

Comprehensive Annual Financial Report

City of Jacksonville Beach, Florida



Fiscal Year ended September 30, 2019

INTRODUCTORY SECTION

CITY OF JACKSONVILLE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by
Department of Finance

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page.....	i
Table of Contents.....	ii-v
Letter of Transmittal.....	vi-ix
Certificate of Achievement for Excellence in Financial Reporting.....	x
Organization Chart.....	xi
City Officials.....	xii

II. FINANCIAL SECTION

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-17

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Redevelopment Fund	25
Statement of Net Position – Proprietary Funds	26-27
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29-30
Statement of Fiduciary Net Position – All Fiduciary Funds – Pension Trust Funds.....	31
Statement of Changes in Fiduciary Net Position – All Fiduciary Funds – Pension Trust Funds.....	32
Notes to Financial Statements.....	33-72

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

II. FINANCIAL SECTION

Required Supplementary Information

Pension Trust Funds:

Schedule of Changes in Net Pension Liability and Related Ratios Multi-Year – General Employees.....	73
Schedule of Changes in Net Pension Liability and Related Ratios Multi-Year – Police Officers.....	74
Schedule of Changes in Net Pension Liability and Related Ratios Multi-Year – Firefighters.....	75
Schedule of Employer Contributions – General Employees.....	76
Schedule of Employer Contributions – Police Officers.....	77
Schedule of Employer Contributions – Firefighters.....	78
Schedule of Investment Returns	79

Other Postemployment Benefit Plan:

Schedule of Changes in Total Other Postemployment Benefits (OPEB) and Related Ratios	80
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Combining and Individual Non-Major Fund Statements and Other Schedules

Non-Major Governmental Funds:

Combining Balance Sheet	81-83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	84-86

Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Convention Development Tax Fund.....	87
Court Costs Training Fund.....	88
Local Option Gas Tax Fund.....	89
Infrastructure Surtax Fund.....	90
Community Development Block Grant Fund	91
Radio Communication Fund.....	92
J.A.G. Grant Fund	93
Tree Protection Fund	94
Law Enforcement Trust Fund	95
Equitable Sharing Trust Fund	96

Debt Service Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Infrastructure Surtax Bonds	97

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

II. FINANCIAL SECTION

Combining and Individual Non-Major Fund Statements and Other Schedules

Capital Projects Funds:

Schedule of Revenues, Expenditures, and Changes in Fund

Balance – Budget and Actual:

General Capital Projects Fund	98
Infrastructure Tax Capital Projects Fund	99
Dog Park Fund	100

Non-Major Enterprise Funds:

Combining Statement of Net Position	101-102
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	103
Combining Statement of Cash Flows	104-105

Internal Service Funds:

Combining Statement of Net Position	106
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	107
Combining Statement of Cash Flows	108

Other Schedules:

Schedule of Combining Balance Sheet – Community Redevelopment Funds	109
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Community Redevelopment Funds	110

Bond Covenant Information

Schedule of Revenues and Expenses – Budget and Actual (Budgetary Basis) – Electric, Water, and Sewer Enterprise Funds Only	111
Reconciliation of Net Income – Financial Statement Basis to Budgetary Basis – Electric, Water, and Sewer Enterprise Funds Only	112
Schedules of Additional Information Required Under Utility Revenue Bond Covenants	113

III. STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

Schedule 1 Net Position by Component	114
Schedule 2 Changes in Net Position	115-116
Schedule 3 Fund Balances, Governmental Funds	117
Schedule 4 Changes in Fund Balances, Governmental Funds	118

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

III. STATISTICAL SECTION (UNAUDITED)

Revenue Capacity Information

Schedule 5	Assessed Value and Estimated Actual Value of Taxable Property	119
Schedule 6	Direct and Overlapping Property Tax Rates	120
Schedule 7	Principal Property Tax Payers	121
Schedule 8	Property Tax Levies and Collections	122

Debt Capacity Information

Schedule 9	Ratios of Outstanding Debt by Type	123-124
Schedule 10	Ratios of General Bonded Debt Outstanding.....	125
Schedule 11	Direct and Overlapping Governmental Activities Debt.....	126
Schedule 12	Legal Debt Margin Information.....	126
Schedule 13	Pledged-Revenue Coverage	127

Demographic and Economic Information

Schedule 14	Demographic and Economic Statistics	128
Schedule 15	Principal Employers.....	129

Operating Information

Schedule 16	City Employees by Function/Program.....	130
Schedule 17	Operating Indicators by Function/Program	131
Schedule 18	Capital Asset Statistics by Function/Program	132

IV. SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	133
Notes to Schedule of Expenditures of Federal Awards.....	134
Schedule of Expenditures of Grant Funds Per the City of Jacksonville’s Ordinance Code Chapter 118.202(e)	134

V. GOVERNMENTAL AUDITING SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	135-136
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by The Uniform Guidance	137-138
Schedule of Findings and Questioned Costs	139
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	140
Management Letter	141-142
Management Response	143-144

LETTER OF TRANSMITTAL

March 2, 2020

City of

Jacksonville Beach

City Hall

11 North Third Street

Jacksonville Beach

FL 32250

Phone: 904-247-6274

www.jacksonvillebeach.org

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

Florida Statutes require that all general purpose local governments publish within 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, 2019.

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, 2019, 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 unmodified 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, 2019, and that the City's financial statements are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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



GAAP requires that management provide a narrative introduction, overview, including changes in financial policies, 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 City of Jacksonville Beach, Florida

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30 of each year. The City Council annually adopts a budget resolution for all funds of the City. A five-year capital improvement plan is prepared each year based on business requirements and internal five-year revenue and expenditure projections.

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 18. 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 81.

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.

Long-Term Financial Planning

The City prepares a rolling five-year Capital Improvement Plan (CIP) each year. As part of this process, revenues and expenditures for key operating funds such as the General Fund, Community Redevelopment, Electric, and Water & Sewer are analyzed to ensure the financial sustainability of each fund over the long term. The goal is to ensure that a minimum reserve of 25% will be maintained at the end of each five-year period. This exercise allows the City to plan for major capital expenditures in a fiscally responsible manner, while consciously evaluating whether scheduled rate changes meet the needs of adequately maintaining assets. Therefore, during the fiscal year 2019-2023 capital budget process, various projects for continued electric improvements, public works infrastructure projects, technology improvements, parks projects, and equipment purchases were planned. The total projected cost for capital improvements identified in the 2019-2023 capital improvement plan totaled \$85,743,039.

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, 2018. This was the twenty-sixth 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, 2018. 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,

A handwritten signature in blue ink, appearing to read "Michael Staffopoulos".

Michael Staffopoulos
City Manager

A handwritten signature in blue ink, appearing to read "Ashlie Gossett".

Ashlie Gossett
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Jacksonville Beach
Florida**

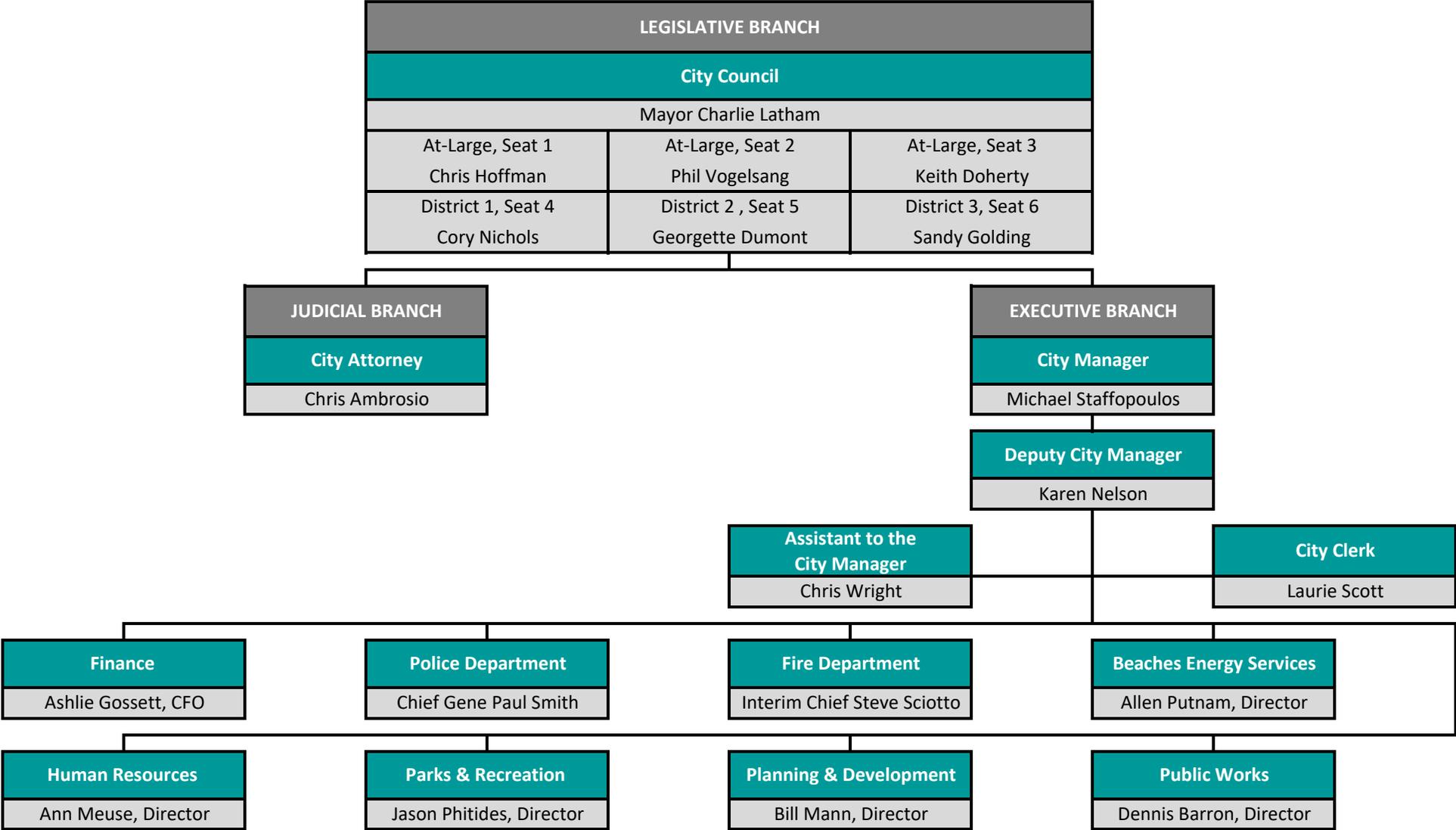
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF JACKSONVILLE BEACH Government Organization



**CITY OF JACKSONVILLE BEACH, FLORIDA
CITY OFFICIALS**

LEGISLATIVE BRANCH

City Council:

Mayor	Charlie Latham
Seat 1, At-Large	Chris Hoffman
Seat 2, At-Large	Phil Vogelsang
Seat 3, At-Large	Keith Doherty
Seat 4, District 1	Cory Nichols
Seat 5, District 2	Georgette Dumont
Seat 6, District 3	Sandy Golding

City Attorney

Chris Ambrosio

City Auditors

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

City Manager	Michael Staffopoulos
Deputy City Manager	Karen W. Nelson
Chief Financial Officer	Ashlie Gossett
Police Chief	Gene Paul Smith
Director of Beaches Energy Services	Allen Putnam
Director of Human Resources	Ann Meuse
Director of Parks & Recreation	Jason Phitides
Director of Planning and Development	Bill Mann
Director of Public Works	Dennis Barron
City Clerk	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

INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the community redevelopment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund statements and other schedules, bond covenant information, and the schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e) are the responsibility of management and were derived from and relate directly to

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

INDEPENDENT AUDITOR'S REPORT

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 non-major 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.

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 March 9, 2020, 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.



March 9, 2020
Tallahassee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, on pages vi-viii of this report, and the financial statements beginning on page 18.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$416,187,454 (net position). The City's total net position increased by \$21,753,437 or 5.5% over the prior year.
- Unrestricted net position totals \$87,410,285, which is available 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 net transfers-in for the governmental activities totaled \$34,607,607, a decrease of \$466,352 or 1.3% for the year. Total expenses were \$27,668,945, an increase of \$3,231,576 or 13.3% for the year.
- Revenues in the business-type activities totaled \$109,206,511, an increase of \$635,737 or 0.6% from the prior year. Total expenses and net transfers out were \$94,391,736, a decrease of \$3,650,941 or 3.7% for the year.
- The City's total outstanding bonded debt decreased by \$4,607,810 or 42% from the prior year.

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.

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 18-19 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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 20-25 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, 2019
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 26-30 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 31-32 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 33-72 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 73-80 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 81.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

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 2019, the City's net position for governmental activities increased by \$6,938,662 or 4.7%. The increase in net position for business-type activities was \$14,814,775 or 6%.

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 18 of this report.

City of Jacksonville Beach Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$68,977,067	\$59,916,196	\$140,595,885	\$134,715,075	\$209,572,952	\$194,631,271
Capital Assets, Net	106,877,097	103,701,819	189,940,886	185,501,347	296,817,983	289,203,166
Total Assets	175,854,164	163,618,015	330,536,771	320,216,422	506,390,935	483,834,437
Total Deferred Outflows of Resources	8,866,113	6,280,014	4,210,547	3,084,292	13,076,660	9,364,306
Current Liabilities	7,163,532	2,245,183	54,382,023	55,456,751	61,545,555	57,701,934
Non-Current Liabilities	19,956,234	18,078,223	18,194,509	21,087,408	38,150,743	39,165,631
Total Liabilities	27,119,766	20,323,406	72,576,532	76,544,159	99,696,298	96,867,565
Total Deferred Inflows of Resources	2,351,713	1,264,487	1,232,130	632,674	3,583,843	1,897,161
Net Position:						
Net Invested in						
Capital Assets	106,877,097	103,211,819	183,588,778	175,128,349	290,465,875	278,340,168
Restricted	34,119,094	31,711,520	4,192,200	2,000,000	38,311,294	33,711,520
Unrestricted	14,252,607	13,386,797	73,157,678	68,995,532	87,410,285	82,382,329
Total Net Position	\$155,248,798	\$148,310,136	\$260,938,656	\$246,123,881	\$416,187,454	\$394,434,017

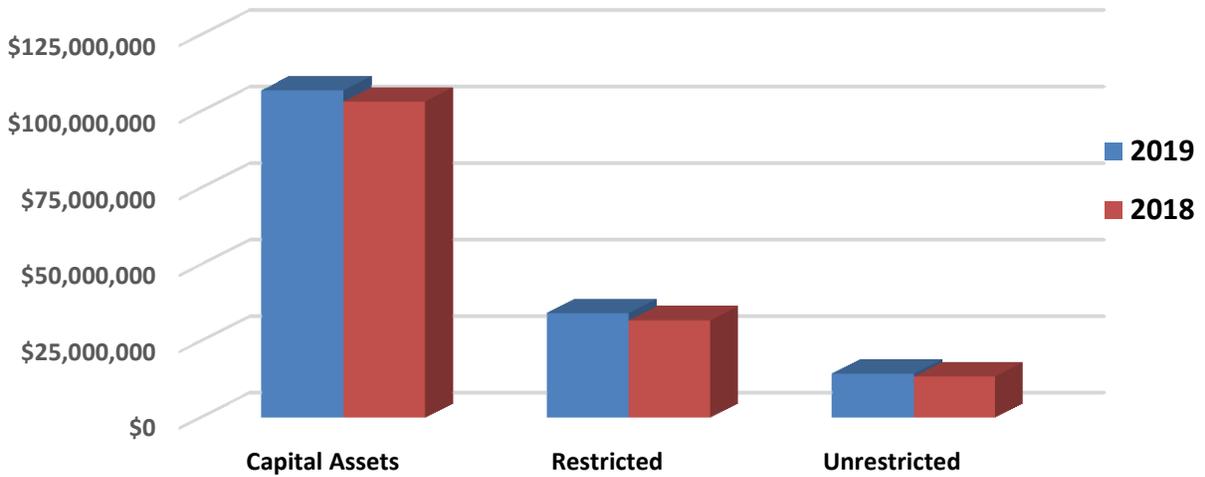
Current and Other Assets increased by \$14,941,681, which is mostly from increased equity in pooled cash and investments and a receivable for tax increment funds due to the general fund from the southend redevelopment district. Capital Assets increased by 2.6% due to investments in long-term assets. Deferred Outflows of resources include the recording of Other Post Employment Benefit related outflows and actuarial changes to pension related outflows. Current Liabilities increased by \$3,843,621 or 6.7%, which mainly reflects the return of a portion of southend tax increment funds (TIF) to the taxing authorities. Non-current Liabilities decreased by \$1,014,888, which mainly reflects the scheduled payments on long-term debt. Deferred Inflows increased by 88.9% due to recording of other post-employment benefits and the actuarial changes to pension related inflows.

