ 17,177,571	\$ 12,769,617	\$ 98,686,490	\$ 3,442,334
Other Operating Cash			1,290	1,290	
Other Investments	1,821,899	1,214,599		3,036,498	
Receivables:					
Accounts, Net	14,147,671	1,540,598	728,669	16,416,938	263,327
Assessments, Net		919		919	
Inventories	2,282,588		17,044	2,299,632	
Prepaid Expenses	88,397		3,496	91,893	1,102,230
Restricted Assets:					
Equity in Pooled Cash and Investments	8,377,590	1,404,608		9,782,198	
Total Current Assets	95,457,447	21,338,295	13,520,116	130,315,858	4,807,891
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,474,972	4,388,198	
Buildings and Improvements	189,160,687	83,315,698	30,448,242	302,924,627	1,637,807
Equipment	5,191,397	2,057,628	1,475,268	8,724,293	1,899,885
Construction in Progress	6,083,013	980,398	1,392,886	8,456,297	
	202,986,353	86,715,694	34,791,368	324,493,415	3,537,692
(Accumulated Depreciation)	(98,355,353)	(38,205,692)	(12,326,092)	(148,887,137)	(2,804,592)
Total Capital Assets, Net of Accumulated Depreciation	104,631,000	48,510,002	22,465,276	175,606,278	733,100
Total Noncurrent Assets	104,631,000	48,510,002	22,465,276	175,606,278	733,100
Total Assets	200,088,447	69,848,297	35,985,392	305,922,136	5,540,991
Deferred Outflows of Resources					
Unamortized Refunding Loss	341,704	189,562		531,266	
Pension Related	1,261,438	561,556	237,747	2,060,741	860,214
Total Deferred Outflows of Resources	1,603,142	751,118	237,747	2,592,007	860,214

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2016
 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	\$ 5,482,747	\$ 133,809	\$ 863,183	\$ 6,479,739	\$ 145,310
Power Costs Recovered in Advance	39,060,816		665,239	39,726,055	
Other Accrued Liabilities	512,859	58,402	91,363	662,624	52,889
Unearned Revenue			36,938	36,938	
Estimated Liability for Self-insured Losses				0	460,954
Current Portion of Long-term Debt:					
Compensated Absences	215,304	116,768	16,874	348,946	183,368
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,238,200	1,561,800		3,800,000	
Accrued Interest	200,142	139,588		339,730	
Customer Deposits	5,581,205			5,581,205	
Total Current Liabilities	53,291,273	2,010,367	1,673,597	56,975,237	842,521
Noncurrent Liabilities:					
Revenue Bonds Payable	8,635,850	6,026,034		14,661,884	
Accrued Compensated Absences	861,216	467,074	67,493	1,395,783	733,468
Other Postemployment Benefits	615,315	377,129	79,396	1,071,840	
Net Pension Liability	3,848,353	1,758,082	686,249	6,292,684	2,535,939
Total Noncurrent Liabilities	13,960,734	8,628,319	833,138	23,422,191	3,269,407
Total Liabilities	67,252,007	10,638,686	2,506,735	80,397,428	4,111,928
Deferred Inflows of Resources					
Pension Related	167,416	82,636	24,500	274,552	98,211
Net Position					
Net Investment in Capital Assets	94,098,654	41,111,730	22,465,276	157,675,660	733,100
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Unrestricted	38,673,512	18,266,363	11,226,628	68,166,503	1,457,966
Total Net Position	\$ 134,272,166	\$ 59,878,093	\$ 33,691,904	\$ 227,842,163	\$ 2,191,066

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Operating Revenues					
Charges for Services	\$ 81,982,340	\$ 12,368,762	\$ 7,466,563	\$ 101,817,665	\$ 12,274,951
Other	114,222	90,535	563,898	768,655	8,416
Total Operating Revenues	82,096,562	12,459,297	8,030,461	102,586,320	12,283,367
Operating Expenses					
Purchased Power	57,970,214		772,336	58,742,550	
Personal Services	4,397,672	2,608,688	955,116	7,961,476	4,145,040
Purchased Services	1,621,119	335,976	3,352,171	5,309,266	1,066,732
Repairs and Maintenance	511,442	846,425	223,626	1,581,493	469,844
Depreciation	5,247,625	2,524,997	1,143,567	8,916,189	127,268
Materials and Supplies	511,907	273,274	202,504	987,685	278,285
Other Expenses	3,445,007	2,059,399	732,622	6,237,028	5,415,155
(Total Operating Expenses)	(73,704,986)	(8,648,759)	(7,381,942)	(89,735,687)	(11,502,324)
Operating Income	8,391,576	3,810,538	648,519	12,850,633	781,043
Nonoperating Revenues (Expenses)					
Investment Earnings	673,830	320,090	281,400	1,275,320	77,455
Interest Expense	(498,504)	(319,044)		(817,548)	
Gain (Loss) on Disposal of Capital Assets	77,447	(40,614)	(19,337)	17,496	18,596
Transfer of Capital Assets to Governmental Activities		(1,500,271)		(1,500,271)	
Total Nonoperating Revenues (Expenses)	252,773	(1,539,839)	262,063	(1,025,003)	96,051
Income Before Contributions and Transfers	8,644,349	2,270,699	910,582	11,825,630	877,094
Capital Contributions					
Connection Fees	186,497	127,199		313,696	
Developer Contributions	176,198			176,198	
Total Capital Contributions	362,695	127,199	0	489,894	0
Transfers					
Transfers in	162,097	9,987	222,625	394,709	63,000
Transfers (out)	(3,878,677)	(136,115)	(533,633)	(4,548,425)	(64,653)
Total Transfers	(3,716,580)	(126,128)	(311,008)	(4,153,716)	(1,653)
Change in Net Position	5,290,464	2,271,770	599,574	8,161,808	875,441
Total Net Position, Beginning of Year	128,981,702	57,606,323	33,092,330	219,680,355	1,315,625
Total Net Position, End of Year	\$ 134,272,166	\$ 59,878,093	\$ 33,691,904	\$ 227,842,163	\$ 2,191,066

See accompanying notes.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016
 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	\$ 88,623,253	\$ 12,305,315	\$ 8,041,695	\$ 108,970,263	\$ 12,023,119
Cash Payments to Vendors for Goods and Services	(65,119,310)	(3,632,747)	(4,906,480)	(73,658,537)	(7,262,246)
Cash Payments to Employees for Services Claims Paid	(4,323,767)	(2,527,017)	(980,081)	(7,830,865)	(4,066,651)
				0	(207,360)
Net Cash Provided by (Used in) Operating Activities	<u>19,180,176</u>	<u>6,145,551</u>	<u>2,155,134</u>	<u>27,480,861</u>	<u>486,862</u>
Cash Flows from Noncapital Financing Activities					
Transfers in	162,097	9,987	222,625	394,709	63,000
Transfers (out)	(3,878,677)	(136,115)	(533,633)	(4,548,425)	(64,653)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(3,716,580)</u>	<u>(126,128)</u>	<u>(311,008)</u>	<u>(4,153,716)</u>	<u>(1,653)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(6,600,708)	(906,069)	(1,755,308)	(9,262,085)	(95,452)
Removal Costs	(86,395)			(86,395)	
Proceeds from Sale of Capital Assets		31,181		31,181	
Principal Paid on Revenue Bonds	(2,167,520)	(1,512,480)		(3,680,000)	
Interest Paid and Fiscal Charges	(439,446)	(306,641)		(746,087)	
Connection Fees	186,497	127,199		313,696	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(9,107,572)</u>	<u>(2,566,810)</u>	<u>(1,755,308)</u>	<u>(13,429,690)</u>	<u>(95,452)</u>
Cash Flows from Investing Activities					
Interest Received on Investments	619,017	283,548	281,402	1,183,967	77,455
Net Increase (Decrease) in Cash and Cash Equivalents	6,975,041	3,736,161	370,220	11,081,422	467,212
Cash and Cash Equivalents, Beginning of Year	<u>70,141,851</u>	<u>14,846,018</u>	<u>12,400,687</u>	<u>97,388,556</u>	<u>2,975,122</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,116,892</u>	<u>\$ 18,582,179</u>	<u>\$ 12,770,907</u>	<u>\$ 108,469,978</u>	<u>\$ 3,442,334</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental</u>
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>		<u>Activities - Internal Service Funds</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>					
Current Assets					
Equity in Pooled Cash and Investments	\$ 68,739,302	\$ 17,177,571	\$ 12,769,617	\$ 98,686,490	\$ 3,442,334
Other Operating Cash			1,290	1,290	
Restricted Assets					
Equity in Pooled Cash and Investments	8,377,590	1,404,608		9,782,198	
Total	<u>\$ 77,116,892</u>	<u>\$ 18,582,179</u>	<u>\$ 12,770,907</u>	<u>\$ 108,469,978</u>	<u>\$ 3,442,334</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income (Loss)	\$ 8,391,576	\$ 3,810,538	\$ 648,519	\$ 12,850,633	\$ 781,043
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,247,625	2,524,997	1,143,567	8,916,189	127,268
Power Costs Recovered in Advance (Returned)	6,354,862		(27,737)	6,327,125	
Change in Estimated Liability for Self-insured Losses				0	(82,094)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	10,196	(153,950)	43,318	(100,436)	(260,248)
Assessments Receivable		(32)		(32)	
Inventories	(765,663)		(6,108)	(771,771)	
Prepaid Expenses	(2,098)		472	(1,626)	(6,560)
Accounts Payable and Other Accrued Liabilities	(291,860)	(117,673)	382,415	(27,118)	(150,936)
Customer Deposits	161,633			161,633	
Accrued Compensated Absences	3,388	37,236	(29,675)	10,949	67,209
Unearned Revenues			(4,347)	(4,347)	
Other Postemployment Benefits	31,961	19,589	4,124	55,674	
Net Pension Liability and Pension Related Deferred Inflows and Outflows	38,556	24,846	586	63,988	11,180
Net Cash Provided by (Used in) Operating Activities	<u>\$ 19,180,176</u>	<u>\$ 6,145,551</u>	<u>\$ 2,155,134</u>	<u>\$ 27,480,861</u>	<u>\$ 486,862</u>
<u>Supplemental Disclosure of Noncash Activities</u>					
Change in Fair Value of Investments	\$ 54,813	\$ 36,542		\$ 91,355	
Amortization of Bond Discount (Premium)	(110,012)	(76,766)		(186,778)	
Amortization of Loss on Refunding	201,406	111,732		313,138	
Contributed Assets	176,198			176,198	
Capital Assets Transferred out		(1,500,271)		(1,500,271)	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

Assets

Cash and Cash Equivalents	\$ 880,367
Accrued Interest	120,649
Due from Other Governments	39,952
Investments:	
Equities, Including Mutual Funds	51,228,519
Corporate Bonds	15,471,010
U.S. Government Obligations/Agencies	8,187,385
Real Estate	4,333,548
Total Investments	<u>79,220,462</u>
Total Assets	<u><u>80,261,430</u></u>

Liabilities

Accounts Payable	8,820
Other Accrued Liabilities	1,411
Total Liabilities	<u><u>10,231</u></u>

Net Position

Restricted for Pensions	<u><u>\$ 80,251,199</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, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

Additions

Contributions:	
Employee	\$ 1,430,930
Employer	1,977,575
State of Florida	428,480
Total Contributions	<u>3,836,985</u>

Investment Income:	
Investment Earnings	6,353,521
(Investment Expenses)	(217,027)
Net Investment Income	<u>6,136,494</u>

Total Additions	<u>9,973,479</u>
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Deductions

Benefits	6,074,568
Refunds of Contributions	159,828
Administrative Expense	<u>241,334</u>

(Total Deductions)	<u>(6,475,730)</u>
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Change in Net Position	3,497,749
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Net Position, Beginning of Year	<u>76,753,450</u>
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Net Position, End of Year	<u><u>\$ 80,251,199</u></u>
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See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
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 Firefighters' 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, 2016
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, 2016
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, 2016
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, 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 firefighters’ 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, 2016
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 unless the investment qualifies as an external investment pool under guidance in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. These investments are valued at amortized cost.

- **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, 2016, is \$177,485. 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, sanitation, and natural gas funds are recognized at the end of each fiscal year on a pro rata basis. Included in accounts receivable at September 30, 2016, are unbilled amounts totaling \$7,779,425. 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, 2016, 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, 2016
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 2016.

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, 2016
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, 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. 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.
- **Unearned Revenue**—Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned.
- **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from pension plan net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
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, 2016
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, 2016.

■ **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 ended September 30, 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement clarifies the definition of fair value as an exit price. This Statement also defines an investment as a security or other asset that: (a) a government holds primarily to generate income or profit and (b) has a present service capacity based solely on that asset's ability to generate cash or to generate cash when sold. Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy.

During the year ended September 30, 2016, the City also implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement allows qualifying external investment pools to elect to measure all investments at amortized cost if the pool meets certain criteria.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 2 - Property Tax Calendar

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

Details of the tax calendar are presented below:

Lien Date	January 1, 2015
Levy Date	October 1, 2015
Installment Payments	
First Installment	No Later Than June 30, 2015
Second Installment	No Later Than September 30, 2015
Third Installment	No Later Than December 31, 2015
Fourth Installment	No Later Than March 31, 2016
Regular Payments	
Discount Periods	November 2015 Through February 2016
No Discount Period	After March 1, 2016
Delinquent Date	April 1, 2016

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, 2016
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:

	<u>Original Budget</u>	<u>Encumbrances</u>		<u>Supplemental Appropriations</u>	<u>Amended Budget</u>
		<u>Rolled Forward</u>			
General Fund	\$ 19,936,416	\$ 55,433	\$ 995,116	\$ 20,986,965	
Special Revenue Funds	4,319,837	600,453	20,238,449	25,158,739	
Debt Service Funds	997,146	0	0	997,146	

Supplementary budgetary appropriations for the general fund include the following:

- \$9,237 for additional part-time Permit Specialist to assist with permit processing
- \$31,589 for temporary part-time special projects manager for Parks and Recreation
- \$69,186 for accrued sick and vacation leave payout to Parks and Recreation Director upon his retirement
- \$47,663 for project to map and mark locations at City's two cemeteries
- \$18,800 for replacement mower for the cemetery
- \$60,000 for October 2015 Sea and Sky event costs incurred
- \$8,000 for Springing the Blues Festival production services
- \$41,138 for Justice Assistance Grant award
- \$20,000 for additional overtime in Fire Department
- (\$245,675) for reduction in unanticipated budget to partially offset mid-year budget adjustments
- \$32,713 for accrued sick and vacation leave payout to Tennis Professional upon his retirement
- \$195,000 for transfer to golf course fund to provide cash flow for operations
- \$500,000 for transfer to capital projects fund for partial funding of future business software applications
- \$200,000 for transfer to capital projects fund for partial funding for future radio system replacement
- \$63,000 for sidewinder and contour rough mowers
- \$60,000 for October 2016 Sea and Sky event costs incurred
- (\$123,000) for reduction in unanticipated budget to partially offset year-end budget adjustments
- \$7,465 for other adjustments

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
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:

- \$6,354,864 for Downtown infrastructure improvements Phase IIIC, Project 1; water, sewer, stormwater utility, and street and alley surface work
- \$691,436 for Oceanfront Park restroom construction and Seawalk Pavilion modifications
- \$54,770 for skateboard park and related work in the South Beach Park
- \$930,071 for South Beach Parkway roadway improvements, turn lane project
- \$400,605 for site preparation and relocation of drainage facilities at South Beach Park
- \$41,138 for Justice Assistance Grant award
- \$250,000 for transfer to capital projects fund for partial funding of municipal golf course greens redevelopment projects
- \$91,600 for Downtown Action Plan Implementation and Management Plan development services
- \$361,771 to replace 12-inch water main on 2nd Street S (Beach Blvd. to 4th S)
- \$310,420 to restore Latham Plaza, the Seawalk Pavilion area, and Oceanfront Park
- \$1,072,103 for the design of rebuilding 1st and 2nd Streets from 4th Avenue South to 16th Avenue South, Project 2
- \$885,470 for 2nd Street North parking lot improvements project
- \$3,589,850 to commit funds for construction of future Downtown Redevelopment projects
- \$1,106,721 for irrigation, landscaping, and related improvements on South Beach Parkway and Jacksonville Drive
- \$1,531,086 for the construction of concrete skate park and general park amenities at South Beach Park
- \$617,863 for stormwater pipe cleaning, televising, and disposal of debris in the vicinity of South Beach Parkway and Jacksonville Drive
- \$108,805 for alternatives analysis and re-design of channel improvements project in the vicinity of South Beach Parkway and Jacksonville Drive
- \$1,839,876 to adjust funds committed for future Southend Redevelopment projects

Other Disclosures

There was a deficit in net position in the Other Internal Service fund totaling (\$1,072,448). This deficit primarily resulted from the recording of the Net Pension Liability described in Note 12.