By far, the largest portion of the City's net position (69.8%) 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

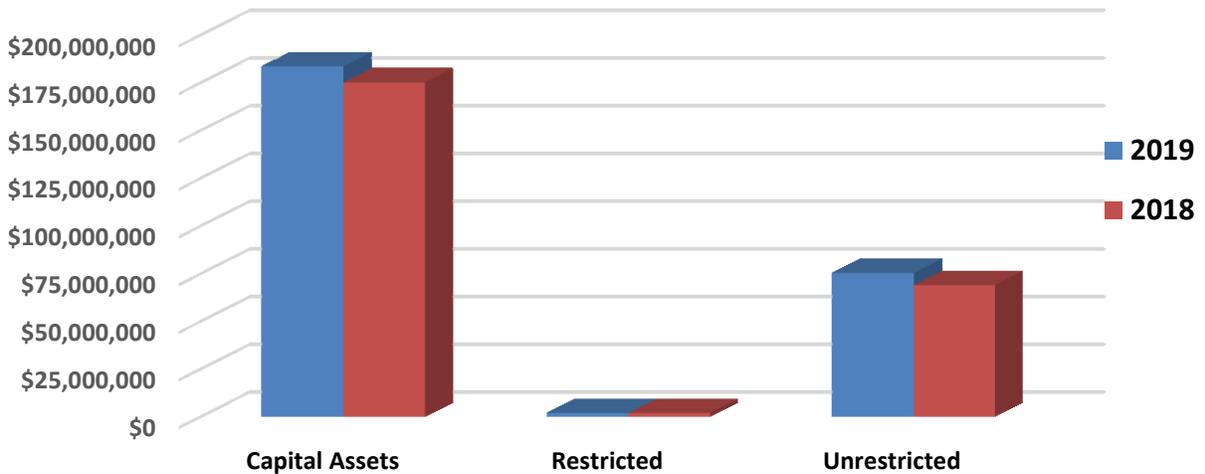
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (21.0%) may be used to meet the government's ongoing obligations to citizens, customers, and creditors.

Net Position - Governmental Activities



Net Position - Business Type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
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 19 of this report.

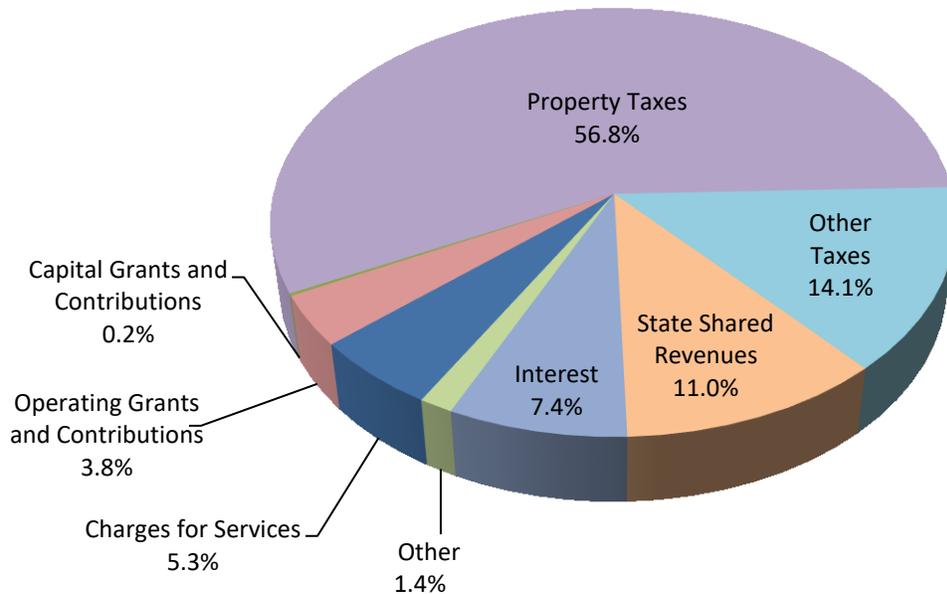
City of Jacksonville Beach Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	\$1,725,469	\$1,259,879	\$104,290,683	\$105,865,762	\$106,016,152	\$107,125,641
Operating Grants and Contributions	1,226,389	1,472,822	23,204	1,459,055	1,249,593	2,931,877
Capital Grants and Contributions	58,070	28,223	458,010	349,628	516,080	377,851
General Revenues:						
Property Taxes	18,357,738	19,884,929			18,357,738	19,884,929
Other Taxes	4,502,229	4,420,989			4,502,229	4,420,989
State Shared Revenues	3,568,750	3,475,563			3,568,750	3,475,563
Other Intergovernmental Revenues	33,258	38,603			33,258	38,603
Interest	2,405,402	363,329	4,413,572	828,004	6,818,974	1,191,333
Miscellaneous	423,946	363,393	21,042	68,325	444,988	431,718
Total Revenues	32,301,251	31,307,730	109,206,511	108,570,774	141,507,762	139,878,504
Program Expenses:						
General Government	3,737,267	3,202,655			3,737,267	3,202,655
Law Enforcement	10,562,207	9,757,732			10,562,207	9,757,732
Fire Control	4,766,320	4,123,060			4,766,320	4,123,060
Building Inspections	631,896	574,436			631,896	574,436
Physical Environment	482,877	506,348			482,877	506,348
Road and Street	3,635,996	2,643,431			3,635,996	2,643,431
Parks and Recreation	3,848,072	3,607,934			3,848,072	3,607,934
Interest on Long-Term Debt	4,310	21,773			4,310	21,773
Electric			73,644,169	75,833,677	73,644,169	75,833,677
Water and Sewer			9,738,833	9,782,478	9,738,833	9,782,478
Stormwater			1,294,110	1,573,499	1,294,110	1,573,499
Sanitation			3,554,289	3,970,986	3,554,289	3,970,986
Golf Course			1,877,802	962,855	1,877,802	962,855
Leased Facilities			383,286	541,874	383,286	541,874
Natural Gas			1,592,891	1,611,079	1,592,891	1,611,079
Total Expenses	27,668,945	24,437,369	92,085,380	94,276,448	119,754,325	118,713,817
Change in Net Position						
Before Transfers	4,632,306	6,870,361	17,121,131	14,294,326	21,753,437	21,164,687
Net Transfers	2,306,356	3,766,229	(2,306,356)	(3,766,229)	-	-
Change in Net Position	6,938,662	10,636,590	14,814,775	10,528,097	21,753,437	21,164,687
Net Position-Beginning of Year	148,310,136	137,673,546	246,123,881	235,595,784	394,434,017	373,269,330
Net Position-End of Year	\$ 155,248,798	\$ 148,310,136	\$ 260,938,656	\$ 246,123,881	\$ 416,187,454	\$ 394,434,017

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Governmental activities. Governmental activities for fiscal year 2019 increased the City's net position by \$4,632,306 (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.

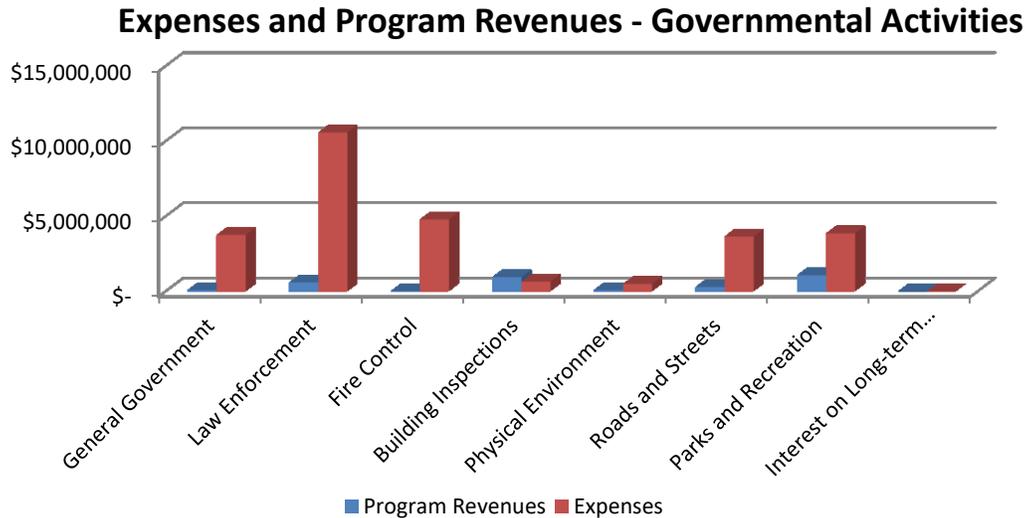
Revenues by Source - Governmental Activities



- Property taxes, which provided 56.8% of governmental revenues, decreased by \$1,527,191 or 7.7% in Fiscal year 2019 due to the planned return of southend TIF monies to the City of Jacksonville. Additional information about Tax Increment Funds can be found in Note 15.
- Revenues from other taxes, including infrastructure surtax, communication service tax, convention development tax, and fuel taxes increased by \$81,240.
- Interest revenues increased by \$2,042,073 due to improved rates of return paid on investments held in the operating investment portfolio. Investments are reported at market value. 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 \$3,231,576 from the prior year. The increase is primarily attributable to a large planned milling and paving project as well as wage escalators in both the Police and Fire union contracts.

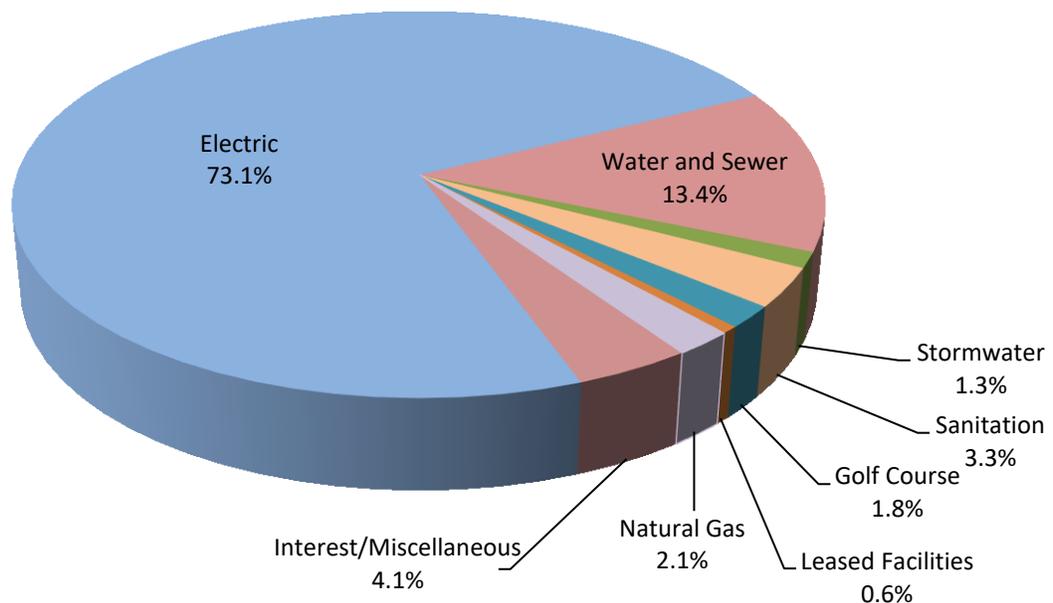
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 2019 increased the City's net position by \$17,121,131 (before transfers). On the statement of activities, net revenues are reduced by transfers to the governmental funds of \$2,306,356 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

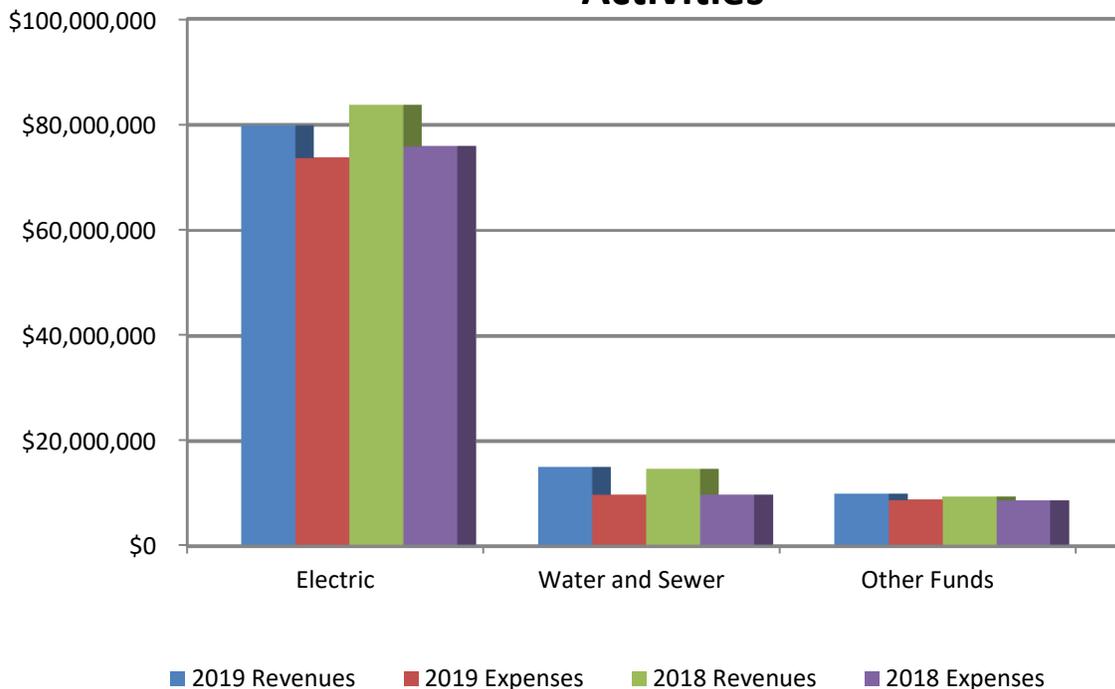


MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

- Charges for services in the business-type activities decreased by \$1,575,079 from the prior year. Of these program revenues, 73.1% comes from electric utility services and 13.4% from the water and sewer utility. Other charges for services include natural gas, sanitation, and golf course fees. The City lowered its electric utility rates charged to customers in 2019. The cost of power charge decreased by \$5 per thousand kwh and the operations and maintenance charge increased by \$2 per thousand kwh. Additionally, the cost of power charge was suspended in March 2019 as the City passed along its energy cost savings on to our customers. Rates for water and sewer services are adjusted annually in accordance with the Consumer Price Index (CPI). The increases in water and sewer rates are necessary to pay for needed maintenance and improvements to the system.
- Total expenses for the business-type activities decreased by \$2,191,068, due in part to a decrease in the cost of purchased electricity.
- Significant transfers out in business-type activities included a \$3,701,171 transfer from the electric enterprise fund and \$111,950 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 2019 and 2018. 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



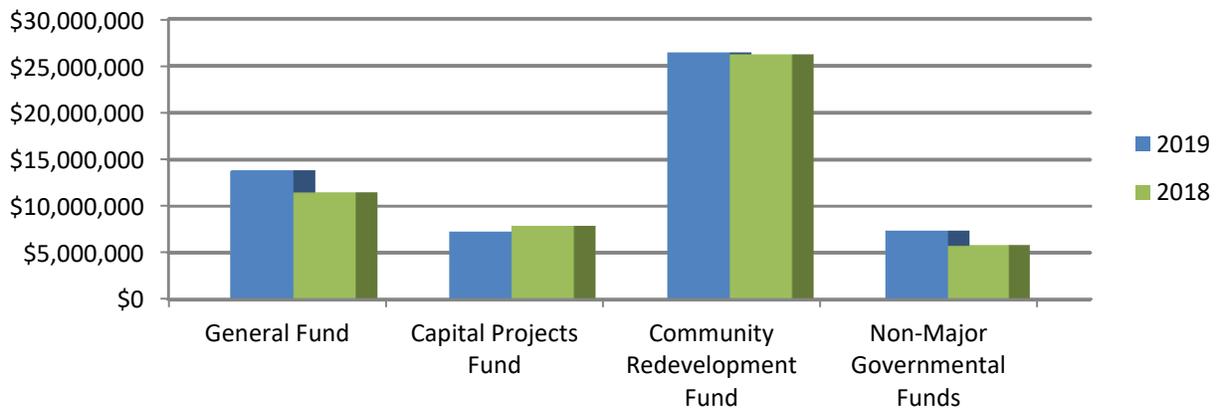
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 2019, the City's governmental funds reported a combined ending fund balance of \$54,739,571, an increase of \$3,450,943 or 6.7% for the year. Of the total fund balance, \$33,726,709 is restricted for specific uses related to redevelopment, tourism, transportation improvements, capital projects, and law enforcement; \$6,274,572 is committed for revenue stabilization, cemetery improvements, and tree replacement; \$13,205,808 is assigned for capital projects, debt service, and unanticipated events/emergencies; \$2,291 is nonspendable; and \$1,530,191 is unassigned.