Transfers out in the J.A.G. Grant fund exceeded appropriations by \$12,039. However, operating expenditures were under budget by \$12,039. Although total appropriations for the fund show a \$0 budget variance, the difference resulted from a portion of the grant expenditures being made from the General Fund.

The Beaches Park Project for Kids Fund was consolidated into the General Fund as of October 1, 2015, resulting in an increase of beginning fund balance in the General Fund of \$4,505 and a decrease of beginning fund balance in the Beaches Park Project for Kids Fund by the same amount. This transaction had no impact on the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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 \$158,480,559 in governmental and business-type funds and \$146,300 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$6,415 in petty cash and \$3,036,498 in bank deposits and investments.

Deposits

The City's bank deposits are held in qualified public depositories (QPDs) pursuant to Florida Statutes, Chapter 280. The Act provides protection of public deposits by requiring each QPD to pledge collateral to the State Treasurer. The Treasurer shall establish minimum required collateral pledging levels ranging from 25% to 200% of public deposits held, depending on the depository's financial condition and establishment period. In the event of default by a QPD, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the QPD in default and, if necessary, assessments against other QPDs of the same type as the depositor in default. Therefore, all cash and time deposits held by QPDs are fully insured and collateralized. At September 30, 2016, the carrying amount of the City's deposits held in qualified public depositories was \$15,755,052 and the bank balance was \$15,958,792.

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 \$1,661,026 and the amount of deposits held in the pension trust funds was \$734,064.

Investments

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2016:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

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. Govt Obligations	AA+	\$ 29,952,278	\$ 2,558,967	\$ 23,622,704	\$ 3,770,607	
Federal Agency Securities:						
Federal Farm Credit Bank	AA+	9,098,871	1,000,641	8,098,230		
Federal Home Loan Loan Bank	AA+	4,979,747	2,494,333	2,485,414		
Federal Home Loan Mortgage Corporation	AA+	7,411,309	113,347	4,872,564	644,900	\$ 1,780,498
Federal National Mortgage Association	AA+	10,832,468	1,135,479	8,077,572	545,062	1,074,355
Resolution Funding Corp (REFCORP)	AA+	3,036,498		3,036,498		
Government National Mortgage Association	AA+	666,726	512			666,214
Overseas Private Investment Corporation	AA+	1,506,944	250,945	1,255,999		
Coporate ABSs	AAA	7,084,568	154,626	6,628,627	199,633	101,682
Coporate ABSs	AA+	180,496			52,301	128,195
Coporate ABSs	Aaa (Moody's)	4,085,333		4,085,333		
Corporate Bonds	AAA	311,175		311,175		
Corporate Bonds	AA+	2,455,767	25,252	2,430,515		
Corporate Bonds	AA	1,109,926		1,109,926		
Corporate Bonds	AA-	9,733,714	469,243	8,155,847	1,108,624	
Corporate Bonds	A+	4,559,512	895,324	3,664,188		
Corporate Bonds	A	15,071,582	521,388	14,128,006	422,188	
Corporate Bonds	A-	11,313,649	2,620,319	7,895,615	797,715	
Corporate Bonds	BBB+	7,027,900	168,039	6,859,861		
Corporate Bonds	Aaa (Moody's)	305,247		305,247		
Corporate Bonds	A2 (Moody's)	50,425		50,425		
Municipal Bonds	AAA	416,169	50,347	365,822		
Municipal Bonds	AA+	338,715		338,715		
Municipal Bonds	AA	125,097		125,097		
Municipal Bonds	AA-	368,145		368,145		
Municipal Bonds	Aa2 (Moody's)	110,408		110,408		
Florida State Board of Administration:						
Florida Prime	AAAm	329,624	329,624			
Florida Municipal Investment Trust:						
Short-term Bond Portfolio (0-2 Years) AAA (Fitch)		11,784,989	11,784,989			
Total		\$ 144,247,282	\$ 24,573,375	\$ 108,381,933	\$ 7,541,030	\$ 3,750,944

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2016:

Investment Type	Fair Value	Investment Maturities			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Equities	\$ 51,228,519	\$ 51,228,519			
U.S. Government Securities	4,976,702	2,386,364	\$ 886,085	\$ 263,955	\$ 1,440,298
Federal Agency Securities:					
Federal Home Loan Mortgage Corporation	1,737,667	1,980	32,938	20,306	1,682,443
Federal National Mortgage Association	1,473,016		17,513	571,249	884,254
Corporate Bonds	15,471,010	505,086	2,937,434	11,304,358	724,132
Real Estate	4,333,548	4,333,548			
Total	\$ 79,220,462	\$ 58,455,497	\$ 3,873,970	\$ 12,159,868	\$ 4,731,127

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Investments (Concluded)

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	6.27%
Federal Agency Securities	Aaa	4.04%
Corporate Bonds	A1	3.40%
Corporate Bonds	A2	2.48%
Corporate Bonds	A3	7.02%
Corporate Bonds	Aaa	0.79%
Corporate Bonds	Aa1	0.00%
Corporate Bonds	Aa2	1.70%
Corporate Bonds	Aa3	0.89%
Corporate Bonds	Baa1	2.60%
Corporate Bonds	Baa2	0.61%

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.
- 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.

Chapters 175 and 185 of the Florida Statutes authorize the Police Officers' and Firefighters' pension trust funds to invest in time and savings accounts of banks insured by the Federal Deposit Insurance Corporation.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Authorized Investments (Concluded)

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.
- **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.

Fair Value Measurements

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs**—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Fair Value Measurements (Continued)

- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The City's investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value in the hierarchy described above. The fair value measurements for the City's operating investments are as follows at September 30, 2016:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Obligations	\$ 29,952,278	\$ 28,542,852	\$ 1,409,426	
Federal Agency Securities:				
Federal Home Loan Bank	4,979,747	4,684,966	294,781	
Federal Home Loan Mortgage Corporation	7,411,309	2,955,230	4,456,079	
Federal Farm Credit Bank	9,098,871	9,098,871		
Federal National Mortgage Association	10,832,468	3,858,824	6,973,644	
Government National Mortgage Association	666,726		666,726	
Resolution Funding Corp (REFCORP)	3,036,498	3,036,498		
Overseas Private Investment Corporation	1,506,944		1,506,944	
Corporate ABSs	11,350,397		11,350,397	
Corporate Bonds	51,938,897		51,938,897	
Municipal Bonds	1,358,534		1,358,534	
Total Investments by Fair Value Level	\$ 132,132,669	\$ 52,177,241	\$ 79,955,428	\$ 0
		Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)	Amount			
Florida Municipal Investment Trust:				
Short-term Bond Portfolio (0-2 Years)	\$ 11,784,989	\$ 0	Twice per month	5 business days
		Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments Measured at Amortized Cost	Amount			
Florida State Board of Administration:				
Florida PRIME	\$ 329,624	\$ 0	None	Daily
Total Investments	\$ 144,247,282			

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Concluded)

Fair Value Measurements (Concluded)

The fair value measurements for the City's pension trust fund investments are as follows at September 30, 2016:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 51,228,519	\$ 51,228,519		
U.S. Government Securities	4,976,702	4,976,702		
Federal Agency Securities:				
Federal Home Loan Mortgage Corporation	1,737,667		\$ 1,737,667	
Federal National Mortgage Association	1,473,016		1,473,016	
Corporate Bonds	15,471,010		15,471,010	
Total Investments Measured at Fair Value	\$ 74,886,914	\$ 56,205,221	\$ 18,681,693	\$ 0

Investments Measured at the Net Asset Value (NAV)	Amount	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Estate Fund	\$ 4,333,548	\$ 0	Quarterly	45 days
Total Investments	\$ 79,220,462			

U.S. Government Obligations are valued based on prices quoted in active markets and are categorized as Level 1 in the fair value hierarchy. Federal Agency Securities are categorized as Level 1 or Level 2, depending on whether the individual securities are quoted in active markets, otherwise they are valued using matrix pricing techniques that value securities based on their relationship to benchmark quoted prices. Corporate bonds, corporate ABSs and municipal bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy. The Real Estate Fund is valued at Net Asset Value (NAV) which is determined using certified annual appraisals of investment properties held by the fund.

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, 2016, the balance in these accounts consists of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 21,743	
Special Revenue Funds		
Community Development Block Grant		\$ 21,743
Total	\$ 21,743	\$ 21,743

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 6 - Transfers In/Out

Interfund transfers during the year ended September 30, 2016, consisted of the following:

	Transfers In							Total
	General Fund	General Capital Projects	Other Governmental	Electric	Water and Sewer	Other Enterprise	Internal Service	
Transfers Out								
General Fund		\$ 1,215,000 (2)				\$ 200,857 (1),(3)	\$ 63,000 (2)	\$ 1,478,857
Other Governmental	\$ 677,705 (3)	250,000 (2)	\$ 904,180 (4)					1,831,885
Electric Fund	3,688,677 (5)	190,000 (2)						3,878,677
Water and Sewer		129,000 (2)				7,115 (6)		136,115
Other Enterprise	321,549 (1),(5)	40,000 (2)		\$ 162,097 (7)	\$ 9,987 (6)			533,633
Internal Service		50,000 (2)				14,653 (6)		64,653
Total Transfers Out	\$ 4,687,931	\$ 1,874,000	\$ 904,180	\$ 162,097	\$ 9,987	\$ 222,625	\$ 63,000	\$ 7,923,820

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
- (7) Repayment of Construction Advance

Note 7 - Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 29,656,509			\$ 29,656,509
Construction in Progress	8,090,891	\$ 4,294,626		12,385,517
Total Capital Assets Not Being Depreciated	37,747,400	4,294,626	\$ 0	42,042,026
Capital Assets Being Depreciated:				
Buildings and Improvements	33,532,589	257,067	(501)	33,789,155
Equipment	12,256,500	727,840	(949,850)	12,034,490
Road Network	30,255,767	1,425,192	(340,992)	31,339,967
Other Infrastructure Networks	28,159,902	75,079	(35,132)	28,199,849
Total Capital Assets Being Depreciated	104,204,758	2,485,178	(1,326,475)	105,363,461
Less Accumulated Depreciation for:				
Buildings and Improvements	(13,658,089)	(1,082,426)	501	(14,740,014)
Equipment	(9,160,940)	(875,072)	835,188	(9,200,824)
Road Network	(10,928,973)	(425,066)	178,934	(11,175,105)
Other Infrastructure Networks	(17,813,541)	(792,971)	33,161	(18,573,351)
Total Accumulated Depreciation	(51,561,543)	(3,175,535)	1,047,784	(53,689,294)
Total Being Depreciated, Net	52,643,215	(690,357)	(278,691)	51,674,167
Governmental Activities Capital Assets, Net	\$ 90,390,615	\$ 3,604,269	\$ (278,691)	\$ 93,716,193

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Capital Assets (Concluded)

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,388,198			\$ 4,388,198
Construction in Progress	11,187,806	\$ 7,324,590	\$ (10,056,099)	8,456,297
Total Capital Assets Not Being Depreciated	<u>15,576,004</u>	<u>7,324,590</u>	<u>(10,056,099)</u>	<u>12,844,495</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	293,301,043	9,650,394	(26,810)	302,924,627
Equipment	8,170,703	1,039,807	(486,217)	8,724,293
Total Capital Assets Being Depreciated	<u>301,471,746</u>	<u>10,690,201</u>	<u>(513,027)</u>	<u>311,648,920</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(135,086,877)	(8,147,449)	107,621	(143,126,705)
Equipment	(5,449,126)	(768,740)	457,434	(5,760,432)
Total Accumulated Depreciation	<u>(140,536,003)</u>	<u>(8,916,189)</u>	<u>565,055</u>	<u>(148,887,137)</u>
Total Being Depreciated, Net	<u>160,935,743</u>	<u>1,774,012</u>	<u>52,028</u>	<u>162,761,783</u>
Business-type Activities Capital Assets, Net	<u>\$ 176,511,747</u>	<u>\$ 9,098,602</u>	<u>\$ (10,004,071)</u>	<u>\$ 175,606,278</u>

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

Governmental Activities

General Government	\$ 682,033
Law Enforcement	405,340
Fire Control	162,117
Building Inspections	4,860
Physical Environment	346,617
Roads and Streets	979,139
Parks and Recreation	468,161
Internal Service Funds	127,268
Total Depreciation Expense - Governmental Activities	<u>\$ 3,175,535</u>

Business-type Activities

Electric	\$ 5,247,625
Water and Sewer	2,524,997
Stormwater	774,054
Sanitation	51,295
Golf Courses	96,979
Leased Facilities	99,313
Natural Gas	121,926
Total Depreciation Expense - Business-type Activities	<u>\$ 8,916,189</u>

Note 8 - Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2016:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Continued)

	Balance September 30, 2015	Additions	Other Reductions	Balance September 30, 2016	Due Within One Year
Governmental Activities					
Revenue Bonds	\$ 4,006,880		\$ (1,581,880)	\$ 2,425,000	\$ 955,000
Accrued Compensated Absences	3,176,198	\$ 1,317,921	(1,258,552)	3,235,567	647,113
Accrued Other Postemployment Benefits	1,505,430	82,479		1,587,909	
Net Pension Liability	6,447,658	3,940,019		10,387,677	
Total Governmental Activities	15,136,166	5,340,419	(2,840,432)	17,636,153	1,602,113
Business-type Activities					
Revenue Bonds - Par	21,825,000		(3,680,000)	18,145,000	3,800,000
Unamortized Premium	503,662		(186,778)	316,884	
Revenue Bonds, Net	22,328,662	0	(3,866,778)	18,461,884	3,800,000
Accrued Compensated Absences	1,733,780	738,142	(727,193)	1,744,729	348,946
Accrued Other Postemployment Benefits	1,016,166	55,674		1,071,840	
Net Pension Liability	4,400,654	1,892,030		6,292,684	
Total Business-type Activities	29,479,262	2,685,846	(4,593,971)	27,571,137	4,148,946
Total Long-term Obligations	\$ 44,615,428	\$ 8,026,265	\$ (7,434,403)	\$ 45,207,290	\$ 5,751,059

Bonds and notes outstanding at September 30, 2016, consist of the following for governmental activities:

	Note	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Governmental Activities					
Revenue Bonds:					
2012 Series, Infrastructure					
Sales Surtax	1	2019	\$ 6,495,000	\$ 2,425,000	1.73%

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).

Bonds outstanding at September 30, 2016, consist of the following for business-type activities:

	Note	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Business-type Activities					
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 10,687,405	2.0-4.0%
Water and Sewer Fund	1	2020	<u>15,324,135</u>	<u>7,457,595</u>	2.0-4.0%
Total Business-type Activities			<u>\$ 37,285,000</u>	<u>\$ 18,145,000</u>	

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Continued)

Note Explanation - Purpose of Issue (Continued)

The bonds listed above are secured by a pledge of the revenue source listed in the bond name. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, the Utility Revenue Bonds, Series 2010, require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

Electric and Water and Sewer Funds

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

Electric and Water and Sewer Reserve Accounts

To receive and maintain an amount equivalent to the lesser of the maximum annual debt service requirement or an amount equivalent to 1.25 times the average annual debt service requirement, but in no event more than 10% of the principal amount of the bonds. In lieu of this reserve, the City may establish a reserve account credit facility which is an insurance policy that may be drawn on to make debt service payments when a deficiency of gross revenues exists. If such a withdrawal is made, the City is required to reinstate the reserve account credit facility.

Renewal and Replacement Accounts

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

Annual debt service requirements as of September 30, 2016, are as follows:

Governmental Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2017	\$ 955,000	\$ 37,804	\$ 992,804
2018	980,000	21,224	1,001,224
2019	490,000	4,227	494,227
Total	\$ 2,425,000	\$ 63,255	\$ 2,488,255

Business-type Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2017	\$ 3,800,000	\$ 634,688	\$ 4,434,688
2018	3,925,000	498,220	4,423,220
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	\$ 18,145,000	\$ 1,755,933	\$ 19,900,933

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Concluded)

Note Explanation - Purpose of Issue (Concluded)

Interest paid and incurred in the governmental activities totaled \$73,672 for the year ended September 30, 2016. Interest costs incurred in the business-type activities (excluding amortization) totaled \$690,688 for the same period.

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2016, 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						
Infrastructure Sales Surtax Bonds, Series 2012	Infrastructure Surtax	\$ 1,252,572	\$ 989,146	66.22%	\$ 2,488,255	2019
Business-type Activities						
Series 2010, Utility Revenue Bonds	Net Electric Utility Revenue	14,062,846	2,574,335	16.67%	11,721,650	2021
Series 2010, Utility Revenue Bonds	Net Water and Sewer Utility Revenue	6,782,824	1,796,353	24.12%	8,179,283	2021

Note 9 - Restricted Assets

The following table indicates the balances at September 30, 2016, for all restricted assets in the proprietary fund types:

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Total Enterprise</u>
Sinking Funds:			
Principal	\$ 1,098,485	\$ 766,515	\$ 1,865,000
Interest	197,900	138,093	335,993
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	<u>5,581,205</u>		<u>5,581,205</u>
Total Restricted Assets	<u>\$ 8,377,590</u>	<u>\$ 1,404,608</u>	<u>\$ 9,782,198</u>

Note 10 - Florida Municipal Power Affiliation

The City is a member of the Florida Municipal Power Agency (FMPPA) and a participant in two of its projects: the St. Lucie Project, and the All Requirements Project. FMPPA 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, FMPPA acquired an 8.806% undivided ownership interest in the St. Lucie Unit 2, an 838 megawatt (MW) nuclear power plant operated by Florida Power & Light Company (FPL). The St. Lucie Unit 2 began operation in 1983. In 2003, the Nuclear Regulatory Commission extended the plant's operating license by twenty years. It is now licensed to operate until 2043.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 10 - Florida Municipal Power Affiliation (Concluded)

The St. Lucie Project (Concluded)

Fifteen of FMPA's members, including the City, are participants in the St. Lucie Project. As a participant in the St. Lucie Project, the City is entitled to 5.4 MW of FMPA's 73.5 MW capacity and energy associated with the St. Lucie Project.

Total expense for 2016 under this contract was \$3,904,965. 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, 2046. The City's highest system peak load for fiscal 2016 was in July 2016, at 173.54 MW. Total expense to the City under the All Requirements Project for 2016 was \$53,544,799.

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 2016, under this contract was \$493,941, which is net of the FMPA contribution of \$110,400.

Note 11 - Power Costs Recovered in Advance

The City uses a power true-up recomputed monthly in its electric rates. At September 30, 2016, the City was over-recovered from customers by \$39,060,816. Of this amount, \$14,807,325 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$24,253,491 is expected to be returned to customers in future years. At September 30, 2015, the City was over-recovered by \$32,705,954.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Power Costs Recovered in Advance (Concluded)

The City also uses a cost of gas true-up recomputed monthly in its natural gas rates. At September 30, 2016, the City was over-recovered from customers by \$665,239. This amount will be returned to customers in future years. At September 30, 2015, the City was over-recovered by \$692,976.

Note 12 - 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 Firefighters' 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)
- Firefighters' 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 GERS is administered by the Board of Trustees comprised of two members of City Council selected by the city council, two members of the GERS elected by the membership, and a fifth member elected by the other four board members. The PORS and FFRS are both administered by a separate Board of Trustees comprised of two residents of the City appointed by City Council, two members of the PORS and FFRS elected by the membership respectively, and a fifth member elected by the other four board members. 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.

Membership

As of October 1, 2015, employee membership data related to the pension plans were:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
Inactive Plan Members or Their Beneficiaries				
Currently Receiving Benefits (Including DROP Participants)	181	41	24	246
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	13	3	0	16
Active Plan Members	<u>233</u>	<u>63</u>	<u>28</u>	<u>324</u>
Total	<u><u>427</u></u>	<u><u>107</u></u>	<u><u>52</u></u>	<u><u>586</u></u>

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

Note 12 - Retirement Systems (Continued)

Benefits

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.

The following table shows a summary of benefits for each pension plan. Pension plan provisions were modified significantly during fiscal year 2014.

CITY OF JACKSONVILLE BEACH GENERAL EMPLOYEES' PENSION PLAN				
Provision	Employees with Less Than 5 Years of Service on November 25, 2013	Employees with at Least 5 Years of Service but Less Than 10 Years of Service on November 25, 2013	Employees with 10 or More Years of Service on November 25, 2013	Employees with 30 Years of Service or Age 60 with 5 Years of Service on November 25, 2013
Benefit Formula	2.5% for all years of service (\$90,000 or 75% maximum)			2.5% for all years of service (75% maximum)
Normal Retirement Date	Age 55 with 30 years of service; or Age 62 with 10 years of service		Age 60 with 5 years of service; or 30 years of service regardless of age	
Pensionable Pay	Base pay + longevity pay; excluding overtime, shift differential, leave payouts, and all other compensation			Base pay, longevity, overtime, shift differential and incentive pay

CITY OF JACKSONVILLE BEACH POLICE OFFICERS' PENSION PLAN				
Provision	Employees with Less Than 5 Years of Service on June 23, 2014	Employees with at Least 5 Years of Service but Less Than 10 Years of Service on June 23, 2014	Employees with 10 or More Years of Service on June 23, 2014	Employees with 30 Years of Service; Age 52 with 25 Years of Service; Age 55 with 5 Years of Service on June 23, 2014
Benefit Formula	3% for all years of service (\$90,000 or 90% maximum)			3% - first 30 years; 2% thereafter (100% maximum)
Normal Retirement Date	Age 52 with 25 years of service; or Age 55 with 10 years of service; or 30 years of service regardless of age		Age 52 with 25 years of service; or Age 55 with 5 years of service; or 30 years of service regardless of age	
Pensionable Pay	Base pay + 300 hours of overtime per year + longevity pay + incentive pay; excluding overtime >300 hours, leave payouts, and all other compensation			Base pay, longevity, overtime, shift differential and incentive pay

CITY OF JACKSONVILLE BEACH FIREFIGHTERS' PENSION PLAN					
Provision	Employees Hired After July 21, 2014	Employees with Less Than 5 Years of Service on July 21, 2014	Employees with at Least 5 Years of Service but Less Than 10 Years of Service on July 21, 2014	Employees with 10 or More Years of Service on July 21, 2014	Employees with 30 Years of Service; Age 52 with 25 Years of Service; Age 55 with 5 Years of Service on July 21, 2014
Benefit Formula	3% for all years of service (\$90,000 or 90% maximum)				3% - first 30 years; 2% thereafter (100% maximum)
Normal Retirement Date	Age 52 with 25 years of service; or Age 55 with 10 years of service; or 30 years of service regardless of age			Age 52 with 25 years of service; or Age 55 with 5 years of service; or 30 years of service regardless of age	
Pensionable Pay	Base pay + longevity pay + incentive pay; excluding overtime, leave payouts, and all other compensation				Base pay, longevity, overtime, shift differential and incentive pay
COLA	No COLA	2% increase on benefits earned prior to the effective date; 1% annual increase on benefits earned after the effective date			2% increase on 2 nd anniversary and annually thereafter

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Benefits (Concluded)

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 ten-year service requirement is waived. 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.

Contributions

For the year ended September 30, 2016, plan participants were required to pay 7.95% 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 Firefighters' pension plans receive a distribution of casualty premium tax monies from the State of Florida pursuant to Chapters 175 and 185, Florida Statutes. The on-behalf payments received from the State of Florida (totaling \$428,480) were received for the period ending September 30, 2016, and were recognized as revenues and expenses in the General Fund and were used to reduce the City's contribution to the Police Officers' and Firefighters' pension plans.

For the period ended September 30, 2016, the actuarially determined contribution amount was to be \$2,373,544, including estimated contributions from the State of Florida. The City's actual contribution was \$2,406,055, including actual contributions from the State of Florida. These contributions were determined pursuant to an actuarial valuation dated October 1, 2014.

There were no contributions due to the plans by the City at September 30, 2016.

Investment Policy

The following are the three Board's adopted asset allocation policy as of September 30, 2016:

Asset Class	Target Allocation
Domestic Equity	50%
International Equity	10%
Fixed Income	35%
Real Estate	5%
Total	100%

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Concentration

The plan did not hold investments in any one organization that represents 5% or more of the Pension Plan's fiduciary net position.

Rate of Return

For the year ended September 30, 2016 and 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 8.15% and (.35%), respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Values

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.

Fund Balance Reserves

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

- **Retirement Reserve**—this reserve accounts for all City and state contributions, transfers from the member's savings reserves, and pension benefit payments made to retired employees (transfers in are assumed to be made as of the beginning of the year). The amount of net investment income recorded into this reserve is the balance remaining after allocations are made to both the members' savings reserve and DROP reserve.
- **Members' Savings Reserve**—this reserve includes all employee contributions. Investment income is allocated to this reserve based on 3.5% of the average reserve balance outstanding during the year. Transfers are made from this reserve to the retirement reserve as employees retire during the year. Termination refunds are remitted back to the employee, or maintained in this reserve at the option of the terminated employee depending on the employee's total years of service.
- **DROP Reserve**—the Deferred Retirement Option Program (DROP) was established in 1998. This program allows participants eligible for regular retirement to continue employment for a maximum of three years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. Investment income is allocated to this reserve based on rates determined by the Pension Boards. 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 Firefighters' plan. As of September 30, 2016, DROP balances were as follows for each plan:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Fund Balance Reserves (Concluded)

General Employees	\$	376,301
Police Officers		0
Firefighters		0
Total	\$	<u>376,301</u>

Schedule of Pension Plan Net Position as of September 30, 2016

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Totals</u>
Assets				
Cash and Cash Equivalents	\$ 521,418	\$ 247,391	\$ 111,558	\$ 880,367
Accrued Interest	74,354	29,476	16,819	120,649
Due from Other Governments			39,952	39,952
Investments:				
Equities, Including Mutual Funds	31,352,673	12,636,745	7,239,101	51,228,519
Corporate Bonds	9,476,391	4,002,863	1,991,756	15,471,010
U.S. Government Obligations/Agencies	5,045,748	2,000,274	1,141,363	8,187,385
Real Estate Fund	2,670,693	1,058,736	604,119	4,333,548
Total Investments	<u>48,545,505</u>	<u>19,698,618</u>	<u>10,976,339</u>	<u>79,220,462</u>
Total Assets	<u>49,141,277</u>	<u>19,975,485</u>	<u>11,144,668</u>	<u>80,261,430</u>
Liabilities				
Accounts Payable	2,917	2,934	2,969	8,820
Other Accrued Liabilities	889	315	207	1,411
Total Liabilities	<u>3,806</u>	<u>3,249</u>	<u>3,176</u>	<u>10,231</u>
Net Position				
Restricted for Pensions	<u>\$ 49,137,471</u>	<u>\$ 19,972,236</u>	<u>\$ 11,141,492</u>	<u>\$ 80,251,199</u>

Schedule of the Change in Pension Plan Net Position as of September 30, 2016

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Totals</u>
Additions				
Contributions				
Employee	\$ 927,251	\$ 343,112	\$ 160,567	\$ 1,430,930
Employer	1,321,320	432,769	223,486	1,977,575
State of Florida		229,925	198,555	428,480
Total Contributions	<u>2,248,571</u>	<u>1,005,806</u>	<u>582,608</u>	<u>3,836,985</u>
Investment Income				
Investment Earnings	3,916,348	1,551,685	885,488	6,353,521
(Investment Expenses)	(133,757)	(52,959)	(30,311)	(217,027)
Net Investment Income	<u>3,782,591</u>	<u>1,498,726</u>	<u>855,177</u>	<u>6,136,494</u>
Total Additions	<u>6,031,162</u>	<u>2,504,532</u>	<u>1,437,785</u>	<u>9,973,479</u>
Deductions				
Benefits	3,929,634	1,211,453	933,482	6,074,569
Refunds of Contributions	153,923	5,905		159,828
Administrative Expense	111,995	66,704	62,634	241,333
(Total Deductions)	<u>(4,195,552)</u>	<u>(1,284,062)</u>	<u>(996,116)</u>	<u>(6,475,730)</u>
Change in Net Position	1,835,610	1,220,470	441,669	3,497,749
Net Position, Beginning of Year	<u>47,301,861</u>	<u>18,751,766</u>	<u>10,699,823</u>	<u>76,753,450</u>
Net Position, End of Year	<u>\$ 49,137,471</u>	<u>\$ 19,972,236</u>	<u>\$ 11,141,492</u>	<u>\$ 80,251,199</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Basis of Accounting – Pension Trust Funds

The Pension Trust Fund statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period in which employees provide services to the City. Interest and dividend income is recognized when earned by the pension plan. Realized gains and losses on the sale of investments held by the pension plan are recognized when incurred. Net appreciation in the fair value of investments held by the pension plan is recorded as an increase to investment income based on the valuation of investments as of the date of the statement of plan net position available for benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Measurement Date

As permitted by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2015, one year prior to the reporting date.

Net Pension Liability

The components of the net pension liability for each plan as of September 30, 2015, (measurement date) and for the year then ended, were as follows:

General Employees' Pension Plan

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, Beginning of Year	\$ 57,746,123	\$ 49,635,814	\$ 8,110,309
Service Cost	1,111,657		1,111,657
Interest	4,491,011		4,491,011
Differences Between Expected and Actual Experience			0
Contributions - Employer		1,387,165	(1,387,165)
Contributions - Employee		853,057	(853,057)
Net Investment Income		(153,496)	153,496
Benefit Payments Including Refunds of Employee Contributions	(4,328,629)	(4,328,629)	0
Administrative Expenses		(92,050)	92,050
Net Changes	1,274,039	(2,333,953)	3,607,992
Balance, End of Year	\$ 59,020,162	\$ 47,301,861	\$ 11,718,301

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Net Pension Liability (Concluded)

Police Officers' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 20,778,760	\$ 19,317,303	\$ 1,461,457
Service Cost	583,329		583,329
Interest	1,632,596		1,632,596
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience			0
Contributions - Employer and State		562,835	(562,835)
Contributions - Employee		328,665	(328,665)
Net Investment Income		(59,565)	59,565
Benefit Payments Including Refunds of Employee Contributions	(1,325,954)	(1,325,954)	0
Administrative Expenses		(71,518)	71,518
Net Changes	889,971	(565,537)	1,455,508
Balance, End of Year	\$ 21,668,731	\$ 18,751,766	\$ 2,916,965

Fire Fighters' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 12,222,852	\$ 10,946,306	\$ 1,276,546
Service Cost	245,288		245,288
Interest	960,299		960,299
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience			0
Contributions - Employer and State		389,997	(389,997)
Contributions - Employee		146,951	(146,951)
Net Investment Income		(33,549)	33,549
Benefit Payments Including Refunds of Employee Contributions	(683,521)	(683,521)	0
Administrative Expenses		(66,361)	66,361
Net Changes	522,066	(246,483)	768,549
Balance, End of Year	\$ 12,744,918	\$ 10,699,823	\$ 2,045,095

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Actuarial Assumptions

The total pension liability was based on an actuarial valuation as of October 1, 2014 and a measurement date of October 1, 2015, using the following actuarial assumptions applied to all measurement periods. The rationale for the actuarial assumptions were developed using an experience study from the period October 1, 1995 through September 30, 2000.

Inflation	3.5%
Salary Increases	4.5% - 12.1% (Including Inflation)
Investment Rate of Return	8.0%

Mortality rates were based on the 1994 Group Annuity Mortality Tables with no projection for men and women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of September 30, 2015, are summarized below:

<u>Asset Class</u>	<u>Long-term Expected Rate of Return (Excluding Inflation)</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%
Real Estate	4.5%
Cash	0.0%

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 rated equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans' 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 including inflation.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Discount Rate (Concluded)

The table below provides the sensitivity of the net pension liability to changes in the discount rate. The table represents the plans' 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 Employees' Pension Plan:	\$ 17,809,201	\$ 11,718,301	\$ 6,499,667
Police Officers' Pension Plan:	\$ 5,332,587	\$ 2,916,965	\$ 856,098
Firefighters' Pension Plan:	\$ 3,489,477	\$ 2,045,095	\$ 755,317

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense as follows:

General Employees' Pension Plan	\$ 1,385,143
Police Officers' Pension Plan	681,111
Firefighters' Pension Plan	417,959
Total	\$ 2,484,213

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	General Employees'	Police Officers'	Firefighters'	Total
Contributions Made After the Measurement Date	\$ 1,321,320	\$ 662,694	\$ 422,041	\$ 2,406,055
Differences Between Expected and Actual Experience		37,269	65,127	102,396
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,618,451	1,032,811	595,311	4,246,573
Total	\$ 3,939,771	\$ 1,732,774	\$ 1,082,479	\$ 6,755,024

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Concluded)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

Deferred Inflows of Resources

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
Differences Between Expected and Actual Experience	\$ 472,736			\$ 472,736
Total	<u>\$ 472,736</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 472,736</u>

Contributions made after the measurement date (shown above) will be recognized in the fiscal year ended September 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
2017	\$ 427,129	\$ 247,478	\$ 160,149	\$ 834,756
2018	427,129	247,478	160,149	834,756
2019	484,031	247,478	159,992	891,501
2020	807,426	325,797	180,148	1,313,371
2021		1,849		1,849
	<u>\$ 2,145,715</u>	<u>\$ 1,070,080</u>	<u>\$ 660,438</u>	<u>\$ 3,876,233</u>

Note 13 - Interlocal Agreement

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

Each party to the agreement was solely responsible for the design and construction of its individually used segments. For the shared segments, the initial capital costs allocation to the three parties was based upon each city's reserved capacity as a percentage of total capacity.