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 \$13,810,785, of which \$6,271,451 was committed for revenue stabilization and cemetery improvements. An additional \$6,006,852 was assigned to an unanticipated events/emergencies reserve account and \$2,291 was reserved for prepaid expenditures. The remaining amount of \$1,530,191 was unassigned. 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 65.9% of general fund expenditures for 2019.

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 \$7,198,956, a decrease of \$635,990 or 8.1% from the prior year.

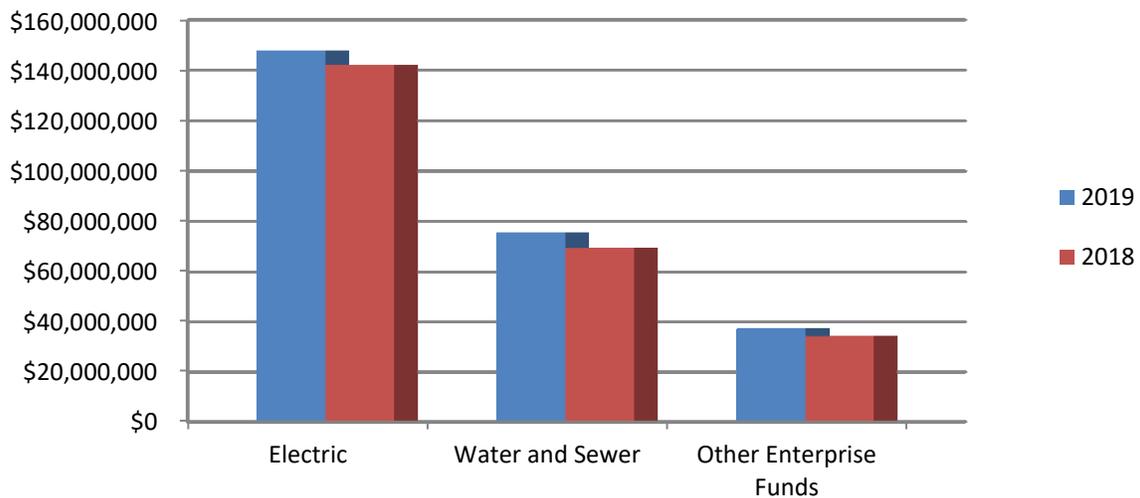
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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 \$26,387,616, an increase of \$156,021 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 2019, the City's enterprise funds reported a combined ending net position of \$260,938,656, an increase of \$14,814,775 or 6% for the year.

Net Position - Enterprise Funds



GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was a decrease in net appropriations of \$269,280 for expenditures and an increase of \$1,895,000 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 2019, the total fund balance of the City's general fund increased by \$2,338,565. Actual revenues were higher than final budgeted revenues by \$2,727,655 and actual expenditures were under budget by \$1,157,376 or 5.2%. Transfers in were over budget by \$12,563. 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, 2019
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, 2019, totaled \$296,817,983 (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 \$7,614,817 or 2.6%.

Additional information on the City's capital assets is presented in Note 6 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 2019 and 2018:

City of Jacksonville Beach Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 29,656,509	\$ 29,656,509	\$ 4,388,198	\$ 4,388,198	\$ 34,044,707	\$ 34,044,707
Buildings	52,129,122	38,409,622	321,064,554	318,746,564	373,193,676	357,156,186
Equipment	17,367,536	15,602,047	10,672,046	9,963,399	28,039,582	25,565,446
Infrastructure	61,145,934	61,134,055			61,145,934	61,134,055
Construction in Progress	10,045,215	18,623,980	29,457,454	18,759,021	39,502,669	37,383,001
	170,344,316	163,426,213	365,582,252	351,857,182	535,926,568	515,283,395
Less: Accumulated Depreciation	(63,467,219)	(59,724,394)	(175,641,366)	(166,355,835)	(239,108,585)	(226,080,229)
Capital Assets, Net	\$ 106,877,097	\$ 103,701,819	\$ 189,940,886	\$ 185,501,347	\$ 296,817,983	\$ 289,203,166

Long-Term Debt. At September 30, 2019, the City had total bonded debt outstanding of \$6,371,666. Total debt outstanding decreased by \$4,607,810 or 42% 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	
	2019	2018	2019	2018	2019	2018
Capital Improvement Bonds	\$ -	\$ 490,000	\$ -	\$ -	\$ -	\$ 490,000
Utility System Bonds			6,360,000	10,420,000	6,360,000	10,420,000
Unamortized Premium			11,666	69,476	11,666	69,476
Total	\$ -	\$ 490,000	\$ 6,371,666	\$ 10,489,476	\$ 6,371,666	\$ 10,979,476

The City had no outstanding general obligation debt at the close of fiscal year 2019. 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 was retired during this fiscal year. 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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Additional information on the City's long-term debt is presented in Note 7 of the notes to the financial statements. As indicated in the debt information presented, the City expects to 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 remain stable. The City of Jacksonville Beach's property values increased by 6% and 2020 budget projections for some property, sales, and gas taxes have increased.

The 2020 annual budget holds the millage rate steady at 3.9947 mills. The total adopted budget of \$163,892,602 is \$1.3 million greater than the 2019 budget, while offering the same level of service as the prior year. The general fund budget is \$24,027,407, an increase of \$1.6 million over the prior fiscal year. The most significant increase in the general fund budget is in salaries and benefits for public safety personnel.

The 2020 budget includes investment in infrastructure improvements to rebuild sewer lift stations and the replacement of water and sewer lines; substation transformer; and the upgrade of the electrical transmission and distribution system to improve reliability.

Of particular concern to management in the past few years has been the trend of increasing costs for pension benefits for employees. 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. However, the City's required pension contribution has continued to increase due in part to the plan's experience, but mostly due to changes in actuarial assumptions and mortality tables mandated by the Florida Legislature.

In the near future, changes in the electric industry due to climate change concerns, and changes in the amount and types of available distributed energy resources, could 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.

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 and every year thereafter. These increases should enable the City to fund most of its capital improvement plan for water and sewer projects over the next few years, barring unforeseen new state and federal mandates.

We will continue to be judicious 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 property tax reform initiatives by the state legislature, employee pension costs, upward pressure on wages, and new federal regulations affecting our utility operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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 2020 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.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Investments	\$ 64,758,586	\$ 109,506,488	\$ 174,265,074
Other Cash and Investments	5,225	3,130,538	3,135,763
Accounts Receivable, Net	187,984	15,346,330	15,534,314
Assessments Receivable, Net	23,693	2,941	26,634
Due from Other Governments	3,048,729	616,272	3,665,001
Inventories		2,326,331	2,326,331
Prepaid Items	952,850	86,583	1,039,433
Restricted Assets:			
Equity in Pooled Cash and Investments		9,580,402	9,580,402
Capital Assets:			
Non-Depreciable	39,701,724	33,845,652	73,547,376
Depreciable, Net	67,175,373	156,095,234	223,270,607
Total Assets	<u>175,854,164</u>	<u>330,536,771</u>	<u>506,390,935</u>
Deferred Outflows of Resources			
Unamortized Refunding Loss		19,557	19,557
Pension Related	8,790,586	4,140,211	12,930,797
OPEB Related	75,527	50,779	126,306
Total Deferred Outflows of Resources	<u>8,866,113</u>	<u>4,210,547</u>	<u>13,076,660</u>
Liabilities			
Accounts Payable	915,204	6,118,805	7,034,009
Accrued Interest		130,935	130,935
Other Accrued Liabilities	1,266,398	712,166	1,978,564
Power Costs Recovered in Advance		41,816,112	41,816,112
Due to Other Governments	4,542,752	3,563	4,546,315
Deposits	21,053	5,388,167	5,409,220
Unearned Revenues	171,953	212,275	384,228
Self-Insurance Claims Payable	246,172		246,172
Non-Current Liabilities:			
Due Within One Year	700,348	4,618,850	5,319,198
Due in More Than One Year	19,255,886	13,575,659	32,831,545
Total Liabilities	<u>27,119,766</u>	<u>72,576,532</u>	<u>99,696,298</u>
Deferred Inflows of Resources			
Pension Related	1,661,562	768,123	2,429,685
OPEB Related	690,151	464,007	1,154,158
Total Deferred Inflows of Resources	<u>2,351,713</u>	<u>1,232,130</u>	<u>3,583,843</u>
Net Position			
Net Investment in Capital Assets	106,877,097	183,588,778	290,465,875
Restricted for:			
Redevelopment	26,389,001		26,389,001
Tourism	1,032,391		1,032,391
Transportation Improvements	1,163,472		1,163,472
Capital Projects	5,056,946	2,000,000	7,056,946
Debt Service		2,192,200	2,192,200
Law Enforcement	477,284		477,284
Unrestricted	14,252,607	73,157,678	87,410,285
Total Net Position	<u>\$ 155,248,798</u>	<u>\$ 260,938,656</u>	<u>\$ 416,187,454</u>

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 3,737,267	\$ 67,387			\$ (3,669,880)		\$ (3,669,880)
Law Enforcement	10,562,207	203,998	\$ 322,377	\$ 57,403	(9,978,429)		(9,978,429)
Fire Control	4,766,320		9,088		(4,757,232)		(4,757,232)
Building Inspections	631,896	938,103			306,207		306,207
Physical Environment	482,877	29,169	48,825		(404,883)		(404,883)
Roads and Streets	3,635,996	275,640		667	(3,359,689)		(3,359,689)
Parks and Recreation	3,848,072	211,172	846,099		(2,790,801)		(2,790,801)
Interest on Long-Term Debt	4,310				(4,310)		(4,310)
Total Governmental Activities	27,668,945	1,725,469	1,226,389	58,070	(24,659,017)	-	(24,659,017)
Business-Type Activities							
Electric	73,644,169	79,637,252	8,000	220,819		6,221,902	6,221,902
Water and Sewer	9,738,833	14,825,478		137,191		5,223,836	5,223,836
Stormwater	1,294,110	1,408,750	15,204			129,844	129,844
Sanitation	3,554,289	3,579,173				24,884	24,884
Golf Course	1,877,802	2,013,103				135,301	135,301
Leased Facilities	383,286	664,195				280,909	280,909
Natural Gas	1,592,891	2,162,732		100,000		669,841	669,841
Total Business-Type Activities	92,085,380	104,290,683	23,204	458,010	-	12,686,517	12,686,517
Total Primary Government	\$ 119,754,325	\$ 106,016,152	\$ 1,249,593	\$ 516,080	(24,659,017)	12,686,517	(11,972,500)
General Revenues							
Taxes:							
					18,357,738		18,357,738
					5,280		5,280
					1,436,666		1,436,666
					1,151,317		1,151,317
					423,275		423,275
					853,266		853,266
					632,425		632,425
					3,568,750		3,568,750
					33,258		33,258
					2,405,402	4,413,572	6,818,974
					423,946	21,042	444,988
					2,306,356	(2,306,356)	-
					31,597,679	2,128,258	33,725,937
					6,938,662	14,814,775	21,753,437
					148,310,136	246,123,881	394,434,017
					\$ 155,248,798	\$ 260,938,656	\$ 416,187,454

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

	General Fund	General Capital Projects Fund	Community Redevelopment Funds	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 12,904,973	\$ 7,458,751	\$ 32,040,413	\$ 7,333,495	\$ 59,737,632
Other Cash and Investments	5,225				5,225
Receivables:					
Accounts, Net	187,755				187,755
Assessments, Net	26		1,385	22,282	23,693
Inter-Fund Receivables	59,732				59,732
Due from Other Governments	2,538,626			510,103	3,048,729
Prepaid Expenditures	2,291				2,291
Total Assets	<u>15,698,628</u>	<u>7,458,751</u>	<u>32,041,798</u>	<u>7,865,880</u>	<u>63,065,057</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	292,305	31,078	436,498	49,390	809,271
Other Accrued Liabilities	275,698	228,717	676,826	1,262	1,182,503
Due to Other Governments	3,279		4,539,473		4,542,752
Inter-Fund Payables				59,732	59,732
Deposits	21,053				21,053
Unearned Revenue	171,953				171,953
Total Liabilities	<u>764,288</u>	<u>259,795</u>	<u>5,652,797</u>	<u>110,384</u>	<u>6,787,264</u>
Deferred Inflows of Resources					
Unavailable Revenues	1,123,555		1,385	413,282	1,538,222
Fund Balances					
Non-Spendable:					
Prepaid Expenditures	2,291				2,291
Restricted for:					
Redevelopment			26,387,616		26,387,616
Tourism Expenditures				997,191	997,191
Transportation Improvements				1,021,672	1,021,672
Capital Projects				4,842,946	4,842,946
Law Enforcement				477,284	477,284
Committed for:					
Revenue Stabilization	6,006,852				6,006,852
Cemetery Improvements	264,599				264,599
Tree Replacement				3,121	3,121
Assigned for:					
Unanticipated Events/ Emergencies	6,006,852				6,006,852
Capital Projects		7,198,956			7,198,956
Unassigned	1,530,191				1,530,191
Total Fund Balances	<u>13,810,785</u>	<u>7,198,956</u>	<u>26,387,616</u>	<u>7,342,214</u>	<u>54,739,571</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,698,628</u>	<u>\$ 7,458,751</u>	<u>\$ 32,041,798</u>	<u>\$ 7,865,880</u>	<u>\$ 63,065,057</u>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

Fund Balance - Total Governmental Funds \$ 54,739,571

**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	\$ 169,334,837	
(Accumulated Depreciation)	<u>(62,627,972)</u>	106,706,865

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 and OPEB	7,252,059	
Deferred Inflows Related to Pensions and OPEB	<u>(2,088,255)</u>	5,163,804

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end. 1,538,222

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Accrued Other Postemployment Benefits	(1,358,296)	
Net Pension Liability	(11,873,183)	
Compensated Absences	<u>(2,771,253)</u>	(16,002,732)

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. 3,103,068

Net Position of Governmental Activities \$ 155,248,798

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Funds	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 13,620,557		\$ 6,525,605	\$ 2,701,007	\$ 22,847,169
Licenses and Permits	942,091				942,091
Intergovernmental	4,600,314			199,769	4,800,083
Charges for Services	559,815				559,815
Fines and Forfeitures	182,042			68,202	250,244
Interest and Other Revenue	906,374	\$ 246,242	1,246,779	244,671	2,644,066
Total Revenues	<u>20,811,193</u>	<u>246,242</u>	<u>7,772,384</u>	<u>3,213,649</u>	<u>32,043,468</u>
Expenditures					
Current:					
General Government	1,998,044	127,407	737,733	3,093	2,866,277
Public Safety	14,054,654		908,960	50,786	15,014,400
Physical Environment	89,463			8,973	98,436
Roads and Streets	1,641,199	1,103,514		176,891	2,921,604
Parks and Recreation	3,180,337			117,562	3,297,899
Debt Service:					
Principal				490,000	490,000
Interest and Fees				4,310	4,310
Capital Outlay		1,781,311	5,969,670	196,739	7,947,720
(Total Expenditures)	<u>(20,963,697)</u>	<u>(3,012,232)</u>	<u>(7,616,363)</u>	<u>(1,048,354)</u>	<u>(32,640,646)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(152,504)</u>	<u>(2,765,990)</u>	<u>156,021</u>	<u>2,165,295</u>	<u>(597,178)</u>
Other Financing Sources (Uses)					
Transfers in	4,386,069	2,130,000		471,333	6,987,402
Transfers (out)	(1,895,000)			(1,044,281)	(2,939,281)
Total Other Financing Sources (Uses)	<u>2,491,069</u>	<u>2,130,000</u>	<u>-</u>	<u>(572,948)</u>	<u>4,048,121</u>
Net Change in Fund Balances	2,338,565	(635,990)	156,021	1,592,347	3,450,943
Fund Balances, Beginning of Year	<u>11,472,220</u>	<u>7,834,946</u>	<u>26,231,595</u>	<u>5,749,867</u>	<u>51,288,628</u>
Fund Balances, End of Year	<u>\$ 13,810,785</u>	<u>\$ 7,198,956</u>	<u>\$ 26,387,616</u>	<u>\$ 7,342,214</u>	<u>\$ 54,739,571</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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Change in Fund Balance - Total Governmental Funds \$ 3,450,943

**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	\$ 8,593,115	
Transfers of Capital Assets	(1,691,765)	
(Current Year Depreciation)	<u>(3,680,644)</u>	3,220,706

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

Principal Payments	<u>490,000</u>	490,000
--------------------	----------------	---------

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	66,307	
Change in Net Pension Liability and Deferred Inflows and Outflows Related to Pensions	(777,881)	
Change in Other Postemployment Benefits and Deferred Inflows and Outflows Related to Pensions	<u>(6,981)</u>	(718,555)

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. 137,156

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. 358,412

Change in Net Position of Governmental Activities \$ 6,938,662

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 12,263,504	\$ 12,263,504	\$ 13,620,557	\$ 1,357,053
Licenses and Permits	595,700	595,700	942,091	346,391
Intergovernmental	4,234,028	4,234,028	4,600,314	366,286
Charges for Services	389,000	389,000	559,815	170,815
Fines and Forfeitures	170,500	170,500	182,042	11,542
Interest and Other Revenue	414,500	430,806	906,374	475,568
Total Revenues	<u>18,067,232</u>	<u>18,083,538</u>	<u>20,811,193</u>	<u>2,727,655</u>
Expenditures				
Executive and Legislative	845,505	956,743	932,805	23,938
Finance	404,785	404,923	361,171	43,752
Planning and Development	909,272	909,528	844,608	64,920
Parks and Recreation	3,426,569	3,498,422	3,269,810	228,612
Public Works	1,635,053	1,705,019	1,641,199	63,820
Police	9,281,455	9,582,911	9,323,571	259,340
Fire	4,215,168	4,358,647	4,123,085	235,562
Non-Departmental	1,027,546	704,880	467,448	237,432
(Total Expenditures)	<u>(21,745,353)</u>	<u>(22,121,073)</u>	<u>(20,963,697)</u>	<u>1,157,376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,678,121)</u>	<u>(4,037,535)</u>	<u>(152,504)</u>	<u>3,885,031</u>
Other Financing Sources (Uses)				
Transfers in	4,323,121	4,373,506	4,386,069	12,563
Transfers (out)	(645,000)	(1,895,000)	(1,895,000)	-
Total Other Financing Sources (Uses)	<u>3,678,121</u>	<u>2,478,506</u>	<u>2,491,069</u>	<u>12,563</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,559,029)</u>	<u>\$ 2,338,565</u>	<u>\$ 3,897,594</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, 2019
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	\$ 10,937,433	\$ 10,937,433	\$ 6,525,605	\$ (4,411,828)
Interest and Other Revenue	231,801	231,801	1,246,779	1,014,978
Total Revenues	<u>11,169,234</u>	<u>11,169,234</u>	<u>7,772,384</u>	<u>(3,396,850)</u>
Expenditures				
Current:				
General Government	927,984	1,006,956	737,733	269,223
Public Safety	1,113,595	1,216,495	908,960	307,535
Capital Outlay	32,400	13,351,951	5,969,670	7,382,281
(Total Expenditures)	<u>(2,073,979)</u>	<u>(15,575,402)</u>	<u>(7,616,363)</u>	<u>7,959,039</u>
Net Change in Fund Balance	<u>\$ 9,095,255</u>	<u>\$ (4,406,168)</u>	<u>\$ 156,021</u>	<u>\$ 4,562,189</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2019
 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	\$ 70,933,114	\$ 23,493,082	\$ 15,080,291	\$ 109,506,487	\$ 5,020,954
Other Operating Cash			1,300	1,300	
Other Investments	1,877,543	1,251,695		3,129,238	
Receivables:					
Accounts, Net	12,645,317	1,835,570	865,443	15,346,330	229
Assessments, Net		2,941		2,941	
Due from Other Governments	619,164		(2,892)	616,272	
Inventories	2,303,527		22,804	2,326,331	
Prepaid Expenses	84,790		1,793	86,583	950,559
Restricted Assets:					
Equity in Pooled Cash and Investments	8,179,409	1,400,994		9,580,403	
Total Current Assets	<u>96,642,864</u>	<u>27,984,282</u>	<u>15,968,739</u>	<u>140,595,885</u>	<u>5,971,742</u>
Non-Current Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,474,972	4,388,198	
Buildings and Improvements	196,274,683	90,669,340	34,120,531	321,064,554	36,194
Equipment	6,473,637	2,631,403	1,567,006	10,672,046	973,283
Construction in Progress	21,247,817	5,854,555	2,355,082	29,457,454	
	<u>226,547,393</u>	<u>99,517,268</u>	<u>39,517,591</u>	<u>365,582,252</u>	<u>1,009,477</u>
(Accumulated Depreciation)	<u>(113,418,458)</u>	<u>(46,271,220)</u>	<u>(15,951,688)</u>	<u>(175,641,366)</u>	<u>(839,245)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>113,128,935</u>	<u>53,246,048</u>	<u>23,565,903</u>	<u>189,940,886</u>	<u>170,232</u>
Total Non-Current Assets	<u>113,128,935</u>	<u>53,246,048</u>	<u>23,565,903</u>	<u>189,940,886</u>	<u>170,232</u>
Total Assets	<u>209,771,799</u>	<u>81,230,330</u>	<u>39,534,642</u>	<u>330,536,771</u>	<u>6,141,974</u>
Deferred Outflows of Resources					
Unamortized Refunding Loss	12,579	6,978		19,557	
Pension Related	2,568,646	1,169,466	402,099	4,140,211	1,614,054
OPEB Related	29,870	15,361	5,548	50,779	
Total Deferred Outflows of Resources	<u>2,611,095</u>	<u>1,191,805</u>	<u>407,647</u>	<u>4,210,547</u>	<u>1,614,054</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2019
 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	\$ 5,122,148	\$ 241,175	\$ 755,482	\$ 6,118,805	\$ 105,933
Power Costs Recovered in Advance	41,459,721		356,391	41,816,112	
Other Accrued Liabilities	471,117	184,554	56,495	712,166	83,895
Due to Other Governments			3,563	3,563	
Unearned Revenue	198,434		13,841	212,275	
Estimated Liability for Self-Insured Losses				-	246,172
Current Portion of Long-Term Debt:					
Compensated Absences	275,075	123,966	9,809	408,850	146,098
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,479,690	1,730,310		4,210,000	
Accrued Interest	77,162	53,773		130,935	
Customer Deposits	5,388,167			5,388,167	
Total Current Liabilities	55,471,514	2,333,778	1,195,581	59,000,873	582,098
Non-Current Liabilities:					
Revenue Bonds Payable	1,273,221	888,444		2,161,665	
Accrued Compensated Absences	1,100,302	495,866	39,235	1,635,403	584,389
Other Postemployment Benefits	537,189	276,261	99,764	913,214	
Net Pension Liability	5,451,525	2,494,771	919,081	8,865,377	3,223,015
Total Non-Current Liabilities	8,362,237	4,155,342	1,058,080	13,575,659	3,807,404
Total Liabilities	63,833,751	6,489,120	2,253,661	72,576,532	4,389,502
Deferred Inflows of Resources					
Pension Related	465,663	223,513	78,947	768,123	263,458
OPEB Related	272,947	140,369	50,691	464,007	
Total Deferred Inflows of Resources	738,610	363,882	129,638	1,232,130	263,458
Net Position					
Net Investment in Capital Assets	109,388,603	50,634,272	23,565,903	183,588,778	170,232
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Debt Service	1,291,206	900,994		2,192,200	
Unrestricted	35,630,724	23,533,867	13,993,087	73,157,678	2,932,836
Total Net Position	\$ 147,810,533	\$ 75,569,133	\$ 37,558,990	\$ 260,938,656	\$ 3,103,068

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds		
Operating Revenues					
Charges for Services	\$ 79,206,028	\$ 14,720,647	\$ 9,034,313	\$ 102,960,988	\$ 12,240,641
Other	431,224	104,831	793,640	1,329,695	35,579
Total Operating Revenues	<u>79,637,252</u>	<u>14,825,478</u>	<u>9,827,953</u>	<u>104,290,683</u>	<u>12,276,220</u>
Operating Expenses					
Purchased Power	55,264,614		1,125,906	56,390,520	
Personal Services	5,674,307	3,174,461	1,400,214	10,248,982	4,513,689
Purchased Services	1,572,699	368,817	3,470,789	5,412,305	990,950
Repairs and Maintenance	376,342	841,926	334,719	1,552,987	311,156
Depreciation	5,353,078	2,776,290	1,156,163	9,285,531	62,180
Materials and Supplies	405,391	276,080	336,638	1,018,109	140,126
Other Expenses	4,794,841	2,168,596	877,949	7,841,386	5,970,334
(Total Operating Expenses)	<u>(73,441,272)</u>	<u>(9,606,170)</u>	<u>(8,702,378)</u>	<u>(91,749,820)</u>	<u>(11,988,435)</u>
Operating Income	<u>6,195,980</u>	<u>5,219,308</u>	<u>1,125,575</u>	<u>12,540,863</u>	<u>287,785</u>
Non-Operating Revenues (Expenses)					
Investment Earnings	3,043,950	861,528	508,094	4,413,572	120,235
Interest Expense	(202,897)	(132,663)		(335,560)	
Intergovernmental Revenue	8,000		15,204	23,204	
(Loss) Gain on Disposal of Capital Assets	15,432	5,610		21,042	392
Total Non-Operating Revenues (Expenses)	<u>2,864,485</u>	<u>734,475</u>	<u>523,298</u>	<u>4,122,258</u>	<u>120,627</u>
Income Before Contributions and Transfers	<u>9,060,465</u>	<u>5,953,783</u>	<u>1,648,873</u>	<u>16,663,121</u>	<u>408,412</u>
Capital Contributions					
Connection Fees	220,819	137,191		358,010	
Capital Grants			1,691,765	1,691,765	
Developer Contributions			100,000	100,000	
Total Capital Contributions	<u>220,819</u>	<u>137,191</u>	<u>1,791,765</u>	<u>2,149,775</u>	<u>-</u>
Transfers					
Transfers in	162,097	-	650,000	812,097	
Transfers (out)	(3,831,171)	(95,000)	(884,047)	(4,810,218)	(50,000)
Total Transfers	<u>(3,669,074)</u>	<u>(95,000)</u>	<u>(234,047)</u>	<u>(3,998,121)</u>	<u>(50,000)</u>
Change in Net Position	5,612,210	5,995,974	3,206,591	14,814,775	358,412
Total Net Position, Beginning of Year, As Restated	<u>142,198,323</u>	<u>69,573,159</u>	<u>34,352,399</u>	<u>246,123,881</u>	<u>2,744,656</u>
Total Net Position, End of Year	<u>\$ 147,810,533</u>	<u>\$ 75,569,133</u>	<u>\$ 37,558,990</u>	<u>\$ 260,938,656</u>	<u>\$ 3,103,068</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 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	\$ 81,320,843	\$ 14,812,047	\$ 9,872,232	\$ 106,005,122	\$ 12,283,058
Cash Payments to Vendors for Goods and Services	(62,951,520)	(3,575,179)	(5,855,076)	(72,381,775)	(6,975,960)
Cash Payments to Employees for Services	(5,298,050)	(3,029,119)	(1,320,621)	(9,647,790)	(4,363,106)
Claims Paid				-	(356,778)
Net Cash Provided by (Used in) Operating Activities	13,071,273	8,207,749	2,696,535	23,975,557	587,214
Cash Flows from Non-Capital Financing Activities					
Transfers in	162,097		650,000	812,097	
Intergovernmental Revenue	8,000		1,376,665	1,384,665	
Transfers (out)	(3,831,171)	(95,000)	(884,047)	(4,810,218)	(50,000)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(3,661,074)	(95,000)	1,142,618	(2,613,456)	(50,000)
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(8,164,856)	(3,002,024)	(845,384)	(12,012,264)	(16,360)
Principal Paid on Revenue Bonds	(2,391,340)	(1,668,660)		(4,060,000)	
Interest Paid and Fiscal Charges	(216,562)	(151,114)		(367,676)	
Capital Grants			100,000	100,000	
Connection Fees	220,819	137,191		358,010	
Net Cash Provided by (Used in) Capital and Related Financing Activities	(10,551,939)	(4,684,607)	(745,384)	(15,981,930)	(16,360)
Cash Flows from Investing Activities					
Interest Received on Investments	2,987,664	824,004	508,096	4,319,764	120,235
Net (Decrease) Increase in Cash and Cash Equivalents	1,845,924	4,252,146	3,601,865	9,699,935	641,089
Cash and Cash Equivalents, Beginning of Year	77,266,599	20,641,930	11,479,726	109,388,255	4,379,865
Cash and Cash Equivalents, End of Year	\$ 79,112,523	\$ 24,894,076	\$ 15,081,591	\$ 119,088,190	\$ 5,020,954

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>	<u>Totals</u>	Activities - Internal Service Funds
<u>Included on the Accompanying Balance</u>					
<u>Sheet Under the Following Captions</u>					
Current Assets					
Equity in Pooled Cash and Investments	\$ 70,933,114	\$ 23,493,082	\$ 15,080,291	\$ 109,506,487	\$ 5,020,954
Other Operating Cash			1,300	1,300	
Restricted Assets					
Equity in Pooled Cash and Investments	8,179,409	1,400,994		9,580,403	
Total	<u>\$ 79,112,523</u>	<u>\$ 24,894,076</u>	<u>\$ 15,081,591</u>	<u>\$ 119,088,190</u>	<u>\$ 5,020,954</u>
<u>Reconciliation of Operating Income (Loss)</u>					
<u>to Net Cash Provided by (Used in)</u>					
<u>Operating Activities</u>					
Operating Income (Loss)	\$ 6,195,980	\$ 5,219,308	\$ 1,125,575	\$ 12,540,863	\$ 287,785
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,353,078	2,776,290	1,156,162	9,285,530	62,180
Power Costs Recovered in Advance (Returned)	(831,831)		94,117	(737,714)	
Change in Estimated Liability for Self-Insured Losses				-	(96,439)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	2,497,382	(11,622)	(22,216)	2,463,544	
Assessments Receivable		(1,809)		(1,809)	
Due from Other Governments				-	6,838
Inventories	103,574		(15,017)	88,557	
Prepaid Expenses			1,182	1,182	151,583
Accounts Payable and Other Accrued Liabilities	(641,207)	80,240	304,761	(256,206)	24,684
Unearned Revenues	198,434		(27,622)	170,812	
Customer Deposits	(180,394)			(180,394)	
Accrued Compensated Absences	69,573	8,726	(28,226)	50,073	(62,468)
Other Postemployment Benefits and Related Deferred Inflows and Outflows	(29,085)	(15,024)	63,744	19,635	
Net Pension Liability and Pension Related Deferred Inflows and Outflows	335,769	151,640	44,075	531,484	213,051
Net Cash Provided by (Used in) Operating Activities	<u>\$ 13,071,273</u>	<u>\$ 8,207,749</u>	<u>\$ 2,696,535</u>	<u>\$ 23,975,557</u>	<u>\$ 587,214</u>
<u>Supplemental Disclosure of Non-Cash Activities</u>					
Change in Fair Value of Investments	\$ 56,286	\$ 37,524		\$ 93,810	
Amortization of Bond Discount (Premium)	(34,050)	(23,860)		(57,910)	
Amortization of Loss on Refunding	62,338	34,583		96,921	
Transfer of Capital Assets			\$ 1,691,765	1,691,765	

See accompanying notes.

STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Assets

Cash and Cash Equivalents	\$ 1,128,923
Accrued Interest	127,790
Due from Other Governments	370,217
Investments:	
Equities, Including Mutual Funds	62,715,560
Corporate Bonds	6,034,797
U.S. Government Obligations/Agencies	20,037,210
Real Estate	<u>5,081,052</u>
Total Investments	<u>93,868,619</u>
Total Assets	<u>95,495,549</u>

Liabilities

Accounts Payable	5,457
Other Accrued Liabilities	<u>1,178</u>
Total Liabilities	<u>6,635</u>

Net Position

Restricted for Pensions	<u>\$ 95,488,914</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, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Additions

Contributions:	
Employee	\$ 1,599,257
Employer	3,189,859
State of Florida	370,217
Total Contributions	<u>5,159,333</u>

Investment Income:	
Investment Earnings	5,333,480
(Investment Expenses)	(211,800)
Net Investment Income	<u>5,121,680</u>

Total Additions	<u>10,281,013</u>
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Deductions

Benefits	6,985,312
Refunds of Contributions	333,261
Administrative Expense	243,427
	<u>7,562,000</u>

(Total Deductions)	<u>(7,562,000)</u>
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Change in Net Position	2,719,013
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Net Position, Beginning of Year	<u>92,769,901</u>
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Net Position, End of Year	<u>\$ 95,488,914</u>
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See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
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 non-fiduciary activities of the City. For the most part, the effect of inter-fund 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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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 inter-fund 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 non-operating 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, except for grant revenues which are considered available if collected within 120 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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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.
- **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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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, utility billing, information systems, human resources, fleet maintenance, purchasing administration, 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 inter-fund 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.
- **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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

- **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, 2019, is \$218,240. 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, 2019, are unbilled amounts totaling \$6,205,409. The estimated amount is based on billings during the month following the close of the fiscal year.
- **Inter-Fund 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, 2019, balances of inter-fund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of inter-fund 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 non-spendable fund balances in the respective funds, since these receivables are not available for appropriation. Short-term inter-fund loans to eliminate cash deficits are classified as “inter-fund 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 in the Electric Fund are valued at the lower of average cost or net realizable value, using the first-in, first-out (FIFO) method. Inventories in the Golf Fund are held for resale and are reported at the lower of average cost or market.