Annual repair and maintenance of the shared outfall lines is prorated to each city based upon the applicable reserved capacity allocations. In 2003, upon mutual consent, the parties adjusted the percentages to reflect current permitted capacity as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Interlocal Agreement (Concluded)

	<u>Atlantic Beach Tie-in to Discharge Point</u>	<u>Neptune Beach Tie-in to Atlantic Beach Tie-in</u>
Atlantic Beach, Florida	45.0%	00.00%
Jacksonville Beach, Florida	41.3%	75.0%
Neptune Beach, Florida	13.7%	25.0%
Total	<u>100.00%</u>	<u>100.00%</u>

As of September 30, 2016, the City had a commitment of \$220,031 related to outfall repairs and maintenance. The interlocal agreement has no debt outstanding as of September 30, 2016. There are no separate financial statements prepared for the interlocal agreement. The City's capital assets related to the interlocal agreement are recorded and depreciated in the water/sewer enterprise fund.

Note 14 - 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.

Construction Commitments

As of September 30, 2016, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	<u>Expended as of September 30, 2016</u>	<u>Remaining Commitment</u>
Downtown Improvements – Phase III	\$ 2,231,960	\$ 5,292,965
4th Street Sewer and Water Mains	85,219	101,345
Gravity Sewer 18th Avenue North	46,719	67,959
Skate Park at SB Park	66,067	1,465,019
Rehab Lift Station #2	285	109,715
Downtown Parking Lot North 2nd Street and Storage Building		864,768

Encumbrances

Significant encumbrances included in governmental fund balances are as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 14 - Commitments, Contingencies, and Encumbrances (Concluded)

Encumbrances (Concluded)

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund		\$ 78,356
General Capital Projects Fund		79,386
Community Redevelopment Fund	\$ 10,394,576	
Other Governmental Funds	<u>62,719</u>	
Total	<u>\$ 10,457,295</u>	<u>\$ 157,742</u>

Note 15 - 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
- 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

During 2016, 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 \$3,670,349 in 2016 and \$4,128,408 in 2015.

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Risk Management (Concluded)

The internal service fund is charging other funds of the City for risk management services based on costs incurred of the program. For 2016, interdepartmental charges and other earnings were more than actual costs by \$351,457. For 2015, actual costs were more than interdepartmental charges and other earnings by \$409,306. The self-insurance fund has unrestricted net position of \$3,263,514 at September 30, 2016.

There were no significant reductions in insurance coverage from 2015 to 2016.

The estimated liability for self-insured losses of \$460,954 accrued in the self-insurance fund at September 30, 2016, 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:

	2016	2015
Beginning Balance	\$ 543,048	\$ 218,151
Current Year Claims and Changes in Estimates	105,897	692,568
(Claim Payments)	(187,991)	(367,671)
Ending Balance	\$ 460,954	\$ 543,048

Note 16 - Community Redevelopment Agency

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

The initial focus of the CRA was the rejuvenation of the Downtown District. The original plan for the redevelopment of the Downtown District was adopted in June 1987, following the creation of the tax increment district in 1984. In 2007, the plan was amended to incorporate the Downtown Vision Plan.

Phase I of the Downtown Vision Plan involved the reconstruction of 3rd Street (SR A1A) between 2nd Avenue South and 6th Avenue North with landscaped medians, traffic signal relocation, and new lighting. The cost to complete Phase I was \$2.5 million. In 2011, the CRA approved funding for Phase II of the Downtown Vision Plan to include the reconstruction of Beach Boulevard, reconstruction of 1st Street from Beach Boulevard to 6th Avenue North and construction of new restroom facilities in the 2nd Avenue North street end. Phase II was completed in Fiscal Year 2015 with a total cost of \$5.6 million.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Community Redevelopment Agency (Continued)

Phase III of the Downtown Vision Plan is divided into sub-phases A, B, and C. Phase III-A included the reconstruction of North 1st Street between 4th Avenue North and 6th Avenue North; and 5th Avenue North between 1st Street and 3rd Street. Phases III-B and III-C are currently underway and include major reconstruction of the water, sewer, and storm drainage systems as well as street and alleyway improvements from Beach Boulevard to 13th Avenue South. The cost of Phases III-B and III-C is expected to exceed \$10 million.

Also Downtown, work will begin in early 2017 on the construction of a new public surface parking lot on CRA-owned vacant land located on the west side of 2nd Street North, between 3rd and 4th Avenues North. That project will provide up to 92 parking spaces and will include a 2,500 square foot Police CAPE equipment storage building.

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 Southend 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.

Phase I of the South Beach Capital Improvements Program (CIP) included infrastructure improvements in an area known as Jacksonville Beach Heights. This \$3.32 million project was included in the initial set of projects identified in a capital improvement study completed in 2011. The CRA has approved an additional \$2.7 million for Phases II and III of the South Beach CIP. Phase II involves the installation of a reuse water irrigation system and re-landscaping of South Beach Parkway and Jacksonville Drive. Also included in Phase II are the repair of stormwater and drainage piping and the reconstruction of the stormwater retention facility in the area between Marsh Landing Parkway and South Beach Parkway.

Phase III of the South Beach CIP includes the construction of traffic safety and congestion management improvements on South Beach Parkway between Jacksonville Drive and Butler Boulevard. That roadway project is currently under construction and will be completed in the spring of 2017.

Also currently under construction in the Southend Redevelopment District is a new skate park within the established South Beach Park on South Beach Parkway. This project was funded in the fall of 2016 (\$1.53 million), and will provide a state-of the-art concrete skate park and various other park amenities including shade structures, bike racks, picnic shelters, and landscaping.

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 following schedule summarizes revenue and expenditure activity for the two districts in Fiscal Year 2016:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Community Redevelopment Agency (Concluded)

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
Revenues and Transfers in			
Ad Valorem Taxes	\$ 5,371,564	\$ 3,512,714	\$ 8,884,278
Interest and Other	425,305	207,755	633,060
Total Revenues and Transfers in	<u>5,796,869</u>	<u>3,720,469</u>	<u>9,517,338</u>
Expenditures			
General Government	276,479	112,522	389,001
Public Safety	806,466		806,466
Capital Projects:			
Downtown Landscape/Streetscape Improvements	3,428,478		3,428,478
Southend Infrastructure Improvements		891,438	891,438
Debt Service:			
Principal		646,880	646,880
Interest		19,525	19,525
(Total Expenditures)	<u>(4,511,423)</u>	<u>(1,670,365)</u>	<u>(6,181,788)</u>
Excess of Revenues and Transfers in Over Expenditures	<u>\$ 1,285,446</u>	<u>\$ 2,050,104</u>	<u>\$ 3,335,550</u>

Note 17 - 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; and 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	\$ 632,274	\$ (457,383)	\$ 174,891
Improvements	34,216	(28,605)	5,611
Total	<u>\$ 666,490</u>	<u>\$ (485,988)</u>	<u>\$ 180,502</u>

Note 18 - 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 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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 18 - Other Postemployment Benefits (OPEB) *(Continued)*

Plan Description *(Concluded)*

Beach, 11 North Third Street, Jacksonville Beach, Florida 32250, or by calling (904) 247-6264. According to the Substantive Plan, retired police officers, firefighters, 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 OPEB for purposes of GASB Statement No. 45. As of October 1, 2014, the date of the last OPEB actuarial valuation date, there were 271 active participants and 21 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 \$2,659,749 and is reflected as a liability in the statement of net position (\$1,587,909 governmental, \$1,071,840 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, 2016:

	<u>2016</u>	<u>2015</u>
Normal Cost	\$ 175,898	\$ 164,908
Amortization of Unfunded Actuarial Accrued Liability	180,319	173,384
Annual Required Contribution (ARC)	<u>\$ 356,217</u>	<u>\$ 338,292</u>
Net OPEB Obligation, Beginning of Year	<u>\$ 2,521,596</u>	<u>\$ 2,369,956</u>
Annual Required Contribution	356,217	338,292
Interest on Net OPEB Obligation	100,864	94,798
Adjustment to ARC	(114,618)	(107,725)
Annual OPEB Cost	<u>342,463</u>	<u>325,365</u>
Employer Contribution Toward the OPEB Cost	<u>(204,310)</u>	<u>(173,725)</u>
Net OPEB Obligation, End of Year	<u>\$ 2,659,749</u>	<u>\$ 2,521,596</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 18 - Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Concluded)

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>
2014	\$ 497,797	\$ 256,004	51.43%	\$ 2,369,956
2015	325,365	173,725	53.39%	2,521,596
2016	342,463	204,310	59.66%	2,659,749

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2014, 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 AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Pavroll</u>	<u>UAAL as a Percentage of Covered Pavroll</u>
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%
10/1/2014	0	3,740,378	3,740,378	0.00%	14,377,492	26.02%

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.

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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

Note 18 - Other Postemployment Benefits (OPEB) (Concluded)

Actuarial Methods and Assumptions (Concluded)

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2014
Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll, Closed
Amortization Period:	22 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:	7.5% Initial Trend Rate Dropping to 4.52% Ultimate Trend Rate After 25 Years

*Includes general price inflation of 2.5%.

Note 19 - Subsequent Event

On October 7, 2016, Hurricane Matthew hit the Jacksonville Beach area causing extensive damage to the City's beaches and related infrastructure. The cost of removing debris alone is estimated at \$1.5 million. Damages from the storm to the City's infrastructure are estimated at \$2.0 million. A portion of the costs to repair the damages are expected to be reimbursed by the Federal Emergency Management Agency (FEMA), however, these amounts are not yet known.

REQUIRED SUPPLEMENTARY
INFORMATION

**REQUIRED SUPPLEMENTARY
INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS MULTI-YEAR
GENERAL EMPLOYEES
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

Reporting Date:	September 30, 2016	September 30, 2015
Measurement Date:	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Total Pension Liability		
Service Cost	\$ 1,111,657	\$ 1,129,367
Interest on the Total Pension Liability	4,491,011	4,443,924
Difference Between Expected and Actual Experience		(825,827)
Benefit Payments Including Refunds of Contributions	(4,328,629)	(3,971,423)
Net Change in Total Pension Liability	<u>1,274,039</u>	<u>776,041</u>
Total Pension Liability-Beginning	<u>57,746,123</u>	<u>56,970,082</u>
Total Pension Liability-Ending (a)	<u>59,020,162</u>	<u>57,746,123</u>
Plan Fiduciary Net Position		
Employer and State Contributions	1,387,165	1,216,994
Employee Contributions	853,057	771,553
Pension Plan Net Investment Income	(153,496)	4,697,264
Benefit Payments Including Refunds of Contributions	(4,328,629)	(3,971,423)
Pension Plan Administrative Expense	(92,050)	(102,358)
Net Change in Plan Fiduciary Net Position	<u>(2,333,953)</u>	<u>2,612,030</u>
Plan Fiduciary Net Position-Beginning	<u>49,635,814</u>	<u>47,023,784</u>
Plan Fiduciary Net Position-Ending (b)	<u>47,301,861</u>	<u>49,635,814</u>
Net Pension Liability-Ending (a) – (b)	<u>\$ 11,718,301</u>	<u>\$ 8,110,309</u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	80.15%	85.96%
Covered Employee Payroll	\$ 10,730,277	\$ 10,622,900
Net Pension Liability as a Percentage of Covered Employee Payroll	109.21%	76.35%

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

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS MULTI-YEAR
POLICE OFFICERS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

Reporting Date:	September 30, 2016	September 30, 2015
Measurement Date:	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Total Pension Liability		
Service Cost	\$ 583,329	\$ 517,788
Interest on the Total Pension Liability	1,632,596	1,568,728
Benefit Changes		(2,590,277)
Difference Between Expected and Actual Experience		54,979
Benefit Payments Including Refunds of Contributions	(1,325,954)	(1,425,888)
Net Change in Total Pension Liability	<u>889,971</u>	<u>(1,874,670)</u>
Total Pension Liability-Beginning	<u>20,778,760</u>	<u>22,653,430</u>
Total Pension Liability-Ending (a)	<u>21,668,731</u>	<u>20,778,760</u>
Plan Fiduciary Net Position		
Employer and State Contributions	562,835	530,453
Employee Contributions	328,665	263,978
Pension Plan Net Investment Income	(59,565)	1,819,901
Benefit Payments Including Refunds of Contributions	(1,325,954)	(1,425,888)
Pension Plan Administrative Expense	(71,518)	(81,366)
Net Change in Plan Fiduciary Net Position	<u>(565,537)</u>	<u>1,107,078</u>
Plan Fiduciary Net Position-Beginning	<u>19,317,303</u>	<u>18,210,225</u>
Plan Fiduciary Net Position-Ending (b)	<u>18,751,766</u>	<u>19,317,303</u>
Net Pension Liability-Ending (a) – (b)	<u><u>\$ 2,916,965</u></u>	<u><u>\$ 1,461,457</u></u>
Plan Fiduciary Net Position as Percentage		
of Total Pension Liability	86.54%	92.97%
Covered Employee Payroll	\$ 4,134,151	\$ 3,945,943
Net Pension Liability as a Percentage		
of Covered Employee Payroll	70.56%	37.04%

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

Benefit terms were modified for the Police Officers' Plan during 2014 to include longer vesting periods, changes in the benefit formula, and changes in what is considered pensionable compensation.

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

Reporting Date:	September 30, 2016	September 30, 2015
Measurement Date:	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Total Pension Liability		
Service Cost	\$ 245,288	\$ 246,636
Interest on the Total Pension Liability	960,299	912,823
Benefit Changes		(1,652,165)
Difference Between Expected and Actual Experience		108,651
Benefit Payments Including Refunds of Contributions	(683,521)	(664,459)
Net Change in Total Pension Liability	522,066	(1,048,514)
Total Pension Liability-Beginning	12,222,852	13,271,366
Total Pension Liability-Ending (a)	<u>12,744,918</u>	<u>12,222,852</u>
Plan Fiduciary Net Position		
Employer and State Contributions	389,997	457,932
Employee Contributions	146,951	122,590
Pension Plan Net Investment Income	(33,549)	1,010,160
Benefit Payments Including Refunds of Contributions	(683,521)	(664,459)
Pension Plan Administrative Expense	(66,361)	(77,810)
Net Change in Plan Fiduciary Net Position	(246,483)	848,413
Plan Fiduciary Net Position-Beginning	10,946,306	10,097,893
Plan Fiduciary Net Position-Ending (b)	<u>10,699,823</u>	<u>10,946,306</u>
Net Pension Liability-Ending (a) – (b)	<u>\$ 2,045,095</u>	<u>\$ 1,276,546</u>
Plan Fiduciary Net Position as Percentage		
of Total Pension Liability	83.95%	89.56%
Covered Employee Payroll	\$ 1,848,440	\$ 1,867,968
Net Pension Liability as a Percentage		
of Covered Employee Payroll	110.64%	68.34%

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

Benefit terms were modified for the Firefighters' Plan during 2014 to include longer vesting periods, changes in the benefit formula, changes in the COLA, and changes in what is considered pensionable compensation.