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.

- **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 2019.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

In proprietary fund types, capital assets are capitalized at cost in the fund which acquired or constructed them. Donated assets are recorded at acquisition 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.

- **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 day's vacation leave or one day's pay.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

- **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.

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 – non-spendable, restricted, committed, assigned, and unassigned:
 - **Non-Spendable**—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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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.

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, 2019.

■ **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.

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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Details of the tax calendar are presented below:

Lien Date	January 1, 2018
Levy Date	October 1, 2018
Installment Payments	
First Installment	No Later Than June 30, 2018
Second Installment	No Later Than September 30, 2018
Third Installment	No Later Than December 31, 2018
Fourth Installment	No Later Than March 31, 2019
Regular Payments	
Discount Periods	November 2018 Through February 2019
No Discount Period	After March 1, 2019
Delinquent Date	April 1, 2019

Note 3 - Stewardship, Compliance, and Accountability

Budgets

The City Council annually adopts a budget resolution for all funds of the City. A five-year capital improvement plan is prepared each year based on business requirements and internal five-year revenue and expense projections. 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, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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

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

	<u>Original Budget</u>	<u>Encumbrances Rolled Forward</u>	<u>Supplemental Appropriations</u>	<u>Amended Budget</u>
General Fund	\$ 22,390,353	\$ 265,229	\$ 1,360,491	\$ 24,016,073
Special Revenue Funds	4,039,394	11,095,974	2,773,959	17,909,327
Debt Service Funds	500,227	-	-	500,227

Supplementary budgetary appropriations for the general fund include the following:

- \$3,288 for vehicle repair costs offset by insurance proceeds
- \$5,450 for additional overtime for the Fire Department offset by donations
- \$18,874 for cost of relocating AT&T equipment due to conflict with homeowner driveway
- \$68,622 for payroll, uniform, and vehicle costs associated with the addition of one animal control officer
- \$43,800 for costs associated with ratified IAFF collective bargaining agreement
- \$48,700 for overtime costs associated with employee on extended leave
- (\$136,196) for reduction in unanticipated budget to offset mid-year budget adjustments
- (\$188,970) for reduction in unanticipated budget to offset year-end budget adjustments
- \$5,255 for vehicle repair costs offset by insurance proceeds
- \$110,000 in adjustments for legal professional services
- \$36,040 for Public Works equipment rentals for Hurricane Dorian preparation
- \$50,385 for overtime costs reimbursed by a Justice Assistance Grant
- \$42,930 for leave payout for the retiring Fire Chief
- \$1,250,000 for transfer to the General Capital Projects Fund for the following: business software applications replacement, replacement of dune walkovers outside the CRA boundaries, City-wide security improvements, additional funding for building maintenance reserves, funding for city-wide road paving, sidewalk maintenance, and new sidewalk construction
- \$2,313 for other adjustments

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

- \$60,000 for unforeseen roadway conditions in the 4th Street South paving project
- \$355,350 for construction and administration services for three ADA compliant dune walkover
- \$196,681 for design of Ocean Terrace drainage improvements project
- \$9,101 for JAG D equipment grant
- \$50,385 for JAG C Street Crimes Unity OT grant
- \$62,273 to replace damaged driveway apron and curbing at Fire Station #2
- \$440,000 to provide funding for the Downtown Action, Implementation and Management Plan
- \$1,600,169 for Stormwater channel improvements at J. Turner Butler Blvd. and Marsh Landing Parkway

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Other Disclosures

There was a deficit in net position in the Other Internal Service fund totaling (\$585,053). This deficit primarily resulted from the recording of the Net Pension Liability described in Note 11.

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 \$183,845,476 in governmental and business-type funds and \$780,376 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$6,525 in petty cash and \$3,129,238 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, 2019, the carrying amount of the City's deposits held in QPDs was \$14,261,984 and the bank balance was \$16,481,220.

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 \$1,172,836 and the amount of deposits held in the pension trust funds was \$348,547.

Investments

Following are the investments held in the pooled cash fund, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2019:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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+	\$ 41,900,411	\$ 3,243,272	\$ 37,363,903	\$ 1,293,236	
Federal Agency Securities:						
Federal Farm Credit Bank	AA+	3,749,398	3,749,398			
Federal Home Loan Bank	AA+	3,447,822	1,764,009	1,683,813		
Federal Home Loan Mortgage Corporation	AA+	5,124,824	390,027	768,112	1,453,869	\$ 2,512,816
Federal National Mortgage Association	AA+	3,197,936	296,411	837,327	747,789	1,316,409
Government National Mortgage Association	AA+	121,749				121,749
Corporate ABSs	AAA	5,322,879		4,936,589	292,338	93,952
Corporate ABSs	AA+	355,513		23,964		331,549
Corporate ABSs	Aaa (Moody's)	2,361,466		2,272,261		89,205
Corporate Bonds	AA+	1,202,128		1,202,128		
Corporate Bonds	AA	1,797,816		1,797,816		
Corporate Bonds	AA-	2,475,073	100,303	2,374,770		
Corporate Bonds	A+	4,525,725	377,782	4,147,943		
Corporate Bonds	A	15,447,492	3,835,403	11,612,089		
Corporate Bonds	A-	20,611,993	2,297,132	18,314,861		
Corporate Bonds	BBB+	9,897,750	141,434	9,756,316		
Corporate Bonds	Aaa (Moody's)	180,850	75,141	105,709		
Corporate Bonds	A2 (Moody's)	-				
Municipal Bonds	AAA	637,328	235,881	401,447		
Municipal Bonds	AA+	913,367	279,004	634,363		
Municipal Bonds	AA	224,122		224,122		
Municipal Bonds	AA-	587,701		587,701		
Municipal Bonds	Aa2 (Moody's)	40,615				40,615
Florida State Board of Administration:						
Florida PRIME	AAA	16,922,177	16,922,177			
Florida Trust - Day to Day Fund		18,876,516	18,876,516			
Florida Municipal Investment Trust:						
Short-Term Bond Portfolio (0-2 Years)	AAA (Fitch)	12,397,619	12,397,619			
Total		<u>\$ 172,320,270</u>	<u>\$ 64,981,509</u>	<u>\$ 99,045,234</u>	<u>\$ 3,787,232</u>	<u>\$ 4,506,295</u>

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2019:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Equities	\$ 62,715,560	\$ 62,715,560			
U.S. Government Securities	11,770,472		\$ 2,087,897	\$ 7,175,449	\$ 2,507,126
Federal Agency Securities:					
Federal Home Loan Bank	811,175			648,767	162,408
Federal Home Loan Mortgage Corporation	1,013,781	2,231	51,084		960,466
Federal National Mortgage Association	6,441,782		34,060	2,618,500	3,789,222
Corporate Bonds	6,034,797		402,297	5,092,664	539,836
Real Estate	<u>5,081,052</u>	<u>5,081,052</u>			
Total	<u>\$ 93,868,619</u>	<u>\$ 67,798,843</u>	<u>\$ 2,575,338</u>	<u>\$ 15,535,380</u>	<u>\$ 7,959,058</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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	12.54%
Federal Agency Securities	Aaa	8.81%
Corporate Bonds	A1	0.86%
Corporate Bonds	A2	3.24%
Corporate Bonds	A3	0.24%
Corporate Bonds	Aa2	0.52%
Corporate Bonds	Aaa	0.58%
Corporate Bonds	Baa1	0.99%

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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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.
- **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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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, 2019:

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	\$ 41,900,410	\$ 40,821,850	\$ 1,078,560	
Federal Agency Securities:				
Federal Home Loan Bank	3,447,823	3,447,823		
Federal Home Loan Mortgage Corporation	5,124,824	842,693	4,282,131	
Federal Farm Credit Bank	3,749,398	3,749,398		
Federal National Mortgage Association	3,197,935	296,411	2,901,524	
Government National Mortgage Association	121,749		121,749	
Corporate ABSs	8,039,858		8,039,858	
Corporate Bonds	56,138,828		56,138,828	
Municipal Bonds	2,403,133		2,403,133	
Total Investments by Fair Value Level	\$ 124,123,958	\$ 49,158,175	\$ 74,965,783	\$ -
Investments Measured at Amortized Cost	Amount	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Florida State Board of Administration:				
Florida PRIME	\$ 16,922,177	\$ -	None	Daily
Florida Trust - Day to Day Fund	18,876,516	-	None	Daily
Florida Municipal Investment Trust:				
Short-Term Bond Portfolio (0-2 Years)	12,397,619	-	None	Daily
Total Investments Measured at Amortized Cost	\$ 48,196,312			
Total Investments	\$ 172,320,270			

The fair value measurements for the City's pension trust fund investments are as follows at September 30, 2019:

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	\$ 62,715,560	\$ 62,715,560		
U.S. Government Securities	11,770,472	11,770,472		
Federal Agency Securities:				
Federal Home Loan Bank	811,175	811,175		
Federal Home Loan Mortgage Corporation	1,013,781	234,593	\$ 779,188	
Federal National Mortgage Association	6,441,782		6,441,782	
Corporate Bonds	6,034,797		6,034,797	
Total Investments Measured at Fair Value	88,787,567	\$ 75,531,800	\$ 13,255,767	\$ -
Investments Measured at the Net Asset Value (NAV)	Amount	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Estate Fund	\$ 5,081,052	\$ -	Quarterly	45 days
Total Investments	\$ 93,868,619			

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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 - Inter-Fund Receivables, Payables and Transfers

Inter-fund receivables/payables represent short-term loans to cover other funds' deficits in pooled cash and investments. As of September 30, 2019, the balance in these accounts consists of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 59,732	
Community Development		
Block Grant		\$ 2,329
J.A.G. Grant		57,403
Total Restricted Assets	<u>\$ 59,732</u>	<u>\$ 59,732</u>

Inter-fund transfers during the year ended September 30, 2019, consisted of the following:

	<u>Transfers In</u>					
	<u>General Fund</u>	<u>General Capital Projects</u>	<u>Other Governmental</u>	<u>Electric</u>	<u>Other Enterprise</u>	
Transfers Out						
General Fund		\$ 1,745,000 (2)			\$ 150,000 (1)	\$ 1,895,000
Other Governmental	\$ 572,948 (3)		\$ 471,333 (4)			1,044,281
Electric Fund	3,701,171 (5)	130,000 (2)				3,831,171
Water and Sewer		95,000 (2)				95,000
Other Enterprise	111,950 (5)	110,000 (2)		\$ 162,097 (6)	500,000 (2)	884,047
Internal Service		50,000 (2)				50,000
Total Transfers Out	<u>\$ 4,386,069</u>	<u>\$ 2,130,000</u>	<u>\$ 471,333</u>	<u>\$ 162,097</u>	<u>\$ 650,000</u>	<u>\$ 7,799,499</u>

Transfer Purpose

- (1) Supplemental Program Funding
- (2) Capital Projects Funding
- (3) Reimburse Fund for Expenditures/Expenses Incurred on its Behalf
- (4) Debt Service Payment Transfer
- (5) Return on Investment
- (6) Repayment of Construction Advance

In addition, transfers at the government-wide level include \$1,691,765 in capital asset transfers from the governmental activities to the golf fund.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 29,656,509			\$ 29,656,509
Construction in Progress	<u>18,623,980</u>	\$ 8,154,837	\$ (16,733,602)	<u>10,045,215</u>
Total Capital Assets Not Being Depreciated	<u>48,280,489</u>	<u>8,154,837</u>	<u>(16,733,602)</u>	<u>39,701,724</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	38,409,622	13,719,500		52,129,122
Equipment	15,602,047	1,765,489		17,367,536
Road Network	32,881,354			32,881,354
Other Infrastructure Networks	<u>28,252,701</u>	<u>11,879</u>		<u>28,264,580</u>
Total Capital Assets Being Depreciated	<u>115,145,724</u>	<u>15,496,868</u>	<u>-</u>	<u>130,642,592</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(16,998,880)	(1,223,194)		(18,222,074)
Equipment	(10,676,809)	(1,359,521)		(12,036,330)
Road Network	(11,959,074)	(416,057)		(12,375,131)
Other Infrastructure Networks	<u>(20,089,631)</u>	<u>(744,053)</u>		<u>(20,833,684)</u>
Total Accumulated Depreciation	<u>(59,724,394)</u>	<u>(3,742,825)</u>	<u>-</u>	<u>(63,467,219)</u>
Total Being Depreciated, Net	<u>55,421,330</u>	<u>11,754,043</u>	<u>-</u>	<u>67,175,373</u>
Governmental Activities Capital Assets, Net	<u>\$ 103,701,819</u>	<u>\$ 19,908,880</u>	<u>\$ (16,733,602)</u>	<u>\$ 106,877,097</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,388,198			\$ 4,388,198
Construction in Progress	<u>18,759,021</u>	\$ 11,198,433	\$ (500,000)	<u>29,457,454</u>
Total Capital Assets Not Being Depreciated	<u>23,147,219</u>	<u>11,198,433</u>	<u>(500,000)</u>	<u>33,845,652</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	318,746,564	2,317,991		321,064,555
Equipment	<u>9,963,399</u>	<u>708,646</u>		<u>10,672,045</u>
Total Capital Assets Being Depreciated	<u>328,709,963</u>	<u>3,026,637</u>	<u>-</u>	<u>331,736,600</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(159,624,251)	(8,509,990)		(168,134,241)
Equipment	<u>(6,731,584)</u>	<u>(775,541)</u>		<u>(7,507,125)</u>
Total Accumulated Depreciation	<u>(166,355,835)</u>	<u>(9,285,531)</u>	<u>-</u>	<u>(175,641,366)</u>
Total Being Depreciated, Net	<u>162,354,128</u>	<u>(6,258,894)</u>	<u>-</u>	<u>156,095,234</u>
Business-Type Activities Capital Assets, Net	<u>\$ 185,501,347</u>	<u>\$ 4,939,539</u>	<u>\$ (500,000)</u>	<u>\$ 189,940,886</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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

Governmental Activities	
General Government	\$ 964,638
Law Enforcement	568,742
Fire Control	291,100
Building Inspections	11,977
Physical Environment	384,441
Roads and Streets	755,119
Parks and Recreation	704,628
Internal Service Funds	<u>62,180</u>
Total Depreciation Expense - Governmental Activities	\$ <u>3,742,825</u>
Business-Type Activities	
Electric	\$ 5,353,078
Water and Sewer	2,776,290
Stormwater	788,787
Sanitation	32,268
Golf Course	82,054
Leased Facilities	98,896
Natural Gas	<u>154,158</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>9,285,531</u>

Note 7 - Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2019:

	<u>Balance</u> <u>September 30,</u> <u>2018</u>	<u>Additions</u>	<u>Other</u> <u>Reductions</u>	<u>Balance</u> <u>September 30,</u> <u>2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Revenue Bonds	\$ 490,000		\$ (490,000)	\$ -	
Accrued Compensated Absences	3,630,515	\$ 1,371,360	(1,500,135)	3,501,740	\$ 700,348
Accrued Other Postemployment Benefits	1,989,335		(631,039)	1,358,296	
Net Pension Liability	11,968,373	3,127,825		15,096,198	
Total Governmental Activities	<u>18,078,223</u>	<u>4,499,185</u>	<u>(2,621,174)</u>	<u>19,956,234</u>	<u>700,348</u>
Business-Type Activities					
Revenue Bonds - Par	10,420,000		(4,060,000)	6,360,000	4,210,000
Unamortized Premium	69,476		(57,811)	11,665	
Revenue Bonds, Net	10,489,476	-	(4,117,811)	6,371,665	4,210,000
Accrued Compensated Absences	1,994,180	771,689	(721,616)	2,044,253	408,850
Accrued Other Postemployment Benefits	1,322,359		(409,145)	913,214	
Net Pension Liability	7,281,393	1,583,984		8,865,377	
Total Business-Type Activities	<u>21,087,408</u>	<u>2,355,673</u>	<u>(5,248,572)</u>	<u>18,194,509</u>	<u>4,618,850</u>
Total Long-Term Obligations	<u>\$ 39,165,631</u>	<u>\$ 6,854,858</u>	<u>\$ (7,869,746)</u>	<u>\$ 38,150,743</u>	<u>\$ 5,319,198</u>

**NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Bonds outstanding at September 30, 2019, consist of the following for business-type activities:

Business-Type Activities	<u>Note</u>	<u>Maturity</u>	<u>Originally Issued</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 3,746,040	2.0-4.0%
Water and Sewer Fund	1	2020	<u>15,324,135</u>	<u>2,613,960</u>	2.0-4.0%
Total Business-Type Activities			<u>\$ 37,285,000</u>	<u>\$ 6,360,000</u>	

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

The City has no direct placement debt. The bonds listed above are secured by a pledge of the revenue source listed in the bond name. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, the Utility Revenue Bonds, Series 2010, require the establishment and maintenance of various "funds" or accounts on the books of the City, as follows:

**Electric and Water and Sewer
Funds**

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

**Electric and Water and Sewer
Reserve Accounts**

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

**Renewal and Replacement
Accounts**

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

Annual debt service requirements as of September 30, 2019, are as follows:

Business-Type Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2020	\$ 4,210,000	\$ 213,100	\$ 4,423,100
2021	2,150,000	43,000	2,193,000
Total	\$ 6,360,000	\$ 256,100	\$ 6,616,100

Interest paid and incurred in the governmental activities totaled \$4,227 for the year ended September 30, 2019. Interest costs incurred in the business-type activities (excluding amortization) totaled \$295,700 for the same period.