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

	September 30, 2016	September 30, 2015
Actuarially Determined Contribution	\$ 1,321,320	\$ 1,387,165
Contributions in Relation to the Actuarially Determined Contribution	1,321,320	1,387,165
Contribution Deficiency (Excess)	\$ 0	\$ 0
Covered-employee Payroll	\$ 11,663,535	\$ 10,730,277
Contributions as a Percentage of Covered Employee Payroll	11.33%	12.93%

Notes to Schedule of Contributions

Valuation Date	October 1, 2014 for period ended September 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	5 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	4.5% wage inflation, 3.5% price inflation
Investment Rate of Return	8.0%
Projected Salary Increases	4.5% to 12.1%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
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 EMPLOYER CONTRIBUTIONS
POLICE OFFICERS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Actuarially Determined Contribution	\$ 633,555	\$ 511,049
Contributions in Relation to the Actuarially Determined Contribution	<u>662,694</u>	<u>562,835</u>
Contribution Deficiency (Excess)	<u>\$ (29,139)</u>	<u>\$ (51,786)</u>
Covered-employee Payroll	\$ 4,315,874	\$ 4,134,151
Contributions as a Percentage of Covered Employee Payroll	15.35%	13.61%

Notes to Schedule of Contributions

Valuation Date	October 1, 2014 for period ended September 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	5 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	4.5% wage inflation, 3.5% price inflation
Investment Rate of Return	8.0%
Projected Salary Increases	4.5% to 12.1%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
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 EMPLOYER CONTRIBUTIONS
FIREFIGHTERS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Actuarially Determined Contribution	\$ 422,041	\$ 368,361
Contributions in Relation to the Actuarially Determined Contribution	<u>422,041</u>	<u>389,997</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ (21,636)</u>
Covered-employee Payroll	\$ 2,019,711	\$ 1,848,440
Contributions as a Percentage of Covered Employee Payroll	20.90%	21.10%

Notes to Schedule of Contributions

Valuation Date	October 1, 2014 for period ended September 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	3 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	4.5% wage inflation, 3.5% price inflation
Investment Rate of Return	8.0%
Projected Salary Increases	4.5% to 12.1%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
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 INVESTMENT RETURNS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

**Annual Money-weighted Rate of Return
Net of Investment Expense**

Fiscal Year Ending September 30,	General Employees	Police Officers	Firefighters
2016	8.15%	8.15%	8.15%
2015	-0.35%	-0.35%	-0.35%
2014	10.22%	10.22%	10.22%
2013	11.97%	11.97%	11.97%
2012	16.52%	16.52%	16.52%
2011	-0.17%	-0.17%	-0.17%
2010	8.16%	8.16%	8.16%
2009	5.45%	5.45%	5.45%
2008	-10.88%	-10.88%	-10.88%
2007	13.54%	13.54%	13.54%

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

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded 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%
2014	0	3,740,378	3,740,378	0.00%	14,377,492	26.02%

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

Period Ended	Annual OPEB Cost	Estimated Amount Contributed	Percentage Contribution	Estimated Net OPEB Obligation
9/30/2009	\$ 564,436	\$ 189,576	33.59%	\$ 957,434
9/30/2010	588,520	220,927	37.54%	1,325,027
9/30/2011	486,818	226,152	46.46%	1,585,693
9/30/2012	509,057	230,321	45.24%	1,864,429
9/30/2013	476,381	212,648	44.64%	2,128,162
9/30/2014	497,797	256,004	51.43%	2,369,956
9/30/2015	325,365	173,725	53.39%	2,521,596
9/30/2016	342,463	204,310	59.66%	2,659,748

**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, 2014
Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percent - Closed
Remaining Amortization Period:	22 Years
Actuarial Assumptions:	
Investment Return**	4.0%
Projected Salary Increases**	4.5%-12.1%
Payroll Growth Rate	4.0%
Health-care Cost Trend Rates	7.5% initial trend rate dropping to 4.52% ultimate trend rate after 25 years

**Includes Inflation Rate of 2.5%

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
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	\$ 613,572	\$ 37,641	\$ 530,853	\$ 927,976	
Special Assessments Receivable			29,105	2,837	
Due from Other Governments	84,776		132,000	186,200	\$ 21,743
Total Assets	<u>698,348</u>	<u>37,641</u>	<u>691,958</u>	<u>1,117,013</u>	<u>21,743</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	6,613		15,954		
Other Accrued Liabilities			236		
Interfund Payables					21,743
Total Liabilities	<u>6,613</u>	<u>0</u>	<u>16,190</u>	<u>0</u>	<u>21,743</u>
Deferred Inflows of Resources					
Unavailable Revenues	27,800		161,105	189,037	
Fund Balances					
Restricted for:					
Tourism Expenses	663,935				
Transportation Improvements			514,663		
Capital Projects				927,976	
Law Enforcement		37,641			
Committed for:					
Tree Replacement					
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	<u>663,935</u>	<u>37,641</u>	<u>514,663</u>	<u>927,976</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 698,348</u>	<u>\$ 37,641</u>	<u>\$ 691,958</u>	<u>\$ 1,117,013</u>	<u>\$ 21,743</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	\$ 189,281		\$ 6,194	\$ 58,715	\$ 585,683
Special Assessments Receivable					
Due from Other Governments					
Total Assets	<u>189,281</u>	<u>\$ 0</u>	<u>6,194</u>	<u>58,715</u>	<u>585,683</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable					
Other Accrued Liabilities				390	
Interfund Payables					
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>390</u>	<u>0</u>
Deferred Inflows of Resources					
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted for:					
Tourism Expenses					
Transportation Improvements					
Capital Projects					
Law Enforcement	189,281			58,325	585,683
Committed for:					
Tree Replacement			6,194		
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	<u>189,281</u>	<u>0</u>	<u>6,194</u>	<u>58,325</u>	<u>585,683</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 189,281</u>	<u>\$ 0</u>	<u>\$ 6,194</u>	<u>\$ 58,715</u>	<u>\$ 585,683</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Dog Park Fund	
Assets				
Equity in Pooled Cash and Investments	\$ 44,647	\$ 2,762,851	\$ 15,750	\$ 5,773,163
Special Assessments Receivable				31,942
Due from Other Governments				424,719
Total Assets	<u>44,647</u>	<u>2,762,851</u>	<u>15,750</u>	<u>6,229,824</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable				22,567
Other Accrued Liabilities			97	723
Interfund Payables				21,743
Total Liabilities	<u>0</u>	<u>0</u>	<u>97</u>	<u>45,033</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>377,942</u>
Fund Balances				
Restricted for:				
Tourism Expenses				663,935
Transportation Improvements				514,663
Capital Projects		2,762,851		3,690,827
Law Enforcement				870,930
Committed for:				
Tree Replacement				6,194
Assigned for:				
Capital Projects			15,653	15,653
Debt Service	44,647			44,647
Total Fund Balances	<u>44,647</u>	<u>2,762,851</u>	<u>15,653</u>	<u>5,806,849</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,647</u>	<u>\$ 2,762,851</u>	<u>\$ 15,750</u>	<u>\$ 6,229,824</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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	\$ 363,970		\$ 791,549	\$ 1,235,184	
Intergovernmental					\$ 137,528
Charges for Services			2,463	413	
Fines and Forfeitures		\$ 15,825			
Other Revenue	18,306	1,146	10,526	16,975	
Total Revenues	<u>382,276</u>	<u>16,971</u>	<u>804,538</u>	<u>1,252,572</u>	<u>137,528</u>
Expenditures					
Current:					
General Government				502	
Public Safety		44,690			
Physical Environment					
Roads and Streets			108,250		
Parks and Recreation	117,204				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					
(Total Expenditures)	<u>(117,204)</u>	<u>(44,690)</u>	<u>(108,250)</u>	<u>(502)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>265,072</u>	<u>(27,719)</u>	<u>696,288</u>	<u>1,252,070</u>	<u>137,528</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	(365,000)		(372,000)	(904,180)	(137,528)
Total Other Financing Sources (Uses)	<u>(365,000)</u>	<u>0</u>	<u>(372,000)</u>	<u>(904,180)</u>	<u>(137,528)</u>
Net Change in Fund Balance	(99,928)	(27,719)	324,288	347,890	0
Fund Balances, Beginning of Year	<u>763,863</u>	<u>65,360</u>	<u>190,375</u>	<u>580,086</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 663,935</u>	<u>\$ 37,641</u>	<u>\$ 514,663</u>	<u>\$ 927,976</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		\$ 53,177			
Charges for Services					
Fines and Forfeitures	\$ 28,618			\$ 4,175	\$ 35,655
Other Revenue	4,304		\$ 150	5,369	13,676
Total Revenues	<u>32,922</u>	<u>53,177</u>	<u>150</u>	<u>9,544</u>	<u>49,331</u>
Expenditures					
Current:					
General Government					
Public Safety	1,125			50,111	1,974
Physical Environment			22		
Roads and Streets					
Parks and Recreation					
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					
(Total Expenditures)	<u>(1,125)</u>	<u>0</u>	<u>(22)</u>	<u>(50,111)</u>	<u>(1,974)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,797</u>	<u>53,177</u>	<u>128</u>	<u>(40,567)</u>	<u>47,357</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)		(53,177)			
Total Other Financing Sources (Uses)	<u>0</u>	<u>(53,177)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	31,797	0	128	(40,567)	47,357
Fund Balances, Beginning of Year	<u>157,484</u>	<u>0</u>	<u>6,066</u>	<u>98,892</u>	<u>538,326</u>
Fund Balances, End of Year	<u>\$ 189,281</u>	<u>\$ 0</u>	<u>\$ 6,194</u>	<u>\$ 58,325</u>	<u>\$ 585,683</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Dog Park Fund	
Revenues				
Taxes				\$ 2,390,703
Intergovernmental				190,705
Charges for Services			\$ 22,537	25,413
Fines and Forfeitures				84,273
Other Revenue	\$ 7,176	\$ 66,695	6,381	150,704
Total Revenues	<u>7,176</u>	<u>66,695</u>	<u>28,918</u>	<u>2,841,798</u>
Expenditures				
Current:				
General Government				502
Public Safety				97,900
Physical Environment		9,629		9,651
Roads and Streets				108,250
Parks and Recreation			4,512	121,716
Debt Service:				
Principal	935,000			935,000
Interest and Fees	55,074			55,074
Capital Outlay			13,487	13,487
(Total Expenditures)	<u>(990,074)</u>	<u>(9,629)</u>	<u>(17,999)</u>	<u>(1,341,580)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(982,898)</u>	<u>57,066</u>	<u>10,919</u>	<u>1,500,218</u>
Other Financing Sources (Uses)				
Transfers in	904,180			904,180
Transfers (out)				(1,831,885)
Total Other Financing Sources (Uses)	<u>904,180</u>	<u>0</u>	<u>0</u>	<u>(927,705)</u>
Net Change in Fund Balance	(78,718)	57,066	10,919	572,513
Fund Balances, Beginning of Year	<u>123,365</u>	<u>2,705,785</u>	<u>4,734</u>	<u>5,234,336</u>
Fund Balances, End of Year	<u>\$ 44,647</u>	<u>\$ 2,762,851</u>	<u>\$ 15,653</u>	<u>\$ 5,806,849</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, 2016
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	\$ 295,000	\$ 295,000	\$ 363,970	\$ 68,970
Other Revenue	3,500	3,500	18,306	14,806
Total Revenues	<u>298,500</u>	<u>298,500</u>	<u>382,276</u>	<u>83,776</u>
Expenditures				
Current:				
Parks and Recreation	144,598	144,598	117,204	27,394
(Total Expenditures)	<u>(144,598)</u>	<u>(144,598)</u>	<u>(117,204)</u>	<u>27,394</u>
Excess of Revenues Over Expenditures	153,902	153,902	265,072	111,170
Other Financing Sources (Uses)				
Transfers (out)	<u>(115,000)</u>	<u>(365,000)</u>	<u>(365,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 38,902</u>	<u>\$ (211,098)</u>	<u>\$ (99,928)</u>	<u>\$ 111,170</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, 2016
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	\$ 6,000	\$ 6,000	\$ 15,825	\$ 9,825
Other Revenue	1,500	1,500	1,146	(354)
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>16,971</u>	<u>9,471</u>
Expenditures				
Current:				
Public Safety	60,000	60,000	44,690	15,310
(Total Expenditures)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(44,690)</u>	<u>15,310</u>
Net Change in Fund Balance	<u>\$ (52,500)</u>	<u>\$ (52,500)</u>	<u>\$ (27,719)</u>	<u>\$ 24,781</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, 2016
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	\$ 740,000	\$ 740,000	\$ 791,549	\$ 51,549
Charges for Services			2,463	2,463
Other Revenue	3,368	3,368	10,526	7,158
Total Revenues	<u>743,368</u>	<u>743,368</u>	<u>804,538</u>	<u>61,170</u>
Expenditures				
Current:				
Roads and Streets	354,192	354,192	108,250	245,942
Capital Outlay		31,251		31,251
(Total Expenditures)	<u>(354,192)</u>	<u>(385,443)</u>	<u>(108,250)</u>	<u>277,193</u>
Excess of Revenues Over Expenditures	389,176	357,925	696,288	338,363
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>\$ 17,176</u>	<u>\$ (14,075)</u>	<u>\$ 324,288</u>	<u>\$ 338,363</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, 2016
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	\$ 1,125,000	\$ 1,125,000	\$ 1,235,184	\$ 110,184
Charges for Services			413	413
Other Revenue	2,500	2,500	16,975	14,475
Total Revenues	<u>1,127,500</u>	<u>1,127,500</u>	<u>1,252,572</u>	<u>125,072</u>
Expenditures				
Current:				
General Government	1,500	1,500	502	998
Capital Outlay	170,000	170,000		170,000
(Total Expenditures)	<u>(171,500)</u>	<u>(171,500)</u>	<u>(502)</u>	<u>170,998</u>
Excess of Revenues Over Expenditures	956,000	956,000	1,252,070	296,070
Other Financing Sources (Uses)				
Transfers (out)	(904,180)	(904,180)	(904,180)	0
Net Change in Fund Balance	<u>\$ 51,820</u>	<u>\$ 51,820</u>	<u>\$ 347,890</u>	<u>\$ 296,070</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, 2016
 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	\$ 144,489	\$ 144,489	\$ 137,528	\$ (6,961)
Total Revenues	<u>144,489</u>	<u>144,489</u>	<u>137,528</u>	<u>(6,961)</u>
Expenditures				
(Total Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	144,489	144,489	137,528	(6,961)
Other Financing Sources (Uses)				
Transfers (out)	<u>(144,041)</u>	<u>(144,041)</u>	<u>(137,528)</u>	<u>6,513</u>
Net Change in Fund Balance	<u>\$ 448</u>	<u>\$ 448</u>	<u>\$ 0</u>	<u>\$ (448)</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, 2016
 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	\$ 25,000	\$ 25,000	\$ 28,618	\$ 3,618
Other Revenue	1,000	1,000	4,304	3,304
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>32,922</u>	<u>6,922</u>
Expenditures				
Current:				
Public Safety	10,000	10,000	1,125	8,875
(Total Expenditures)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(1,125)</u>	<u>8,875</u>
Net Change in Fund Balance	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 31,797</u>	<u>\$ 15,797</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, 2016
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		\$ 53,177	\$ 53,177	\$ 0
Total Revenues	<u>\$ 0</u>	<u>53,177</u>	<u>53,177</u>	<u>0</u>
Expenditures				
Current:				
Public Safety	12,039	12,039		12,039
(Total Expenditures)	<u>(12,039)</u>	<u>(12,039)</u>	<u>0</u>	<u>12,039</u>
Excess of Revenues Over Expenditures	(12,039)	41,138	53,177	12,039
Other Financing Sources (Uses)				
Transfers (out)		(41,138)	(53,177)	(12,039)
Net Change in Fund Balance	<u>\$ (12,039)</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, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Revenue	\$ 100	\$ 100	\$ 150	50
Total Revenues	<u>100</u>	<u>100</u>	<u>150</u>	<u>50</u>
Expenditures				
Current:				
Physical Environment	3,000	3,000	22	2,978
(Total Expenditures)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(22)</u>	<u>2,978</u>
Net Change in Fund Balance	<u>\$ (2,900)</u>	<u>\$ (2,900)</u>	<u>\$ 128</u>	<u>\$ 3,028</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, 2016
 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	\$ 4,175	\$ (825)
Other Revenue	1,000	1,000	5,369	4,369
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>9,544</u>	<u>3,544</u>
Expenditures				
Current:				
Public Safety	62,819	62,819	50,111	12,708
(Total Expenditures)	<u>(62,819)</u>	<u>(62,819)</u>	<u>(50,111)</u>	<u>12,708</u>
Net Change in Fund Balance	<u>\$ (56,819)</u>	<u>\$ (56,819)</u>	<u>\$ (40,567)</u>	<u>\$ 16,252</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, 2016
 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	\$ 10,000	\$ 10,000	\$ 35,655	\$ 25,655
Other Revenue	7,000	7,000	13,676	6,676
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>49,331</u>	<u>32,331</u>
Expenditures				
Current:				
Public Safety	26,000	26,000	1,974	24,026
Capital Outlay				0
(Total Expenditures)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(1,974)</u>	<u>24,026</u>
Net Change in Fund Balance	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	<u>\$ 47,357</u>	<u>\$ 56,357</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, 2016
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	\$ 3,000	\$ 3,000	\$ 7,176	\$ 4,176
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>7,176</u>	<u>4,176</u>
Expenditures				
Debt Service:				
Principal	935,000	935,000	935,000	0
Interest and Fees	62,146	62,146	55,074	7,072
(Total Expenditures)	<u>(997,146)</u>	<u>(997,146)</u>	<u>(990,074)</u>	<u>7,072</u>
(Deficiency) of Revenues				
(Under) Expenditures	(994,146)	(994,146)	(982,898)	11,248
Other Financing Sources (Uses)				
Transfers in	904,180	904,180	904,180	0
Net Change in Fund Balance	<u>\$ (89,966)</u>	<u>\$ (89,966)</u>	<u>\$ (78,718)</u>	<u>\$ 11,248</u>

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016
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	\$ 3,475,724	\$ 4,864,152	\$ 244,263	\$ 1,003,079	\$ 3,182,399	\$ 12,769,617
Other Operating Cash			1,290			1,290
Receivables:						
Accounts, Net	154,711	391,036		12,296	170,626	728,669
Inventory			17,044			17,044
Prepaid Expenses			3,232	264		3,496
Total Current Assets	<u>3,630,435</u>	<u>5,255,188</u>	<u>265,829</u>	<u>1,015,639</u>	<u>3,353,025</u>	<u>13,520,116</u>
Noncurrent Assets						
Capital Assets:						
Land	1,057,992		388,980	28,000		1,474,972
Buildings and Improvements	23,190,892		1,977,219	761,138	4,518,993	30,448,242
Equipment	97,113	374,858	244,671	758,626		1,475,268
Construction in Progress	1,392,886					1,392,886
	<u>25,738,883</u>	<u>374,858</u>	<u>2,610,870</u>	<u>1,547,764</u>	<u>4,518,993</u>	<u>34,791,368</u>
(Accumulated Depreciation)	<u>(9,331,890)</u>	<u>(178,909)</u>	<u>(1,354,802)</u>	<u>(869,411)</u>	<u>(591,080)</u>	<u>(12,326,092)</u>
Total Noncurrent Assets	<u>16,406,993</u>	<u>195,949</u>	<u>1,256,068</u>	<u>678,353</u>	<u>3,927,913</u>	<u>22,465,276</u>
Total Assets	<u>20,037,428</u>	<u>5,451,137</u>	<u>1,521,897</u>	<u>1,693,992</u>	<u>7,280,938</u>	<u>35,985,392</u>
Deferred Outflows of Resources						
Pension Related	<u>49,121</u>	<u>43,227</u>	<u>145,399</u>			<u>237,747</u>

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016
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	\$ 25,055	\$ 232,282	\$ 26,694	\$ 501,678	\$ 77,474	\$ 863,183
Power Costs Recovered in Advance					665,239	665,239
Other Accrued Liabilities	66,826	3,792	9,549	1,305	9,891	91,363
Unearned Revenues			36,938			36,938
Current Portion of Long-term Debt:						
Compensated Absences		6,693	10,181			16,874
Total Current Liabilities	<u>91,881</u>	<u>242,767</u>	<u>83,362</u>	<u>502,983</u>	<u>752,604</u>	<u>1,673,597</u>
Noncurrent Liabilities						
Accrued Compensated Absences		26,772	40,721			67,493
Other Postemployment Benefits	19,849		59,547			79,396
Net Pension Liability	122,958	152,422	410,869			686,249
Total Noncurrent Liabilities	<u>142,807</u>	<u>179,194</u>	<u>511,137</u>	<u>0</u>	<u>0</u>	<u>833,138</u>
Total Liabilities	<u>234,688</u>	<u>421,961</u>	<u>594,499</u>	<u>502,983</u>	<u>752,604</u>	<u>2,506,735</u>
Deferred Inflows of Resources						
Pension Related	<u>1,662</u>	<u>9,447</u>	<u>13,391</u>			<u>24,500</u>
Net Position						
Net Investment in Capital Assets	16,406,993	195,949	1,256,068	678,353	3,927,913	22,465,276
Unrestricted	3,443,206	4,867,007	(196,662)	512,656	2,600,421	11,226,628
Total Net Position	<u>\$ 19,850,199</u>	<u>\$ 5,062,956</u>	<u>\$ 1,059,406</u>	<u>\$ 1,191,009</u>	<u>\$ 6,528,334</u>	<u>\$ 33,691,904</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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	\$ 1,314,783	\$ 3,333,566	\$ 981,678		\$ 1,836,536	\$ 7,466,563
Other		333	2,639	\$ 528,391	32,535	563,898
Total Operating Revenues	<u>1,314,783</u>	<u>3,333,899</u>	<u>984,317</u>	<u>528,391</u>	<u>1,869,071</u>	<u>8,030,461</u>
Operating Expenses						
Purchased Power					772,336	772,336
Personal Services	178,308	220,660	546,395	9,753		955,116
Purchased Services	154,067	2,918,097	85,992	6,207	187,808	3,352,171
Repairs and Maintenance	14,971	6,209	65,807	136,639		223,626
Depreciation	774,054	51,295	96,979	99,313	121,926	1,143,567
Materials and Supplies	16,457	28,022	155,723		2,302	202,504
Other Expenses	152,151	137,845	303,907	21,427	117,292	732,622
(Total Operating Expenses)	<u>(1,290,008)</u>	<u>(3,362,128)</u>	<u>(1,254,803)</u>	<u>(273,339)</u>	<u>(1,201,664)</u>	<u>(7,381,942)</u>
Operating Income (Loss)	<u>24,775</u>	<u>(28,229)</u>	<u>(270,486)</u>	<u>255,052</u>	<u>667,407</u>	<u>648,519</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	88,595	117,120	4,426	14,358	56,901	281,400
(Loss) on Disposal of Capital Assets			(13,753)	(5,584)		(19,337)
Total Nonoperating Revenues (Expense)	<u>88,595</u>	<u>117,120</u>	<u>(9,327)</u>	<u>8,774</u>	<u>56,901</u>	<u>262,063</u>
Income (Loss) Before Contributions and Transfers	<u>113,370</u>	<u>88,891</u>	<u>(279,813)</u>	<u>263,826</u>	<u>724,308</u>	<u>910,582</u>
Transfers						
Transfers in	7,386	5,586	209,653			222,625
Transfers (out)	(9,987)			(260,000)	(263,646)	(533,633)
Total Transfers	<u>(2,601)</u>	<u>5,586</u>	<u>209,653</u>	<u>(260,000)</u>	<u>(263,646)</u>	<u>(311,008)</u>
Change in Net Position	110,769	94,477	(70,160)	3,826	460,662	599,574
Total Net Position, Beginning of Year	19,739,430	4,968,479	1,129,566	1,187,183	6,067,672	33,092,330
Total Net Position, End of Year	<u>\$ 19,850,199</u>	<u>\$ 5,062,956</u>	<u>\$ 1,059,406</u>	<u>\$ 1,191,009</u>	<u>\$ 6,528,334</u>	<u>\$ 33,691,904</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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	\$ 1,314,412	\$ 3,322,485	\$ 979,970	\$ 522,601	\$ 1,902,227	\$ 8,041,695
Cash Payments to Vendors for Goods and Services	(291,934)	(3,179,037)	(683,617)	338,218	(1,090,110)	(4,906,480)
Cash Payments to Employees for Services	(180,377)	(214,238)	(575,713)	(9,753)		(980,081)
Net Cash Provided by (Used in) Operating Activities	<u>842,101</u>	<u>(70,790)</u>	<u>(279,360)</u>	<u>851,066</u>	<u>812,117</u>	<u>2,155,134</u>
Cash Flows from Noncapital Financing Activities						
Transfers in	7,386	5,586	209,653			222,625
Transfers (out)	(9,987)			(260,000)	(263,646)	(533,633)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,601)</u>	<u>5,586</u>	<u>209,653</u>	<u>(260,000)</u>	<u>(263,646)</u>	<u>(311,008)</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(1,126,692)	(1)	(42,271)	(501,183)	(85,161)	(1,755,308)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,126,692)</u>	<u>(1)</u>	<u>(42,271)</u>	<u>(501,183)</u>	<u>(85,161)</u>	<u>(1,755,308)</u>
Cash Flows from Investing Activities						
Interest Received on Investments	88,595	117,120	4,426	14,360	56,901	281,402
Net Increase (Decrease) in Cash and Cash Equivalents	(198,597)	51,915	(107,552)	104,243	520,211	370,220
Cash and Cash Equivalents, Beginning of Year	<u>3,674,321</u>	<u>4,812,237</u>	<u>353,105</u>	<u>898,836</u>	<u>2,662,188</u>	<u>12,400,687</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,475,724</u>	<u>\$ 4,864,152</u>	<u>\$ 245,553</u>	<u>\$ 1,003,079</u>	<u>\$ 3,182,399</u>	<u>\$ 12,770,907</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<u>Included on the Accompanying Balance Sheet</u>						
<u>Under the Following Captions</u>						
Current Assets						
Equity in Pooled Cash and Investments	\$ 3,475,724	\$ 4,864,152	\$ 244,263	\$ 1,003,079	\$ 3,182,399	\$ 12,769,617
Other Operating Cash			1,290			1,290
Total	<u>\$ 3,475,724</u>	<u>\$ 4,864,152</u>	<u>\$ 245,553</u>	<u>\$ 1,003,079</u>	<u>\$ 3,182,399</u>	<u>\$ 12,770,907</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 24,775	\$ (28,229)	\$ (270,486)	\$ 255,052	\$ 667,407	\$ 648,519
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	774,054	51,295	96,979	99,313	121,926	1,143,567
Power Costs Recovered in Advance (Returned)					(27,737)	(27,737)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	(371)	(11,414)		(5,790)	60,893	43,318
Inventories			(6,108)			(6,108)
Prepaid Expenses			200	272		472
Accounts Payable and Other Accrued Liabilities	45,712	(88,864)	(66,280)	502,219	(10,372)	382,415
Accrued Compensated Absences		1,586	(31,261)			(29,675)
Unearned Revenues			(4,347)			(4,347)
Other Postemployment Benefits	1,031		3,093			4,124
Net Pension Liability and Pension Related Deferred Inflows and Outflows	(3,100)	4,836	(1,150)			586
Net Cash Provided by (Used in) Operating Activities	<u>\$ 842,101</u>	<u>\$ (70,790)</u>	<u>\$ (279,360)</u>	<u>\$ 851,066</u>	<u>\$ 812,117</u>	<u>\$ 2,155,134</u>

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Assets			
Current Assets			
Equity in Pooled Cash and Investments	\$ 2,368,221	\$ 1,074,113	\$ 3,442,334
Accounts Receivable, Net	263,327		263,327
Prepaid Expenses	1,102,230		1,102,230
Total Current Assets	<u>3,733,778</u>	<u>1,074,113</u>	<u>4,807,891</u>
Noncurrent Assets			
Capital Assets:			
Buildings and Improvements		1,637,807	1,637,807
Equipment		1,899,885	1,899,885
	<u>0</u>	<u>3,537,692</u>	<u>3,537,692</u>
(Accumulated Depreciation)		(2,804,592)	(2,804,592)
Total Capital Assets, Net of Accumulated Depreciation	<u>0</u>	<u>733,100</u>	<u>733,100</u>
Total Assets	<u>3,733,778</u>	<u>1,807,213</u>	<u>5,540,991</u>
Deferred Outflows of Resources			
Pension Related		860,214	860,214
Liabilities			
Current Liabilities			
Accounts Payable	9,098	136,212	145,310
Other Accrued Liabilities	212	52,677	52,889
Estimated Liability for Self-insured Losses	460,954		460,954
Current Portion of Long-term Debt, Compensated Absences		183,368	183,368
Total Current Liabilities	<u>470,264</u>	<u>372,257</u>	<u>842,521</u>
Noncurrent Liabilities			
Accrued Compensated Absences		733,468	733,468
Net Pension Liability		2,535,939	2,535,939
Total Noncurrent Liabilities	<u>0</u>	<u>3,269,407</u>	<u>3,269,407</u>
Total Liabilities	<u>470,264</u>	<u>3,641,664</u>	<u>4,111,928</u>
Deferred Inflows of Resources			
Pension Related		98,211	98,211
Net Position			
Net Investment in Capital Assets		733,100	733,100
Unrestricted	3,263,514	(1,805,548)	1,457,966
Total Net Position (Deficit)	<u>\$ 3,263,514</u>	<u>\$ (1,072,448)</u>	<u>\$ 2,191,066</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Self-insurance Fund	Other Internal Service Fund	Totals
Operating Revenues			
Charges for Services	\$ 3,936,508	\$ 8,338,443	\$ 12,274,951
Other Revenue	7,843	573	8,416
Total Operating Revenues	<u>3,944,351</u>	<u>8,339,016</u>	<u>12,283,367</u>
Operating Expenses			
Personal Services	72,303	4,072,737	4,145,040
Purchased Services	153,458	913,274	1,066,732
Repairs and Maintenance		469,844	469,844
Depreciation		127,268	127,268
Materials and Supplies		278,285	278,285
Other Expenses	3,444,588	1,970,567	5,415,155
(Total Operating Expenses)	<u>(3,670,349)</u>	<u>(7,831,975)</u>	<u>(11,502,324)</u>
Operating Income	<u>274,002</u>	<u>507,041</u>	<u>781,043</u>
Nonoperating Income (Expense)			
Investment Earnings	77,455		77,455
Gain on Disposal of Capital Assets		18,596	18,596
Total Nonoperating Income (Expense)	<u>77,455</u>	<u>18,596</u>	<u>96,051</u>
Income Before Transfers	<u>351,457</u>	<u>525,637</u>	<u>877,094</u>
Transfers			
Transfers in		63,000	63,000
Transfers (out)		(64,653)	(64,653)
Total Transfers	<u>0</u>	<u>(1,653)</u>	<u>(1,653)</u>
Change in Net Position	351,457	523,984	875,441
Total Net Position (Deficit), Beginning of Year	<u>2,912,057</u>	<u>(1,596,432)</u>	<u>1,315,625</u>
Total Net Position (Deficit), End of Year	<u>\$ 3,263,514</u>	<u>\$ (1,072,448)</u>	<u>\$ 2,191,066</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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	\$ 3,683,253	\$ 8,339,866	\$ 12,023,119
Cash Payments to Vendors for Goods and Services	(3,503,347)	(3,758,899)	(7,262,246)
Cash Payments to Employees for Services	(72,303)	(3,994,348)	(4,066,651)
Claims Paid	(207,360)		(207,360)
Net Cash Provided by (Used in) Operating Activities	<u>(99,757)</u>	<u>586,619</u>	<u>486,862</u>
Cash Flows from Noncapital Financing Activities			
Transfers in		63,000	63,000
Transfers (out)		(64,653)	(64,653)
Total Cash Flows from Noncapital Financing Activities	<u>0</u>	<u>(1,653)</u>	<u>(1,653)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets		(95,452)	(95,452)
Cash Flows from Investing Activities			
Interest Received on Investments	77,455		77,455
Net Increase (Decrease) in Cash and Cash Equivalents	(22,302)	489,514	467,212
Cash and Cash Equivalents, Beginning of Year	2,390,523	584,599	2,975,122
Cash and Cash Equivalents, End of Year	<u>\$ 2,368,221</u>	<u>\$ 1,074,113</u>	<u>\$ 3,442,334</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>			
Current Assets			
Equity in Pooled Cash and Investments	<u>\$ 2,368,221</u>	<u>\$ 1,074,113</u>	<u>\$ 3,442,334</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 274,002	\$ 507,041	\$ 781,043
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		127,268	127,268
Change in Estimated Liability for Self-insured Losses	(82,094)		(82,094)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
A/R and Unbilled Revenue	(261,098)	850	(260,248)
Prepaid Expenses	(6,560)		(6,560)
Accounts Payable and Other Accrued Liabilities	(24,007)	(126,929)	(150,936)
Accrued Compensated Absences		67,209	67,209
Net Pension Liability and Pension Related Deferred Inflows and Outflows		11,180	11,180
Net Cash Provided by (Used in) Operating Activities	<u>\$ (99,757)</u>	<u>\$ 586,619</u>	<u>\$ 486,862</u>