For the governmental activities, compensated absences, pension, and other postemployment benefits are generally liquidated by the general fund.

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2019, were as follows:

Description of Bond	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percentage Pledged	Outstanding Principal and Interest	Pledged Through
Business-Type Activities						
Series 2010, Utility Revenue Bonds	Net Electric Utility Revenue	\$ 14,813,827	\$ 2,607,459	13.15%	\$ 3,896,883	2021
Series 2010, Utility Revenue Bonds	Net Water and Sewer Utility Revenue	8,994,317	1,819,466	15.12%	2,719,217	2021

Note 8 - Restricted Assets

The following table indicates the balances at September 30, 2019, for all restricted assets in the proprietary fund types:

	Electric Fund	Water and Sewer Fund	Total Enterprise
Sinking Funds:			
Principal	\$ 1,216,285	\$ 848,715	\$ 2,065,000
Interest	74,921	52,279	127,200
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	5,388,202		5,388,202
Total Restricted Assets	\$ 8,179,408	\$ 1,400,994	\$ 9,580,402

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Note 9 - Florida Municipal Power Affiliation

The City is a member of the Florida Municipal Power Agency (FMPA) and a participant in two of its projects: the St. Lucie Project, and the All Requirements Project. FMPA currently has five major power supply projects in operation: (1) the St. Lucie Project; (2) the Stanton Project; (3) the Tri-City Project; (4) the Stanton 2 Project; and (5) the All Requirements Project.

The St. Lucie Project

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

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

Total expense for 2019 under this contract was \$3,926,388. 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; Stanton A, as well as a minority interest in the FPL St. Lucie nuclear plant. 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 various power purchase contracts with Progress Energy, FPL, Southern Company and others.

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 highest system peak load for fiscal 2019 was in July 2019, at 163.449 MW. Total expense to the City under the All Requirements Project for 2019 was \$50,852,586.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

The City and FMPA have entered into an All Requirements Project (ARP) Power Supply Contract (effective March 22, 1985, as amended on May 24, 1991, and January 22, 1999) which requires: 1) FMPA to sell and deliver to the City, and 2) the City to purchase from FMPA, all electric power that the City requires. The initial term of the ARP contract is October 1, 2030; however, on each October 1st, after the effective date, the contract automatically extends for an additional one-year period unless either party, at least one year prior to such automatic extension date, notifies the other party in writing of its decision not to extend the contract.

The City pays for electric power under the contract at the rates set forth in the rate schedules to the ARP contract, which FMPA may revise from time to time in accordance with the contract. The contract provides the option for the City to withdraw from the All-requirements Project after notice and making the debt payment, provided for in Section 29 of the contract (which, generally, is equal to the City's portion of the ARP Debt and other costs incurred, or expected to be incurred, by the ARP as a result of the City's withdrawal).

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 2019, under this contract was \$424,952, which is net of the FMPA contribution of \$195,382.

Note 10 - Power Costs Recovered in Advance

The City uses a power true-up recomputed monthly in its electric rates. At September 30, 2019, the City was over-recovered from customers by \$41,459,721. Of this amount, \$14,306,193 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$27,153,528 is expected to be returned to customers in future years. At September 30, 2018, the City was over-recovered by \$42,291,552.

The City also uses a cost of gas true-up recomputed monthly in its natural gas rates. At September 30, 2019, the City was over-recovered from customers by \$356,391. This amount will be returned to customers in future years. At September 30, 2018, the City was over-recovered by \$262,274.

Note 11 - 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:

**NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

- 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, 2018, employee membership data related to the pension plans were:

	General Employees	Police Officers	Firefighters	Total
Inactive Plan Members or Their Beneficiaries				
Currently Receiving Benefits (Including DROP Participants)	192	37	24	253
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	10	4	0	14
Active Plan Members	240	61	30	331
Total	442	102	54	598

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 firefighters 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.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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, 2019, 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 \$370,217 were received for the period ending September 30, 2019, 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, 2019, the actuarially determined contribution amount was to be \$3,526,100, including estimated contributions from the State of Florida. The City's actual contribution was \$3,560,077, including actual contributions from the State of Florida. These contributions were determined pursuant to an actuarial valuation dated October 1, 2017.

There were no contributions due to the plans by the City at September 30, 2019.

Investment Policy

The following are the three Boards' adopted asset allocation policy as of September 30, 2019:

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Concentration

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

Rate of Return

For the years ended September 30, 2019 and 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.61% and 9.22%, 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.

Schedule of Pension Plan Net Position as of September 30, 2019

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Totals</u>
Assets				
Cash and Cash Equivalents	\$ 851,883	\$ 181,289	\$ 95,751	\$ 1,128,923
Due from Other Governments		228,825	141,392	370,217
Accrued Interest	76,653	32,755	18,382	127,790
Investments:				
Equities, Including Mutual Funds	37,488,863	16,075,182	9,151,515	62,715,560
Corporate Bonds	3,619,901	1,546,849	868,047	6,034,797
U.S. Government Obligations/Agencies	12,019,081	5,135,970	2,882,159	20,037,210
Real Estate Fund	3,047,808	1,302,384	730,860	5,081,052
Total Investments	<u>56,175,653</u>	<u>24,060,385</u>	<u>13,632,581</u>	<u>93,868,619</u>
Total Assets	<u>57,104,189</u>	<u>24,503,254</u>	<u>13,888,106</u>	<u>95,495,549</u>
Liabilities				
Accounts Payable	1,819	1,819	1,819	5,457
Other Accrued Liabilities	742	263	173	1,178
Total Liabilities	<u>2,561</u>	<u>2,082</u>	<u>1,992</u>	<u>6,635</u>
Net Position Restricted for Pensions	<u>\$ 57,101,628</u>	<u>\$ 24,501,172</u>	<u>\$ 13,886,114</u>	<u>\$ 95,488,914</u>

Schedule of the Change in Pension Plan Net Position as of September 30, 2019

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Totals</u>
Additions				
Contributions				
Employee	\$ 1,036,998	\$ 383,822	\$ 178,437	\$ 1,599,257
Employer	2,100,105	573,416	516,338	3,189,859
State of Florida		228,825	141,392	370,217
Total Contributions	<u>3,137,103</u>	<u>1,186,063</u>	<u>836,167</u>	<u>5,159,333</u>
Investment Income				
Investment Earnings	3,188,837	1,370,517	774,127	5,333,481
(Investment Expenses)	(126,511)	(54,465)	(30,824)	(211,800)
Net Investment Income	<u>3,062,326</u>	<u>1,316,052</u>	<u>743,303</u>	<u>5,121,681</u>
Total Additions	<u>6,199,429</u>	<u>2,502,115</u>	<u>1,579,470</u>	<u>10,281,014</u>
Deductions				
Benefits	4,346,876	1,670,519	967,917	6,985,312
Refunds of Contributions	301,365	31,896		333,261
Administrative Expense	96,476	77,460	69,492	243,428
(Total Deductions)	<u>(4,744,717)</u>	<u>(1,779,875)</u>	<u>(1,037,409)</u>	<u>(7,562,001)</u>
Change in Net Position	1,454,712	722,240	542,061	2,719,013
Net Position, Beginning of Year	55,646,916	23,778,932	13,344,053	92,769,901
Net Position, End of Year	<u>\$ 57,101,628</u>	<u>\$ 24,501,172</u>	<u>\$ 13,886,114</u>	<u>\$ 95,488,914</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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, 2018, one year prior to the reporting date.

Net Pension Liability

The components of the net pension liability for each plan as of September 30, 2018, (measurement date) and for the year then ended, were as follows:

General Employees' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 66,308,198	\$ 52,771,855	\$ 13,536,343
Service Cost	1,376,901		1,376,901
Interest	5,106,511		5,106,511
Differences Between Expected and Actual Experience	1,126,397		1,126,397
Changes of Assumptions	2,931,687		2,931,687
Contributions - Employer		1,898,689	(1,898,689)
Contributions - Employee		1,029,762	(1,029,762)
Net Investment Income		4,761,584	(4,761,584)
Benefit Payments Including Refunds of Employee Contributions	(4,714,545)	(4,714,545)	-
Administrative Expenses		(100,429)	100,429
Net Changes	5,826,951	2,875,061	2,951,890
Balance, End of Year	\$ 72,135,149	\$ 55,646,916	\$ 16,488,233

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Police Officers' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 24,558,982	\$ 22,048,341	\$ 2,510,641
Service Cost	625,887		625,887
Interest	1,916,453		1,916,453
Differences Between Expected and Actual Experience	177,596		177,596
Changes of Assumptions	1,221,310		1,221,310
Contributions - Employer and State		691,323	(691,323)
Contributions - Employee		362,140	(362,140)
Net Investment Income		1,991,673	(1,991,673)
Benefit Payments Including Refunds of Employee Contributions	(1,226,041)	(1,226,041)	-
Administrative Expenses		(88,504)	88,504
Net Changes	<u>2,715,205</u>	<u>1,730,591</u>	<u>984,614</u>
Balance, End of Year	<u><u>\$ 27,274,187</u></u>	<u><u>\$ 23,778,932</u></u>	<u><u>\$ 3,495,255</u></u>

Firefighters' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 15,514,890	\$ 12,312,108	\$ 3,202,782
Service Cost	306,120		306,120
Interest	1,207,186		1,207,186
Differences Between Expected and Actual Experience	188,875		188,875
Changes of Assumptions	879,444		879,444
Contributions - Employer and State		608,384	(608,384)
Contributions - Employee		161,383	(161,383)
Net Investment Income		1,112,333	(1,112,333)
Benefit Payments Including Refunds of Employee Contributions	(774,227)	(774,227)	-
Administrative Expenses		(75,780)	75,780
Net Changes	<u>1,807,398</u>	<u>1,032,093</u>	<u>775,305</u>
Balance, End of Year	<u><u>\$ 17,322,288</u></u>	<u><u>\$ 13,344,201</u></u>	<u><u>\$ 3,978,087</u></u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Actuarial Assumptions

The total pension liability was based on an actuarial valuation as of October 1, 2017, and a measurement date of September 30, 2018, using the following actuarial assumptions applied to all measurement periods. The rationale for the actuarial assumptions were developed using an experience study last updated in 2002.

Inflation	2.5%
Salary Increases	2.7% - 6.3% (Including Inflation)
Investment Rate of Return	7.5%

Mortality rates were based on the House Bill 1309 which mandated the use of the Florida Retirement System (FRS) mortality tables. The RP-2000 table and projection scale BB produce life expectancies that are longer for males and females.

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 are summarized below:

<u>Asset Class</u>	<u>Long-term Expected Rate of Return (Excluding Inflation)</u>
Domestic Equity	10.0%
International Equity	11.0%
Domestic Bonds	5.0%
International Bonds	6.0%
Real Estate	7.0%
Cash	0.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans' fiduciary net position were 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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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					
	<u>1% Decrease</u> 6.50%		<u>Current Discount Rate</u> 7.50%		<u>1% Increase</u> 8.50%
General Employees' Pension Plan:	\$ 24,769,782	\$	16,488,233	\$	9,511,457
Police Officers' Pension Plan:	\$ 6,854,074	\$	3,495,255	\$	(681,078)
Firefighters' Pension Plan:	\$ 6,301,067	\$	3,978,087	\$	2,054,188

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

For the year ended September 30, 2019, the City recognized pension expense as follows:

General Employees' Pension Plan	\$ 3,090,576
Police Officers' Pension Plan	926,691
Firefighters' Pension Plan	<u>1,065,226</u>
Total	<u>\$ 5,082,493</u>

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
Contributions Made After the Measurement Date	\$ 2,100,105	\$ 802,241	\$ 657,730	\$ 3,560,076
Differences Between Expected and Actual				
Experience	1,080,943	156,576	299,980	1,537,499
Changes in Assumptions	4,548,181	1,826,545	1,458,496	7,833,222
Total	<u>\$ 7,729,229</u>	<u>\$ 2,785,362</u>	<u>\$ 2,416,206</u>	<u>\$ 12,930,797</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Deferred Inflows of Resources

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
Differences Between Expected and Actual Experience	\$ 441,221	\$ 491,366		\$ 932,587
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	947,387	364,179	\$ 185,532	1,497,098
Total	<u>\$ 1,388,608</u>	<u>\$ 855,545</u>	<u>\$ 185,532</u>	<u>\$ 2,429,685</u>

Contributions made after the measurement date (shown above) will be recognized in the fiscal year ending September 30, 2020.

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 Ending September 30,</u>	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
2020	\$ 1,954,351	\$ 467,813	\$ 627,166	\$ 3,049,330
2021	1,041,335	143,866	403,109	1,588,310
2022	661,947	143,961	263,701	1,069,609
2023	582,883	222,475	229,878	1,035,236
2024		149,461	49,090	198,551
Thereafter				-
Total	<u>\$ 4,240,516</u>	<u>\$ 1,127,576</u>	<u>\$ 1,572,944</u>	<u>\$ 6,941,036</u>

Note 12 - 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:

	<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%	0.0%
Jacksonville Beach, Florida	41.3%	75.0%
Neptune Beach, Florida	13.7%	25.0%
Total	<u>100.0%</u>	<u>100.0%</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

The City contributed \$0 to the interlocal agreement during 2019. As of September 30, 2019, the City had no commitment related to outfall repairs and maintenance and the interlocal agreement had no outstanding debt. There are no separate financial statements prepared for the interlocal agreement. The City records its capital assets related to the interlocal agreement in the water/sewer enterprise fund.

Note 13 - 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 non-compliance 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, 2019, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	<u>Expended as of September 30, 2019</u>	<u>Remaining Commitment</u>
10 th Street South Industrial Park Area Improvements	\$ 99,588	\$ 42,390
A1A Water Main Replacement	1,472,669	565,558
ADA Dune Walkovers Design and Construction	264,917	143,976
Downtown Redevelopment District Infrastructure Improvements, Phase III, Project 2	6,473,541	5,277,648
Ocean Terrace Drainage Improvements	123,274	60,717
Penman Road Improvements - Design	101,127	5,926
South Beach Stormwater Pipe Cleaning	383,085	189,932
Downtown Action Plan Implementation Phase 2	186,216	213,784
Install Fiber between Sampson and Diego Substations	350,881	34,654
Guana Substation 50 MVA Transformer	2,106,300	452,245
Sampson Subs 244 MVA Transformer Replace	38,783	46,147
Switchgear Replacement at Pollution Control Plant	59,042	213,099
Natural Gas Distribution System	180,847	116,841
4 th Street Sewer and Water Main Improvements	176,852	28,368
Elevated Water Tower Rehabilitation	255,200	20,600
Sewer Lift Station #2 Rehabilitation	98,691	11,309
Water Main Replacement Program	968,468	268,187
Ocean Forest Drainage Project	1,134,116	15,575
Total	<u>\$ 14,473,597</u>	<u>\$ 7,706,956</u>

**NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Encumbrances

Significant encumbrances included in governmental fund balances are as follows:

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund		\$ 14,271
General Capital Projects Fund	\$ 2,233,845	
Community Redevelopment Fund	4,273,761	
Other Governmental Funds	<u>160,661</u>	
Total	<u>\$ 6,668,267</u>	<u>\$ 14,271</u>

Note 14 - 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 2019, 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 \$4,193,201 in 2019, and \$3,954,629 in 2018.

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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

The internal service fund is charging other funds of the City for risk management services based on costs incurred of the program. For 2019, interdepartmental charges and other earnings were more than actual costs by \$179,182. For 2018, interdepartmental charges and other earnings were more than actual costs by \$230,762. The self-insurance fund has unrestricted net position of \$3,688,121 at September 30, 2019.

There were no significant reductions in insurance coverage from 2018 to 2019.

The estimated liability for self-insured losses of \$246,172 accrued in the self-insurance fund at September 30, 2019, 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:

	2019	2018
Beginning Balance	\$ 342,611	\$ 370,230
Current Year Claims and Changes in Estimates	260,339	206,393
(Claim Payments)	(356,778)	(234,012)
Ending Balance	\$ 246,172	\$ 342,611

Note 15 - 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 to carry 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.

Downtown Redevelopment District

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. The plan was amended in 2007 to incorporate the Downtown Vision Plan, and in 2014 to create a Downtown Community Assisted Policing Effort (CAPE), in an effort to making the downtown a safer and more inviting area. The most recent amendment to the downtown plan came via the adoption of the 2015 Downtown Action Plan, a collection of projects and programs to address community redevelopment concerns in the areas of public spaces, transportation, public safety, and overall quality of life in the downtown community redevelopment district.

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, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

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. Project 2 of Phase III-C, providing street and infrastructure improvements between 11th and 13th Avenues South, is currently underway, with a construction cost of approximately \$11 million. That project is expected to be completed in the summer of 2020. It is anticipated that in fiscal year 2020 a consultant will be selected for the design and construction document production for: (1) one or more of the remaining project phases of the Phase III-C infrastructure and roadway work, and (2) for downstream stormwater discharge channel improvements.

In 2018, consultants to the CRA completed a *Downtown Action Plan – Implementation and Management Plan*, in an effort to address various livability issues identified in the 2015 Downtown Action Plan. In 2019, that consulting team then prepared Public Art, Bike Parking, Wayfinding Signage, Lighting, and Pier Entryway Enhancement elements identified in the Implementation and Management Plan and CRA funding is proposed in fiscal year 2020 for the implementation/installation/construction of those elements, except for the Pier Reconstruction Project is completed. The Pier Reconstruction Project began in January 2020 and has an estimated two year construction schedule.

Southend Redevelopment District

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. Phase II involved the installation of a reuse water irrigation system and re-landscaping of South Beach Parkway and Jacksonville Drive. Also included in Phase II was a major project to repair stormwater and drainage piping of the South Beach master stormwater system. That project was substantially completed in fiscal year 2018. The remaining downstream channel work (poured-in-place box culverts to replace open ditch) associated with that project will be completed in fiscal year 2020. The replacement of the retaining walls of the retention pond in the South Beach Parkway Chopping Center, also part of the same downstream system, is also due to be let out for construction bids in fiscal year 2020.

In 2018, consultants to the CRA completed a drainage improvements study for the historically platted Ocean Terrace area of the South Beach district, which consists of the developed residential neighborhoods along the north and south sides of Jacksonville Drive, west of South Beach Parkway. The design of the recommended alternative from that study will be completed in early fiscal year 2020, and it is proposed that funding will also be provided in fiscal year 2020 for the construction of those drainage improvements.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Also completed in the Southend Redevelopment District in 2017 was a new skate park located in South Beach Park on South Beach Parkway. In 2018, projects focused on upgrade and maintenance of the recreational facilities in South Beach Park, including installation of a new synthetic turf playing field, additions to the *Splash Pad* interactive water feature to accommodate younger children, and replacement of the exercise equipment at the nine “fitness stations” situated along the park’s walking/jogging trail. In fiscal year 2019 substantial repairs were completed on the wood playground structure located in the “Sunshine Park” portion of the overall park. The park’s restroom facilities were also completely renovated, including new stainless fixtures, doors and ventilation system. In fiscal year 2020, comprehensive maintenance of grounds and facilities will continue within the park, and a shade structure will be installed over the toddler area of the park’s *Splash Pad* water feature.

At the end of every fiscal year, any funds remaining in the Tax Increment Trust Funds must be either appropriated to specific projects, used to reduce debt, or returned to the taxing authorities. On September 30, 2019, all of the remaining Downtown Redevelopment District funds were appropriated to projects. The Southend Redevelopment District was projected to end the fiscal year with a fund balance of \$14.3M. Of that total, \$9.8 M was appropriated to projects already underway or which were expected start in the near term. Because there is no outstanding debt in the Southend District, the remaining \$4.5M must be returned to the taxing authorities; The City of Jacksonville Beach (\$1,493,000) and the City of Jacksonville (\$3,046,473).

The following schedule summarizes revenue and expenditure activity for the two districts in 2019:

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
Revenues and Transfers in			
Ad Valorem Taxes	\$ 6,525,605	\$ 4,431,388	\$ 10,956,993
Ad Valorem Taxes to Return to Taxing Authorities		(4,431,388)	(4,431,388)
Interest and Other	737,760	509,018	1,246,778
Total Revenues and Transfers in	<u>7,263,365</u>	<u>509,018</u>	<u>7,772,383</u>
Expenditures			
General Government	418,412	319,320	737,732
Public Safety	973,169		973,169
Capital Projects:			
Downtown Infrastructure Improvements	5,713,421		5,713,421
Southend Infrastructure Improvements		192,040	192,040
(Total Expenditures)	<u>(7,105,002)</u>	<u>(511,360)</u>	<u>(7,616,362)</u>
Excess (Deficiency) of Revenues and Transfers in Over (Under) Expenditures	<u>\$ 158,363</u>	<u>\$ (2,342)</u>	<u>\$ 156,021</u>

Note 16 - 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	\$ 481,022	\$ 151,252
Improvements	34,216	31,880	2,336
Total	<u>\$ 666,490</u>	<u>\$ 512,902</u>	<u>\$ 153,588</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

Note 17 - 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 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. The amount of the contributions required for retiree and dependent coverage may change from time-to-time. This conforms to the minimum requirements of governmental employers under Chapter 112.08, Florida Statutes. The plan does not issue separate financial statements.

Membership Information

The following table provides a summary of the number of participants in the plan as of September 30, 2018 (the latest actuarial valuation):

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	<u>296</u>
Total Plan Members	<u><u>313</u></u>

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.

Total OPEB Liability

The City's total OPEB liability of \$2,271,510 was measured as of September 30, 2018, which is one year prior to the reporting date. The actuarial valuation date was September 30, 2018.

Changes in the Total OPEB Liability

Total OPEB Liability, Beginning of Year, As Restated	<u>\$ 3,311,694</u>
Service Cost	178,369
Interest on Total OPEB Liability	119,333
Differences Between Expected and Actual Experience	(260,980)
Changes of Assumptions and Other Inputs	(915,785)
Benefit Payments	<u>(161,121)</u>
Net change in Total OPEB Liability	<u>(1,040,184)</u>
Total OPEB Obligation, End of Year	<u><u>\$ 2,271,510</u></u>

Changes of assumptions and other inputs include an increase of the discount rate from 3.50% as of the beginning of the measurement period to 3.83% at the end of the measurement period.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u> <u>2.83%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.83%</u>	<u>1% Increase</u> <u>4.83%</u>
Total OPEB Liability	\$ 2,517,017	\$ 2,271,510	\$ 2,058,685

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>(5.50% to 3.24%)</u>	<u>Current</u> <u>Healthcare cost</u> <u>Trend Rate</u> <u>(6.50% to 4.24%)</u>	<u>1% Increase</u> <u>(7.50% to 5.24%)</u>
Total OPEB Liability	\$ 2,005,017	\$ 2,271,510	\$ 2,594,871

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2019, the City recognized OPEB expense of \$152,922. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Benefits Paid after Measurement Date	\$ 126,309	
Differences between Expected and Actual Experience		\$ 232,301
Changes in Assumptions and Other Inputs		921,857
Total	<u>\$ 126,309</u>	<u>\$ 1,154,158</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$126,309 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2020	\$ (144,780)
2021	(144,780)
2022	(144,780)
2023	(144,780)
2024	(144,780)
Thereafter	(430,258)
Total	<u>\$ (1,154,158)</u>

**NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Actuarial Methods and Assumptions

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

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	September 30, 2018
Measurement Date:	September 30, 2018
Reporting Date:	September 30, 2019
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.50%
Discount Rate:	3.83%
Projected Salary Increases:	Salary increase rates used for General, Firefighters, and Police Officers in the applicable pension actuarial valuation: 4.5% - 12.1% including inflation.
Retirement Age:	Retirement rates are based on the applicable pension actuarial valuation.
Mortality:	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering period 2008 through 2013.
Healthcare Cost Trend Rate:	Based on the Getzen Model, with trend starting at 2.64% for 2019, followed by 6.50% for 2020 and gradually trending to an ultimate trend rate of 4.24% plus 0.28% increase for excise tax.
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses:	Administrative expenses are included in the per capita health costs.

Note 18 - Subsequent Event

On November 18, 2019, the City entered into an agreement with the City of Jacksonville to provide 24 hour, seven day a week advanced life support and fire services to residents and businesses of the City effective November 23, 2019. The City will cease operations of fire and advanced life support services, but will benefit from centralized communication and coordination relative to the delivery of these services with the City of Jacksonville.

On the agreement's effective date, the City's firefighters became employees of the City of Jacksonville. At this time, the Jacksonville Beach Firefighters' Retirement Plan was closed to new members. Each firefighter in active service on the effective date was given the opportunity to individually elect to continue participating in the Jacksonville Beach Firefighters' Retirement Plan or join the City of Jacksonville's defined contribution retirement plan. Those who elected to continue participating in the Jacksonville Beach Firefighters' Retirement Plan must continue to make legally required contributions, and accrue service benefits under the Plan for as long as they are employed as certified firefighters by the City of Jacksonville.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA

The City of Jacksonville will continue to be the plan sponsor and is responsible for the unfunded actuarial accrued liability as determined by the plan actuary as of November 22, 2019. The City of Jacksonville is responsible for paying the total required contribution to the Jacksonville Beach Firefighters' Retirement Plan and estimated annual employee contributions.

**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, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Measurement Date:	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability					
Service Cost	\$ 1,376,901	\$ 1,391,483	\$ 1,207,176	\$ 1,111,657	\$ 1,129,366
Interest on the Total Pension Liability	5,106,511	4,852,273	4,606,558	4,557,077	4,443,924
Difference Between Expected and Actual Experience	1,126,397	325,573	(1,228,033)	(891,893)	
Assumption Changes (1), (2), (3)	2,931,687	2,129,976	2,784,150		
Benefit Payments	(4,555,656)	(4,599,574)	(3,929,634)	(4,052,263)	(3,669,967)
Refunds	(158,889)	(97,989)	(153,923)	(276,366)	(301,455)
Net Change in Total Pension Liability	5,826,951	4,001,742	3,286,294	448,212	1,601,868
Total Pension Liability-Beginning	66,308,198	62,306,456	59,020,162	58,571,950	56,970,082
Total Pension Liability-Ending (a)	72,135,149	66,308,198	62,306,456	59,020,162	58,571,950
Plan Fiduciary Net Position					
Employer and State Contributions	1,898,689	1,591,545	1,321,320	1,387,165	1,216,994
Employee Contributions	1,029,762	1,018,627	927,251	853,057	771,553
Pension Plan Net Investment Income	4,761,584	5,827,579	3,782,591	(153,496)	4,697,264
Benefit Payments	(4,555,656)	(4,599,574)	(3,929,634)	(4,052,263)	(3,669,967)
Refunds	(158,889)	(97,989)	(153,923)	(276,366)	(301,456)
Pension Plan Administrative Expense	(100,429)	(105,804)	(111,995)	(92,050)	(102,358)
Net Change in Plan Fiduciary Net Position	2,875,061	3,634,384	1,835,610	(2,333,953)	2,612,030
Plan Fiduciary Net Position-Beginning	52,771,855	49,137,471	47,301,861	49,635,814	47,023,784
Plan Fiduciary Net Position-Ending (b)	55,646,916	52,771,855	49,137,471	47,301,861	49,635,814
Net Pension Liability-Ending (a) – (b)	\$ 16,488,233	\$ 13,536,343	\$ 13,168,985	\$ 11,718,301	\$ 8,936,136
Plan Fiduciary Net Position as Percentage of Total Pension Liability	77.14%	79.59%	78.86%	80.15%	84.74%
Covered Payroll	\$ 12,952,981	\$ 12,812,918	\$ 11,663,535	\$ 10,730,277	\$ 10,622,900
Net Pension Liability as a Percentage of Covered Payroll	127.29%	105.65%	112.91%	109.21%	84.12%

Notes to Schedule:

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

(1) - Assumption changes for the 9/30/16 measurement date include adding a 3% load on the present value of future benefits as a margin for future mortality improvements.

(2) - Assumption changes for the 9/30/17 measurement date include lowering the investment return and wage inflation assumptions from 8.0% to 7.9% and 3.5% to 2.5%, respectively, and the use of the HB mandated FRS mortality tables.

(3) - Assumption changes for the 9/30/18 measurement date include lowering the investment return from 7.9% to 7.5%.

**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, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Measurement Date:	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability					
Service Cost	\$ 625,887	\$ 633,232	\$ 608,970	\$ 583,329	\$ 517,788
Interest on the Total Pension Liability	1,916,453	1,826,742	1,709,163	1,632,596	1,568,728
Benefit Changes (1)					(2,590,277)
Difference Between Expected and Actual Experience	177,596	(458,370)	(393,421)		54,979
Assumption Changes (2), (3), (4)	1,221,310	675,123	776,974		
Benefit Payments	(1,161,010)	(1,176,786)	(1,211,452)	(1,263,089)	(1,275,228)
Refunds	(65,031)	(94,019)	(5,905)	(62,865)	(150,660)
Net Change in Total Pension Liability	2,715,205	1,405,922	1,484,329	889,971	(1,874,670)
Total Pension Liability-Beginning	24,558,982	23,153,060	21,668,731	20,778,760	22,653,430
Total Pension Liability-Ending (a)	27,274,187	24,558,982	23,153,060	21,668,731	20,778,760
Plan Fiduciary Net Position					
Employer and State Contributions	691,323	705,983	662,694	562,835	530,453
Employee Contributions	362,140	353,277	343,112	328,665	263,978
Pension Plan Net Investment Income	1,991,673	2,367,943	1,498,725	(59,565)	1,819,901
Benefit Payments	(1,161,010)	(1,176,786)	(1,211,452)	(1,263,089)	(1,275,228)
Refunds	(65,031)	(94,019)	(5,905)	(62,865)	(150,660)
Pension Plan Administrative Expense	(88,504)	(80,293)	(66,704)	(71,518)	(81,366)
Net Change in Plan Fiduciary Net Position	1,730,591	2,076,105	1,220,470	(565,537)	1,107,078
Plan Fiduciary Net Position-Beginning	22,048,341	19,972,236	18,751,766	19,317,303	18,210,225
Plan Fiduciary Net Position-Ending (b)	23,778,932	22,048,341	19,972,236	18,751,766	19,317,303
Net Pension Liability-Ending (a) – (b)	\$ 3,495,255	\$ 2,510,641	\$ 3,180,824	\$ 2,916,965	\$ 1,461,457
Plan Fiduciary Net Position as Percentage of Total Pension Liability					
Covered Payroll	\$ 4,555,220	\$ 4,443,736	\$ 4,315,874	\$ 4,134,151	\$ 3,945,943
Net Pension Liability as a Percentage of Covered Payroll	76.73%	56.50%	73.70%	70.56%	37.04%

Notes to Schedule:

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

(1) - 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.

(2) - Assumption changes for the 9/30/16 measurement date include adding a 3% load on the present value of future benefits as a margin for future mortality improvements.

(3) - Assumption changes for the 9/30/17 measurement date include lowering the investment return and wage inflation assumptions from 8.0% to 7.9% and 3.5% to 2.5%, respectively, and the use of the HB mandated FRS mortality tables.

(4) - Assumption changes for the 9/30/18 measurement date include lowering the investment return from 7.9% to 7.5%.