**SCHEDULE OF COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND
SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District	Southend Redevelopment District	Totals
Assets			
Equity in Pooled Cash and Investments	\$ 14,758,130	\$ 7,428,120	\$ 22,186,250
Assessments, Net		1,231	1,231
Total Assets	<u>14,758,130</u>	<u>7,429,351</u>	<u>22,187,481</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	554,896	211,741	766,637
Other Accrued Liabilities	255,215	68,222	323,437
Total Liabilities	<u>810,111</u>	<u>279,963</u>	<u>1,090,074</u>
Deferred Inflows of Resources			
Unavailable Revenues		1,231	1,231
Fund Balances			
Restricted for:			
Redevelopment	13,948,019	7,148,157	21,096,176
Total Fund Balances	<u>13,948,019</u>	<u>7,148,157</u>	<u>21,096,176</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,758,130</u>	<u>\$ 7,429,351</u>	<u>\$ 22,187,481</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District	Southend Redevelopment District	Totals
Revenues			
Taxes	\$ 5,371,564	\$ 3,512,714	\$ 8,884,278
Interest and Other Revenue	425,305	207,755	633,060
Total Revenues	<u>5,796,869</u>	<u>3,720,469</u>	<u>9,517,338</u>
Expenditures			
Current:			
General Government	276,479	112,522	389,001
Public Safety	806,466		806,466
Debt Service:			
Principal		646,880	646,880
Interest and Fees		19,525	19,525
Capital Outlay	3,428,478	891,438	4,319,916
(Total Expenditures)	<u>(4,511,423)</u>	<u>(1,670,365)</u>	<u>(6,181,788)</u>
Net Change in Fund Balances	1,285,446	2,050,104	3,335,550
Fund Balances, Beginning of Year	<u>12,662,573</u>	<u>5,098,053</u>	<u>17,760,626</u>
Fund Balances, End of Year	<u>\$ 13,948,019</u>	<u>\$ 7,148,157</u>	<u>\$ 21,096,176</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, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 98,943,869	\$ 94,351,102	\$ (4,592,767)
Other	260,231	204,757	(55,474)
Total Operating Revenues	<u>99,204,100</u>	<u>94,555,859</u>	<u>(4,648,241)</u>
Operating Expenses			
Purchased Power	66,340,339	57,970,214	8,370,125
Personal Services	8,267,512	7,006,360	1,261,152
Purchased Services	2,220,441	1,957,095	263,346
Repairs and Maintenance	1,450,149	1,357,867	92,282
Materials and Supplies	980,140	785,181	194,959
Other Expenses	7,118,097	5,504,406	1,613,691
(Total Operating Expenses)	<u>(86,376,678)</u>	<u>(74,581,123)</u>	<u>11,795,555</u>
Operating Income	<u>12,827,422</u>	<u>19,974,736</u>	<u>7,147,314</u>
Nonoperating Income (Expense)			
Investment Earnings	516,345	993,920	477,575
Interest Expense	(710,687)	(691,187)	19,500
Connection Fees	145,000	313,696	168,696
Gain on Disposal of Capital Assets	40,000	36,833	(3,167)
Capital Outlay	(13,077,736)	(7,506,777)	5,570,959
System Removal Costs		(86,395)	(86,395)
Debt Service Principal	(3,680,000)	(3,680,000)	0
Developer Contributions	86,000		(86,000)
Total Nonoperating Income (Expense)	<u>(16,681,078)</u>	<u>(10,619,910)</u>	<u>6,061,168</u>
Income Before Operating Transfers	<u>(3,853,656)</u>	<u>9,354,826</u>	<u>13,208,482</u>
Other Financing Sources (Uses)			
Transfers in	162,097	172,084	9,987
Transfers (out)	(4,007,677)	(4,014,792)	(7,115)
Total Other Financing Sources (Uses)	<u>(3,845,580)</u>	<u>(3,842,708)</u>	<u>2,872</u>
Net Income	<u>\$ (7,699,236)</u>	<u>\$ 5,512,118</u>	<u>\$ 13,211,354</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2016
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 7,562,234</u>
Adjustments	
Depreciation	7,772,622
Capital Outlay, Purchased	(7,506,777)
Capital Outlay, Developer Contributions	(176,198)
Contributions to Other Funds	1,500,271
Removal Costs	(86,395)
Debt Service, Principal	(3,680,000)
Amortization:	
Bond Premium	(186,778)
Loss on Refunding	313,139
(Total Adjustments)	<u>(2,050,116)</u>
Net Income - Budgetary Basis	<u>\$ 5,512,118</u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED
 UNDER UTILITY REVENUE BOND COVENANTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Utility Customers Connected and Active

	<u>2016</u>	<u>2015</u>
Electrical Customers		
Jacksonville Beach	14,638	14,486
Neptune Beach	3,995	3,957
Other	16,078	15,990
Total Electrical Customers	<u>34,711</u>	<u>34,433</u>
Water and Wastewater Customers		
Water	10,369	10,204
Wastewater	10,191	10,036
Total Water and Wastewater Customers	<u>20,560</u>	<u>20,240</u>

Insurance in Existence

Electrical Department

Buildings, Equipment, Transformers, Regulators, Substations, and Equipment	<u>\$ 53,292,617</u>	<u>\$ 52,269,925</u>
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Water Department

Buildings and Equipment	<u>\$ 45,283,906</u>	<u>\$ 45,283,906</u>
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General Liability

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

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

STATISTICAL SECTION
(UNAUDITED)

Statistical Section (Unaudited)

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

Contents	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.	114
Revenue Capacity Information These schedules contain information to help the reader assess the City's local revenue source.	119
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.	123
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.	128
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.	130

Sources: Unless otherwise noted, the information in these schedules were obtained from the Comprehensive Annual Financial Reports for the relevant 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 64,648,677	\$ 73,400,569	\$ 76,567,062	\$ 72,717,821	\$ 74,132,348	\$ 78,634,891	\$ 80,880,510	\$ 85,081,323	\$ 86,383,735	\$ 91,291,193
Restricted	13,621,430	11,541,695	13,288,522	9,884,908	11,180,126	12,516,772	15,266,981	18,203,910	23,230,058	27,183,762
Unrestricted	12,569,477	14,225,981	12,122,024	13,645,936	13,566,703	13,523,810	14,624,127	15,803,521	9,601,684	12,564,372
Total Governmental Activities Net Position	<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>	<u>119,215,477</u>	<u>131,039,327</u>
Business-type Activities										
Net Investment in Capital Assets	88,134,565	97,378,366	105,424,647	129,851,305	139,702,686	142,057,214	145,354,194	151,886,547	155,027,489	157,675,660
Restricted	2,522,999	2,582,388	2,587,835	2,571,810	2,751,550	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted	53,428,787	50,577,648	55,315,006	53,044,615	54,673,702	57,678,739	58,458,710	61,548,916	62,652,866	68,166,503
Total Business-type Activities Net Position	<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>	<u>219,680,355</u>	<u>227,842,163</u>
Primary Government										
Net Investment in Capital Assets	152,783,242	170,778,935	181,991,709	202,569,126	213,835,034	220,692,105	226,234,704	236,967,870	241,411,224	248,966,853
Restricted	16,144,429	14,124,083	15,876,357	12,456,718	13,931,676	14,516,772	17,266,981	20,203,910	25,230,058	29,183,762
Unrestricted	65,998,264	64,803,629	67,437,030	66,690,551	68,240,405	71,202,549	73,082,837	77,352,437	72,254,550	80,730,875
Total Primary Government Net Position	<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>	<u>\$ 338,895,832</u>	<u>\$ 358,881,490</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 2,851,952	\$ 3,072,996	\$ 3,002,929	\$ 2,773,496	\$ 2,851,860	\$ 2,141,571	\$ 2,695,018	\$ 2,481,148	\$ 3,327,768	\$ 2,493,191
Law Enforcement	7,561,290	7,993,757	8,373,116	8,551,929	8,527,985	8,604,107	8,597,705	8,644,124	6,158,188	9,020,136
Fire Control	3,207,739	3,480,364	3,336,130	3,540,877	3,612,558	3,796,759	3,788,360	3,697,834	1,972,069	3,827,130
Building Inspections	564,002	582,524	554,407	448,328	459,024	427,941	440,927	436,897	498,870	510,092
Physical Environment	351,125	348,893	25,401	367,166	365,433	380,328	355,032	356,947	356,095	356,268
Roads and Streets	2,642,995	2,993,898	2,419,751	5,531,743	2,644,514	3,548,624	3,073,673	2,937,071	3,936,380	2,713,668
Economic Environment	108,574	0	0	0	0	0	0	0	0	0
Human Services	52,967	72,908	102,705	81,754	20,000	20,000	10,296	0	0	0
Parks and Recreation	2,782,834	2,767,921	3,432,407	2,920,198	2,963,644	2,945,435	2,645,363	2,840,920	3,141,474	3,134,179
Interest on Long-term Debt	843,849	799,470	714,233	626,709	535,930	393,170	224,307	167,258	116,801	74,599
Total Governmental Activities Expenses	20,967,327	22,112,731	21,961,079	24,842,200	21,980,948	22,257,935	21,830,681	21,562,199	19,507,645	22,129,263
Business-type Activities:										
Electric	80,022,090	91,773,891	94,504,462	92,079,658	79,898,012	75,056,538	79,640,256	78,915,218	74,983,356	74,126,043
Water and Sewer	8,447,018	8,736,166	8,130,979	8,567,596	8,662,357	8,327,251	10,267,198	8,919,844	8,835,376	9,008,417
Stormwater	1,151,344	1,102,946	1,141,190	1,202,504	1,293,782	1,291,954	1,376,128	1,307,367	1,190,742	1,290,008
Sanitation	2,691,311	3,184,459	3,078,358	3,040,014	3,011,321	3,150,288	3,197,294	3,201,492	3,320,470	3,362,128
Golf Course	1,733,805	1,677,223	1,646,381	1,675,714	1,537,817	1,391,476	1,381,008	1,346,173	1,471,132	1,268,556
Leased Facilities	409,283	341,061	473,711	369,927	376,748	271,007	280,629	267,406	265,349	278,923
Natural Gas	0	0	1,323	99,804	897,732	1,187,673	1,359,485	1,529,129	1,350,599	1,201,664
Total Business-type Activities Expenses	94,454,851	106,815,746	108,976,404	107,035,217	95,677,769	90,676,187	97,501,998	95,486,629	91,417,024	90,535,739
Total Primary Government Expenses	115,422,178	128,928,477	130,937,483	131,877,417	117,658,717	112,934,122	119,332,679	117,048,828	110,924,669	112,665,002
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	364,698	344,011	353,199	334,774	54,617	53,182	66,802	74,677	77,737	73,132
Law Enforcement	286,226	264,479	697,090	207,411	145,164	156,311	163,486	169,424	187,102	187,762
Building Inspections	616,215	521,039	323,726	347,700	257,693	267,879	372,025	563,934	656,045	683,556
Physical Environment	36,608	52,656	40,667	52,029	23,866	14,791	8,619	3,758	15,238	12,371
Roads and Streets	5,720	3,560	3,120	25,085	129,850	229,084	217,998	177,144	200,975	170,746
Parks and Recreation	61,855	66,325	129,393	75,389	104,251	107,867	107,199	126,804	125,443	121,342
Operating Grants and Contributions	1,217,927	1,196,752	1,261,790	1,190,906	1,403,135	1,022,748	1,553,819	1,165,743	1,149,520	1,105,992
Capital Grants and Contributions	2,805,273	3,168,120	606,676	1,427,044	1,901,182	1,344,895	142,918	863,473	328,049	53,564
Total Governmental Activities										
Program Revenues	5,394,522	5,616,942	3,415,661	3,660,338	4,019,758	3,196,757	2,632,866	3,144,957	2,740,109	2,408,465

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues (Concluded)										
Business-type Activities:										
Charges for Services:										
Electric	\$ 85,003,991	\$ 99,402,126	\$ 102,109,894	\$ 99,335,420	\$ 87,488,045	\$ 79,918,545	\$ 87,349,935	\$ 86,218,701	\$ 81,912,342	\$ 82,096,562
Water and Sewer	7,877,881	8,114,095	8,285,652	8,799,017	9,025,798	9,285,736	10,167,014	10,793,248	11,675,568	12,459,297
Stormwater	1,187,770	1,223,464	1,240,510	1,242,265	1,232,483	1,249,882	1,262,661	1,273,921	1,294,802	1,314,783
Sanitation	3,056,234	3,180,523	3,156,520	3,146,460	3,091,891	3,116,899	3,177,369	3,218,670	3,235,626	3,333,899
Golf Course	1,656,950	1,596,557	1,254,826	1,336,243	1,359,474	1,388,195	1,314,521	1,271,338	1,140,725	984,317
Leased Facilities	415,581	494,476	498,717	541,785	570,920	551,647	611,679	621,022	476,548	528,391
Natural Gas	0	0	0	89,255	1,114,296	1,579,134	1,729,246	2,100,135	2,017,973	1,869,071
Operating Grants and Contributions	0	299,832	(265,331)	306,715	0	196,737	6,713	0	0	0
Capital Grants and Contributions	1,772,041	1,169,269	2,988,839	6,430,278	1,888,820	996,393	620,087	3,154,807	861,845	489,894
Total Business-type Activities	100,970,448	115,480,342	119,269,627	121,227,438	105,771,727	98,283,168	106,239,225	108,651,842	102,615,429	103,076,214
Program Revenues	100,970,448	115,480,342	119,269,627	121,227,438	105,771,727	98,283,168	106,239,225	108,651,842	102,615,429	103,076,214
Total Primary Government Program Revenues	106,364,970	121,097,284	122,685,288	124,887,776	109,791,485	101,479,925	108,872,091	111,796,799	105,355,538	105,484,679
Net (Expense) Revenue										
Governmental Activities	(15,572,805)	(16,495,789)	(18,545,418)	(21,181,862)	(17,961,190)	(19,061,178)	(19,197,815)	(18,417,242)	(16,767,536)	(19,720,798)
Business-type Activities	6,515,597	8,664,596	10,293,223	14,192,221	10,093,958	7,606,981	8,737,227	13,165,213	11,198,405	12,540,475
Total Primary Government Net Expense	(9,057,208)	(7,831,193)	(8,252,195)	(6,989,641)	(7,867,232)	(11,454,197)	(10,460,588)	(5,252,029)	(5,569,131)	(7,180,323)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	14,098,914	15,325,208	16,020,874	15,625,045	15,969,619	14,412,386	14,029,971	15,137,151	15,906,918	16,942,109
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	1,109,323	1,062,472	973,627	944,140	975,611	997,077	1,055,321	1,112,859	1,195,504	1,242,584
Communication Service Tax	1,363,762	1,416,442	1,385,211	1,275,419	1,074,935	1,221,709	1,472,566	1,158,559	1,109,765	1,168,470
Convention Development Tax	179,442	235,080	208,957	220,694	221,509	224,402	283,358	298,019	344,940	363,370
Fuel Taxes	806,961	783,579	725,730	747,903	742,603	708,396	709,816	719,143	765,325	797,149
Other Taxes	0	0	0	273,107	252,578	611,181	628,673	718,854	702,174	728,276
State-shared Revenues	2,985,674	2,617,563	2,470,415	2,434,706	2,535,819	2,537,879	2,697,673	2,830,039	3,022,878	3,120,537
Other Intergovernmental Revenues	39,876	38,334	33,964	35,033	33,681	33,504	0	64,142	32,343	31,883
Interest	2,820,596	1,811,187	1,030,966	663,193	373,674	656,852	152,872	511,269	947,694	1,344,885
Miscellaneous	26,747	225,061	4,736	21,916	185,037	254,892	217,694	148,707	245,617	146,118
Net Transfers	3,809,957	3,505,525	(1,908,495)	(7,152,937)	(930,957)	3,757,807	4,355,039	4,030,356	3,236,898	5,653,987
Total Governmental Activities	27,246,532	27,025,731	20,951,265	15,093,499	21,439,389	25,421,365	25,608,263	26,734,378	27,515,336	31,544,648
Business-type Activities:										
Interest	2,477,537	1,267,824	606,533	795,084	610,607	758,841	55,453	487,702	1,019,905	1,275,320
Miscellaneous	42,409	25,156	(19,165)	0	0	0	0	0	0	0
Net Transfers	(3,809,957)	(3,505,525)	1,908,495	7,152,937	930,957	(3,757,807)	(4,355,039)	(4,030,356)	(3,236,898)	(5,653,987)
Total Business-type Activities	(1,290,011)	(2,212,545)	2,495,863	7,948,021	1,541,564	(2,998,966)	(4,299,586)	(3,542,654)	(2,216,993)	(4,378,667)
Total Primary Government	25,956,521	24,813,186	23,447,128	23,041,520	22,980,953	22,422,399	21,308,677	23,191,724	25,298,343	27,165,981
Change in Net Position										
Governmental Activities	11,673,727	10,529,942	2,405,847	(6,088,363)	3,478,199	5,796,296	6,410,448	8,317,136	10,747,800	11,823,850
Business-type Activities	5,225,586	6,452,051	12,789,086	22,140,242	11,635,522	4,608,015	4,437,641	9,622,559	8,981,412	8,161,808
Total Primary Government	\$ 16,899,313	\$ 16,981,993	\$ 15,194,933	\$ 16,051,879	\$ 15,113,721	\$ 10,404,311	\$ 10,848,089	\$ 17,939,695	\$ 19,729,212	\$ 19,985,658

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Pre-GASB 54:										
Reserved	\$ 116,148	\$ 190,292	\$ 140,701	\$ 114,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	6,652,414	7,266,918	7,879,457	8,258,521	0	0	0	0	0	0
Post-GASB 54:										
Nonspendable	0	0	0	0	18,000	41,640	41,640	0	0	1,807
Committed	0	0	0	0	4,529,922	4,447,636	4,755,631	4,922,833	5,069,431	5,168,956
Assigned	0	0	0	0	3,723,744	4,607,248	4,243,808	4,560,255	4,312,870	5,050,075
Total General Fund	<u>\$ 6,768,562</u>	<u>\$ 7,457,210</u>	<u>\$ 8,020,158</u>	<u>\$ 8,372,963</u>	<u>\$ 8,271,666</u>	<u>\$ 9,096,524</u>	<u>\$ 9,041,079</u>	<u>\$ 9,483,088</u>	<u>\$ 9,382,301</u>	<u>\$ 10,220,838</u>
All Other Governmental Funds										
Pre-GASB 54:										
Reserved	\$ 23,030,084	\$ 20,332,022	\$ 18,906,029	\$ 15,246,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, Reported in:										
Special Revenue Funds	315,996	538,436	313,426	808,007	0	0	0	0	0	0
Debt Service Funds	99,026	50,777	50,146	54,227	0	0	0	0	0	0
Capital Projects Fund	4,155,813	5,219,459	3,989,455	4,507,823	0	0	0	0	0	0
Post-GASB 54:										
Restricted	0	0	0	0	14,163,932	15,417,977	14,965,981	17,824,995	22,860,797	26,836,531
Committed	0	0	0	0	12,756	6,548	6,549	5,955	6,066	6,194
Assigned	0	0	0	0	5,850,337	4,737,290	6,087,493	6,612,462	6,637,001	7,934,432
Total All Other Governmental Funds	<u>\$ 27,600,919</u>	<u>\$ 26,140,694</u>	<u>\$ 23,259,056</u>	<u>\$ 20,616,434</u>	<u>\$ 20,027,025</u>	<u>\$ 20,161,815</u>	<u>\$ 21,060,023</u>	<u>\$ 24,443,412</u>	<u>\$ 29,503,864</u>	<u>\$ 34,777,157</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 17,592,682	\$ 18,835,061	\$ 19,342,679	\$ 19,109,588	\$ 19,241,635	\$ 18,192,431	\$ 18,144,485	\$ 19,178,564	\$ 20,021,606	\$ 21,228,237
Licenses and Permits	671,728	608,246	618,240	229,564	261,309	367,855	559,485	568,985	682,161	679,820
Intergovernmental	6,325,289	4,215,103	4,750,430	5,687,676	3,970,159	3,719,817	3,808,754	3,930,997	4,079,434	4,207,812
Charges for Services	227,186	257,255	181,526	289,680	763,837	696,313	465,176	388,582	356,036	351,926
Fines and Forfeitures	452,653	743,505	298,613	510,579	234,427	701,853	277,193	305,076	332,099	259,869
Interest and Other Revenue	2,943,256	2,058,022	1,227,435	836,043	479,251	891,669	411,091	717,985	1,173,919	1,450,768
Total Revenues	28,212,794	26,717,192	26,418,923	26,663,130	24,950,618	24,569,938	23,666,184	25,090,189	26,645,255	28,178,432
Expenditures										
Current:										
General Government	2,485,052	2,585,363	2,570,445	2,257,807	2,294,556	2,141,672	2,078,157	2,413,022	2,862,341	2,556,750
Public Safety	10,950,523	11,455,467	11,847,147	12,125,856	12,232,634	12,397,347	12,431,333	11,993,522	12,649,752	12,874,674
Physical Environment	24,986	12,435	25,401	507,257	21,756	36,651	11,355	13,270	11,417	9,651
Roads and Streets	2,409,065	2,508,986	1,761,805	2,484,625	1,879,617	2,640,093	1,855,298	1,799,476	2,886,824	1,584,109
Human Services	52,967	72,908	102,705	81,754	20,000	10,296	0	0	0	0
Parks and Recreation	2,786,423	2,583,648	2,668,329	2,525,052	2,541,479	2,436,193	2,461,887	2,419,924	2,739,420	2,783,261
Debt Service:										
Principal	3,860,469	2,346,929	2,471,321	2,567,041	2,665,155	2,484,674	2,243,579	1,865,466	1,545,800	1,581,880
Interest	843,849	799,470	714,236	626,709	535,930	393,170	224,307	167,258	116,801	74,599
Capital Outlay	7,421,006	8,804,664	5,905,526	6,730,724	3,527,703	4,797,283	5,953,542	4,508,926	2,689,003	4,757,047
(Total Expenditures)	(30,834,340)	(31,169,870)	(28,066,915)	(29,906,825)	(25,718,830)	(27,347,083)	(27,269,754)	(25,180,864)	(25,501,358)	(26,221,971)
(Deficiency) of Revenues										
(Under) Expenditures	(2,621,546)	(4,452,678)	(1,647,992)	(3,243,695)	(768,212)	(2,777,145)	(3,603,570)	(90,675)	1,143,897	1,956,461
Other Financing Sources (Uses)										
Proceeds from Borrowing	10,000,000	0	0	0	0	6,495,000	0	0	0	0
Principal - Current Refundings	0	0	0	0	0	(6,495,000)	0	0	0	0
Transfers in	9,145,906	7,441,787	6,660,953	6,683,933	6,898,043	5,730,018	6,948,406	6,930,317	7,550,022	7,466,111
Transfers (out)	(5,063,427)	(3,760,686)	(7,490,490)	(5,730,055)	(6,795,851)	(1,993,225)	(2,502,073)	(3,014,244)	(3,734,254)	(3,310,742)
Total Other Financing Sources (Uses)	14,082,479	3,681,101	(829,537)	953,878	102,192	3,736,793	4,446,333	3,916,073	3,815,768	4,155,369
Net Change in Fund Balance	\$ 11,460,933	\$ (771,577)	\$ (2,477,529)	\$ (2,289,817)	\$ (666,020)	\$ 959,648	\$ 842,763	\$ 3,825,398	\$ 4,959,665	\$ 6,111,830
Debt Service as a % of Noncapital Expenditures*	21.2%	14.5%	14.7%	14.4%	14.9%	13.0%	11.9%	10.0%	7.5%	7.8%

* 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				
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%
2015	2,600,643,517	66,537,759	2,667,181,276	1,109,561,873	3,776,743,149	3.9947	70.62%
2016	2,814,151,792	80,641,926	2,894,793,718	1,259,519,810	4,154,313,528	3.8947	69.68%

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		
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
2015	3.9947	0.0345	0.3164	7.3050	8.1512	19.8018
2016	3.8947	0.0320	0.3023	7.1170	8.1512	19.4972

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 2016 and Nine Years Ago

	2016			2007		
	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	\$ 32,121,298	1	1.14%			
Ocean Park Partnership, Ltd.	23,211,500	2	0.82%	\$ 18,450,000	1	0.71%
Courtyard Marriot	22,133,400	3	0.79%			
Hampton Inn Oceanfront	21,673,500	4	0.77%			
South Beach Regional Shopping Center	16,693,590	5	0.59%	15,044,800	2	0.58%
Pablo Plaza	12,479,600	6	0.44%	14,536,500	4	0.56%
Beach Marine	11,392,100	7	0.40%	11,980,860		0.46%
Marsh Landing Plaza	11,363,220	8	0.40%			
South Beach Parkway Shopping Center	10,767,600	9	0.38%	10,892,900	7	0.42%
Adventure Landing Amusement Park	9,527,580	10	0.34%			
Boat Tree				12,350,761	5	0.47%
Comfort Inn				14,942,568	3	0.57%
Holiday Inn Sunspree Resort				11,761,300	6	0.45%
Gordon Bank				9,467,600	8	0.36%
Ashford Courtassisted Living				8,034,676	9	0.31%
Third Street Village				7,820,100	10	0.30%
Total	<u>\$ 171,363,388</u>		<u>6.07%</u>	<u>\$ 135,282,065</u>		<u>5.19%</u>
Total Assessed Real Property Valuation from Schedule 5	<u>\$2,814,151,792</u>			<u>\$ 2,606,024,508</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>
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%
2015	7,756,009	7,351,558	94.79%	48,357	7,399,915	95.41%
2016	8,292,080	7,845,052	94.61%	66,708	7,911,760	95.41%

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)	
2007	\$ 12,466,848	\$ 0	\$ 9,730,000	\$ 22,196,848	\$ 29,302,750	\$ 887	\$ 20,447,250	\$ 2,096	\$ 2,127,835	\$ 222	
2008	10,754,919	0	9,095,000	19,849,919	27,576,980	836	19,243,020	1,982	1,727,070	180	
2009	8,983,595	0	8,395,000	17,378,595	25,807,035	823	18,007,965	1,879	1,314,165	137	
2010	7,151,554	0	7,660,000	14,811,554	23,972,300	727	16,727,700	1,741	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	
2015	646,880	0	3,360,000	4,006,880	13,151,582	379	9,177,080	885	0	0	
2016	0	0	2,425,000	2,425,000	10,874,050	313	7,587,834	732	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, 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.

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	Total Business-type	Total Debt	Percentage of Personal Income (2)	Total Debt Per Capita (2)
2007	\$ 51,877,835	\$ 74,074,683	8.65%	\$ 3,329
2008	48,547,070	68,396,989	7.62%	3,007
2009	45,129,165	62,507,760	7.07%	2,752
2010	41,588,967	56,400,521	6.24%	2,444
2011	36,031,040	48,177,439	5.64%	2,247
2012	32,210,000	41,871,725	4.74%	1,937
2013	29,836,581	37,254,727	N/A	1,716
2014	26,110,671	31,663,351	N/A	1,430
2015	22,328,662	26,335,542	N/A	1,155
2016	18,461,884	20,886,884	N/A	897

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
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	239	7,418,146	342
2014	1,267,680	0.19%	0	0	4,285,000	194	5,552,680	251
2015	646,880	0.09%	0	0	3,360,000	147	4,006,880	176
2016	0	0.00%	0	0	2,425,000	104	2,425,000	104

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, 2016
(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>2,425,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,425,000</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	
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
2015	93,587,910	(74,744,539)	18,843,371	3,555,000	870,938	4.26
2016	94,555,859	(74,581,123)	19,974,736	3,680,000	745,588	4.51

(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
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%	38,805	842,572,965
2014	22,136	6.5%	39,893	883,071,448
2015	22,805	6.0%	41,339	942,735,895
2016	23,288	4.9%	N/A	N/A

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

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

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

N/A - Not yet available

Schedule 15
City of Jacksonville Beach, Florida
Principal Employers
Fiscal Year 2016 and Nine Years Ago

<u>Employer</u>	<u>2016</u>			<u>2007</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	9,000	1	N/A	15,000	1	N/A
Baptist Medical Center - Beaches	800	2	N/A	840	3	N/A
Ponte Vedra Inn and Club	650	3	N/A	680	4	N/A
PGA Tour	620	4	N/A	600	5	N/A
City of Jacksonville Beach (1)	474	5	N/A	464	7	N/A
Sawgrass Marriott	465	6	N/A	550	6	N/A
TPC Sawgrass	320	7	N/A	350	9	N/A
Vicar's Landing	320	8	N/A			
U.S. Coast Guard	300	9	N/A			
Fleet Landing	280	10	N/A	300	10	N/A
Duval County School Board				872	2	N/A
St. Johns County Schools				371	8	N/A

Source: Jacksonville Chamber of Commerce

(1) - Obtained from City of Jacksonville Beach Annual Budget

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	17	18	16	16	15	14	13	13	14	14
Finance*	32	32	32	33	33	33	33	33	38	39
Planning and Development	11	11	9	9	8	8	8	8	9	10
Electric	82	85	86	76	76	78	77	75	75	75
Central Services	6	4	4	4	4	4	4	4	0	0
Redevelopment**	0	0	0	0	0	0	0	0	1	1
Public Works	65	66	65	65	65	65	65	65	66	66
Human Resources	7	7	7	7	7	8	7	7	7	6
Parks and Recreation***	55	55	57	100	100	99	98	98	98	100
Grounds and Maintenance	24	24	22	20	9	8	8	7	7	7
Golf Course	19	19	19	19	27	26	26	25	25	25
Police	114	98	95	95	94	95	95	96	100	100
Fire Fighters	32	32	32	31	31	31	31	31	31	31
Total	464	451	444	475	469	469	465	462	471	474

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 2015 Central Services was combined with Finance department.

** Beginning in 2015 1 part-time Community Redevelopment Specialist was added.

*** 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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical Arrests	2,436	2,429	1,986	1,665	1,192	1,573	1,398	1,568	1,582	1,470
Parking Violations	2,127	1,955	2,456	2,726	3,085	3,267	2,331	2,200	2,640	2,016
Law Violations	8,408	7,620	6,362	6,898	3,520	2,292	3,152	5,004	2,322	1,845
Fire										
Emergency Incidents	3,034	3,196	2,975	2,947	3,161	3,063	3,104	3,040	3,195	3,401
Inspections (Total)	1,684	1,890	2,719	2,648	2,169	2,275	1,839	1,580	1,852	1,797
Other Public Works										
Street Resurfacing (Miles)	0.0	2.9	4.0	1.2	4.9	8.1	0.0	0.0	7.4	0.0
Electric										
Number of Active										
Electric Customers	33,038	32,976	31,351	32,996	33,147	33,303	33,535	33,966	34,433	34,711
Average Residential										
Monthly Consumption										
(Kilowatt Hours)	1,353	1,304	1,301	1,395	1,368	1,232	1,209	1,239	1,253	1,246
Water										
Number of Active										
Water Customers	9,756	9,709	9,585	9,610	9,642	9,711	9,865	10,029	10,204	10,369
Average Residential Monthly										
Consumption (Gallons)	4,743	4,267	4,245	4,373	4,530	4,029	4,014	4,038	3,083	3,926
Wastewater										
Number of Active Wastewater										
Customers	9,583	9,557	9,436	9,472	9,502	9,569	9,691	9,872	10,036	10,217
Storm Mains Cleaned (Feet)	35,623	28,408	65,550	73,670	36,297	33,010	23,821	23,530	33,153	34,733

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations (Including Satellite Stations)	2	2	2	2	2	2	2	2	1	1
Patrol Units	53	54	51	51	73	51	51	51	76	76
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Paved Roads (Miles)	87	88	88	89	89	77	77	77	89	89
Streetlights	5,198	5,262	5,229	5,376	5,385	5,659	5,659	5,659	5,493	5,538
Water										
Water Mains (Miles)	108	108	108	109	110	105	105	105	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	840	842	849	859	858	687	687	687	895	895
Wastewater										
Sanitary Sewer Mains (Gravity, in Miles)	84	84	84	85	85	83	83	83	85	85
Sanitary Sewer Mains (Force, in Miles)	16	17	16	16	18	16	16	16	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	36	36	38	38	38	34	34	34	38	38
Treatment Capacity (Millions of Gallons)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Parks and Recreation										
Acreage	84	84	84	84	84	84	84	86	86	86
Parks	10	10	10	10	10	11	11	11	11	11
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8

SINGLE AUDIT SECTION

SINGLE AUDIT SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
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	3177-91	\$ 137,528	\$ 137,528
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-DUVA-7-H3-002	41,138	41,138
Passed through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0074	12,039	12,039
<i>Subtotal Expenditures - CFDA No. 16.738</i>			<u>53,177</u>	<u>53,177</u>
Bullet Proof Vest Grant Program	16.607	N/A	14,923	14,813
Total U.S. Department of Justice			<u>68,100</u>	<u>67,990</u>
Total Federal Awards			<u>\$ 205,628</u>	<u>\$ 205,518</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, 2016
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 2015 - 2016 Grant No. 3177-93 - \$137,528

<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	\$ 41,059	\$ 41,059		
Benefits	16,384	16,384		
Total CAPE	<u>57,443</u>	<u>57,443</u>	<u>\$ 0</u>	<u>\$ 0</u>
CARVER				
Salaries	63,665	63,665		
Benefits	16,420	16,420		
Total CARVER	<u>80,085</u>	<u>80,085</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 137,528</u>	<u>\$ 137,528</u>	<u>\$ 0</u>	<u>\$ 0</u>

GOVERNMENTAL AUDITING SECTION

GOVERNMENTAL AUDITING SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2016, 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 7, 2017.

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.



February 7, 2017
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, 2016, 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, 2016.

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 7, 2017
Gainesville, Florida

Certified Public Accountants

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

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, 2016, and have issued our report thereon dated February 7, 2017.

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

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 Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 7, 2017, 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 Firefighters’ Retirement System	Blended
City of Jacksonville Beach Community Redevelopment Agency	Blended

Certified Public Accountants

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

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

MANAGEMENT LETTER
(Concluded)

Financial Condition

Sections 10.554(1)(i)5.a and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and 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

Sections 10.554(1)(i)5.(b) and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. 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.


February 7, 2017

Gainesville, Florida