**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, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Measurement Date:	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability					
Service Cost	\$ 306,120	\$ 302,339	\$ 281,750	\$ 245,288	\$ 246,636
Interest on the Total Pension Liability	1,207,186	1,096,691	993,524	951,607	912,823
Benefit Changes (1)					(1,652,165)
Difference Between Expected and Actual Experience	188,875	216,068	33,751	117,343	
Assumption Changes (2), (3), (4)	879,444	717,489	812,177		
Benefit Payments	(774,227)	(750,335)	(933,482)	(683,521)	(664,459)
Net Change in Total Pension Liability	1,807,398	1,582,252	1,187,720	630,717	(1,157,165)
Total Pension Liability-Beginning	15,514,890	13,932,638	12,744,918	12,114,201	13,271,366
Total Pension Liability-Ending (a)	17,322,288	15,514,890	13,932,638	12,744,918	12,114,201
Plan Fiduciary Net Position					
Employer and State Contributions	608,384	501,375	422,041	389,997	457,932
Employee Contributions	161,383	168,792	160,567	146,951	122,590
Pension Plan Net Investment Income	1,112,333	1,322,095	855,178	(33,549)	1,010,160
Benefit Payments	(774,227)	(750,335)	(933,482)	(683,521)	(664,459)
Pension Plan Administrative Expense	(75,780)	(71,311)	(62,635)	(66,361)	(77,810)
Net Change in Plan Fiduciary Net Position	1,032,093	1,170,616	441,669	(246,483)	848,413
Plan Fiduciary Net Position-Beginning	12,312,108	11,141,492	10,699,823	10,946,306	10,097,893
Plan Fiduciary Net Position-Ending (b)	13,344,201	12,312,108	11,141,492	10,699,823	10,946,306
Net Pension Liability-Ending (a) – (b)	\$ 3,978,087	\$ 3,202,782	\$ 2,791,146	\$ 2,045,095	\$ 1,167,895
Plan Fiduciary Net Position as Percentage of Total Pension Liability	77.03%	79.36%	79.97%	83.95%	90.36%
Covered Payroll	\$ 2,029,975	\$ 2,123,170	\$ 2,019,711	\$ 1,848,440	\$ 1,867,968
Net Pension Liability as a Percentage of Covered Payroll	195.97%	150.85%	138.20%	110.64%	62.52%

Notes to Schedule:

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

(1) - 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.

(2) - Assumption changes for the 9/30/16 measurement date include adding a 3% load on the present value of future benefits as a margin for future mortality improvements.

(3) - Assumption changes for the 9/30/17 measurement date include lowering the investment return and wage inflation assumptions from 8.0% to 7.9% and 3.5% to 2.5%, respectively, and the use of the HB mandated FRS mortality tables.

(4) - Assumption changes for the 9/30/18 measurement date include lowering the investment return from 7.9% to 7.5%.

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

	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 2,097,788	\$ 1,892,707	\$ 1,591,545	\$ 1,321,320	\$ 1,387,165	\$ 1,205,756
Contributions in Relation to the Actuarially Determined Contribution	2,100,105	1,898,689	1,591,545	1,321,320	1,387,165	1,216,994
Contribution Deficiency (Excess)	<u>\$ (2,317)</u>	<u>\$ (5,982)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,238)</u>
Covered Payroll	\$ 13,044,000	\$ 12,952,981	\$ 12,812,918	\$ 11,663,535	\$ 10,730,277	\$ 10,622,900
Contributions as a Percentage of Covered Payroll	16.10%	14.66%	12.42%	11.33%	12.93%	11.46%

Notes to Schedule of Contributions

Valuation Date	October 1, 2017 for period ended September 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	4 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.5% wage inflation, 2.5% price inflation
Investment Rate of Return	7.9%
Projected Salary Increases	2.5% to 6.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB.

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

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

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Actuarially Determined Contribution	\$ 770,582	\$ 691,323	\$ 678,304	\$ 633,555	\$ 511,049	\$ 490,666
Contributions in Relation to the Actuarially Determined Contribution	<u>802,241</u>	<u>691,323</u>	<u>705,983</u>	<u>662,694</u>	<u>562,835</u>	<u>530,453</u>
Contribution Deficiency (Excess)	<u>\$ (31,659)</u>	<u>\$ -</u>	<u>\$ (27,679)</u>	<u>\$ (29,139)</u>	<u>\$ (51,786)</u>	<u>\$ (39,787)</u>
Covered Payroll	\$ 4,827,950	\$ 4,555,220	\$ 4,443,736	\$ 4,315,874	\$ 4,134,151	\$ 3,945,943
Contributions as a Percentage of Covered Payroll	16.62%	15.18%	15.89%	15.35%	13.61%	13.44%

Notes to Schedule of Contributions

Valuation Date	October 1, 2017 for period ended September 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	4 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.5% wage inflation, 2.5% price inflation
Investment Rate of Return	7.9%
Projected Salary Increases	2.5% to 6.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB.

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

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

	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 657,730	\$ 608,384	\$ 501,375	\$ 422,041	\$ 368,361	\$ 408,279
Contributions in Relation to the Actuarially Determined Contribution	657,730	608,384	501,375	422,041	389,997	457,932
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (21,636)	\$ (49,653)
Covered Payroll	\$ 2,444,491	\$ 2,029,975	\$ 2,123,170	\$ 2,019,711	\$ 1,848,440	\$ 1,867,968
Contributions as a Percentage of Covered Payroll	26.91%	29.97%	23.61%	20.90%	21.10%	24.51%

Notes to Schedule of Contributions

Valuation Date	October 1, 2017 for period ended September 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	4 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.5% wage inflation, 2.5% price inflation
Investment Rate of Return	7.9%
Projected Salary Increases	2.7% to 6.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB.

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

**SCHEDULE OF INVESTMENT RETURNS
CITY OF JACKSONVILLE BEACH, FLORIDA
PENSION TRUST FUNDS**

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

Fiscal Year Ended September 30,	General Employees	Police Officers	Firefighters
2019	5.61%	5.61%	5.61%
2018	9.22%	9.22%	9.22%
2017	12.11%	12.11%	12.11%
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%

**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB)
AND RELATED RATIOS
CITY OF JACKSONVILLE BEACH, FLORIDA
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Reporting Date: 9/30/2019
Measurement Date: 9/30/2018

Total OPEB Liability	
Service Cost	\$ 178,369
Interest on the Total OPEB Liability	119,333
Difference between Expected and Actual Experience of the Total OPEB Liability	(260,980)
Changes in Assumptions and Other Inputs	(915,785)
Benefit Payments	(161,121)
Net Change in Total OPEB Liability	<u>(1,040,184)</u>
Total OPEB Liability - Beginning of Year, As Restated	<u>3,311,694</u>
Total OPEB Liability - End of Year	<u><u>\$ 2,271,510</u></u>
Estimated Covered-Employee Payroll	17,880,928
Total OPEB Liability as a percentage of Covered-Employee Payroll	12.70%

Notes:

Covered-employee payroll presented above is an estimate based on data submitted. GASB Statement 75 defined Covered-employee payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminating during the measurement period.

Changes in assumptions and other inputs include the change in the discount rate from 3.50% as of the previous measurement date to 3.83% as of September 30, 2018 and the change in initial costs and premium amounts for this valuation.

10 years of data will be displayed as information becomes available.

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
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	\$ 942,373	\$ 5,408	\$ 1,048,425	\$ 1,961,420	
Special Assessments Receivable			22,282		
Due from Other Governments	94,571		141,800	214,000	\$ 2,329
Total Assets	<u>1,036,944</u>	<u>5,408</u>	<u>1,212,507</u>	<u>2,175,420</u>	<u>2,329</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	4,553		25,887	12,982	
Other Accrued Liabilities			866		
Inter-Fund Payables					2,329
Total Liabilities	<u>4,553</u>	<u>-</u>	<u>26,753</u>	<u>12,982</u>	<u>2,329</u>
Deferred Inflows of Resources					
Unavailable Revenues	35,200	-	164,082	214,000	-
Fund Balances					
Restricted for:					
Tourism Expenditures	997,191				
Transportation Improvements			1,021,672		
Capital Projects				1,948,438	
Law Enforcement		5,408			
Committed for:					
Tree Replacement					
Total Fund Balances	<u>997,191</u>	<u>5,408</u>	<u>1,021,672</u>	<u>1,948,438</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,036,944</u>	<u>\$ 5,408</u>	<u>\$ 1,212,507</u>	<u>\$ 2,175,420</u>	<u>\$ 2,329</u>

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

	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	\$ 256,229		\$ 3,121	\$ 26,166	\$ 195,845
Special Assessments Receivable Due from Other Governments		\$ 57,403			
Total Assets	<u>256,229</u>	<u>57,403</u>	<u>3,121</u>	<u>26,166</u>	<u>195,845</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable				888	5,080
Other Accrued Liabilities				396	
Inter-Fund Payables		57,403			
Total Liabilities	<u>-</u>	<u>57,403</u>	<u>-</u>	<u>1,284</u>	<u>5,080</u>
Deferred Inflows of Resources					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted for:					
Tourism Expenditures					
Transportation Improvements					
Capital Projects					
Law Enforcement	256,229			24,882	190,765
Committed for:					
Tree Replacement			3,121		
Total Fund Balances	<u>256,229</u>	<u>-</u>	<u>3,121</u>	<u>24,882</u>	<u>190,765</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 256,229</u>	<u>\$ 57,403</u>	<u>\$ 3,121</u>	<u>\$ 26,166</u>	<u>\$ 195,845</u>

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	Debt Service	Capital Projects Funds		Total Non-Major Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Dog Park Fund	
Assets				
Equity in Pooled Cash and Investments		\$ 2,894,508		\$ 7,333,495
Special Assessments Receivable				22,282
Due from Other Governments				510,103
Total Assets	<u>\$ -</u>	<u>2,894,508</u>	<u>\$ -</u>	<u>7,865,880</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable				49,390
Other Accrued Liabilities				1,262
Inter-Fund Payables				59,732
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,384</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,282</u>
Fund Balances				
Restricted for:				
Tourism Expenditures				997,191
Transportation Improvements				1,021,672
Capital Projects		2,894,508		4,842,946
Law Enforcement				477,284
Committed for:				
Tree Replacement				3,121
Total Fund Balances	<u>-</u>	<u>2,894,508</u>	<u>-</u>	<u>7,342,214</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 2,894,508</u>	<u>\$ -</u>	<u>\$ 7,865,880</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 422,275		\$ 850,266	\$ 1,428,466	
Intergovernmental					\$ 142,366
Fines and Forfeitures		\$ 9,968			
Other Revenue	29,547	216	32,692	55,458	
Total Revenues	<u>451,822</u>	<u>10,184</u>	<u>882,958</u>	<u>1,483,924</u>	<u>142,366</u>
Expenditures					
Current:					
General Government				3,093	
Public Safety		13,135			
Physical Environment					
Roads and Streets			176,891		
Parks and Recreation	117,543				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay	16,010			171,636	
(Total Expenditures)	<u>(133,553)</u>	<u>(13,135)</u>	<u>(176,891)</u>	<u>(174,729)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>318,269</u>	<u>(2,951)</u>	<u>706,067</u>	<u>1,309,195</u>	<u>142,366</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)			(372,000)	(471,333)	(142,366)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(372,000)</u>	<u>(471,333)</u>	<u>(142,366)</u>
Net Change in Fund Balance	318,269	(2,951)	334,067	837,862	-
Fund Balances, Beginning of Year	<u>678,922</u>	<u>8,359</u>	<u>687,605</u>	<u>1,110,576</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 997,191</u>	<u>\$ 5,408</u>	<u>\$ 1,021,672</u>	<u>\$ 1,948,438</u>	<u>\$ -</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

	Special Revenue Funds				
	Radio Communications Fund	J.A.G. Grant Fund	Tree Protection Fund	Law Enforcement Trust Fund	Equitable Sharing Trust Fund
Revenues					
Taxes					
Intergovernmental		\$ 57,403			
Fines and Forfeitures	\$ 31,554			\$ 2,980	\$ 23,700
Other Revenue	8,255		\$ 122	4,939	6,781
Total Revenues	<u>39,809</u>	<u>57,403</u>	<u>122</u>	<u>7,919</u>	<u>30,481</u>
Expenditures					
Current:					
General Government					
Public Safety	1,330			30,855	5,466
Physical Environment			3,008		
Roads and Streets					
Parks and Recreation					
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay		8,276			
(Total Expenditures)	<u>(1,330)</u>	<u>(8,276)</u>	<u>(3,008)</u>	<u>(30,855)</u>	<u>(5,466)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>38,479</u>	<u>49,127</u>	<u>(2,886)</u>	<u>(22,936)</u>	<u>25,015</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)		(49,127)			
Total Other Financing Sources (Uses)	<u>-</u>	<u>(49,127)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	38,479	-	(2,886)	(22,936)	25,015
Fund Balances, Beginning of Year	<u>217,750</u>	<u>-</u>	<u>6,007</u>	<u>47,818</u>	<u>165,750</u>
Fund Balances, End of Year	<u>\$ 256,229</u>	<u>\$ -</u>	<u>\$ 3,121</u>	<u>\$ 24,882</u>	<u>\$ 190,765</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	Debt Service Fund	Capital Projects Funds		Total Non-Major Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Dog Park Fund	
Revenues				
Taxes				\$ 2,701,007
Intergovernmental				199,769
Fines and Forfeitures				68,202
Other Revenue	\$ 1,221	\$ 105,098	\$ 342	244,671
Total Revenues	<u>1,221</u>	<u>105,098</u>	<u>342</u>	<u>3,213,649</u>
Expenditures				
Current:				
General Government				3,093
Public Safety				50,786
Physical Environment		5,965		8,973
Roads and Streets				176,891
Parks and Recreation			19	117,562
Debt Service:				
Principal	490,000			490,000
Interest and Fees	4,310			4,310
Capital Outlay		817		196,739
(Total Expenditures)	<u>(494,310)</u>	<u>(6,782)</u>	<u>(19)</u>	<u>(1,048,354)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(493,089)</u>	<u>98,316</u>	<u>323</u>	<u>2,165,295</u>
Other Financing Sources (Uses)				
Transfers in	471,333			471,333
Transfers (out)			(9,455)	(1,044,281)
Total Other Financing Sources (Uses)	<u>471,333</u>	<u>-</u>	<u>(9,455)</u>	<u>(572,948)</u>
Net Change in Fund Balance	(21,756)	98,316	(9,132)	1,592,347
Fund Balances, Beginning of Year	<u>21,756</u>	<u>2,796,192</u>	<u>9,132</u>	<u>5,749,867</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 2,894,508</u>	<u>\$ -</u>	<u>\$ 7,342,214</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, 2019
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	\$ 351,425	\$ 351,425	\$ 422,275	\$ 70,850
Other Revenue	6,810	6,810	29,547	22,737
Total Revenues	<u>358,235</u>	<u>358,235</u>	<u>451,822</u>	<u>93,587</u>
Expenditures				
Current:				
Parks and Recreation	118,630	122,630	117,543	5,087
Capital Outlay	135,000	151,009	16,010	134,999
(Total Expenditures)	<u>(253,630)</u>	<u>(273,639)</u>	<u>(133,553)</u>	<u>140,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	104,605	84,596	318,269	233,673
Other Financing Sources (Uses)				
Transfers (out)	-	-	-	-
Net Change in Fund Balance	<u>\$ 104,605</u>	<u>\$ 84,596</u>	<u>\$ 318,269</u>	<u>\$ 233,673</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, 2019
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	\$ 12,000	\$ 12,000	\$ 9,968	\$ (2,032)
Other Revenue	500	500	216	(284)
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>10,184</u>	<u>(2,316)</u>
Expenditures				
Current:				
Public Safety	<u>12,200</u>	<u>12,200</u>	<u>13,135</u>	<u>(935)</u>
(Total Expenditures)	<u>(12,200)</u>	<u>(12,200)</u>	<u>(13,135)</u>	<u>(935)</u>
Net Change in Fund Balance	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ (2,951)</u>	<u>\$ (3,251)</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, 2019
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	\$ 807,314	\$ 807,314	\$ 850,266	\$ 42,952
Other Revenue	6,953	6,953	32,692	25,739
Total Revenues	<u>814,267</u>	<u>814,267</u>	<u>882,958</u>	<u>68,691</u>
Expenditures				
Current:				
Roads and Streets	356,332	426,411	176,891	249,520
(Total Expenditures)	<u>(356,332)</u>	<u>(426,411)</u>	<u>(176,891)</u>	<u>249,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	457,935	387,856	706,067	318,211
Other Financing Sources (Uses)				
Transfers (out)	<u>(372,000)</u>	<u>(372,000)</u>	<u>(372,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 85,935</u>	<u>\$ 15,856</u>	<u>\$ 334,067</u>	<u>\$ 318,211</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, 2019
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	\$ 1,356,589	\$ 1,356,589	\$ 1,428,466	\$ 71,877
Other Revenue	7,500	7,500	55,458	47,958
Total Revenues	<u>1,364,089</u>	<u>1,364,089</u>	<u>1,483,924</u>	<u>119,835</u>
Expenditures				
Current:				
General Government	1,500	1,500	3,093	(1,593)
Capital Outlay	270,000	473,696	171,636	302,060
(Total Expenditures)	<u>(271,500)</u>	<u>(475,196)</u>	<u>(174,729)</u>	<u>300,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,092,589	888,893	1,309,195	420,302
Other Financing Sources (Uses)				
Transfers (out)	<u>(485,000)</u>	<u>(485,000)</u>	<u>(471,333)</u>	<u>13,667</u>
Net Change in Fund Balance	<u>\$ 607,589</u>	<u>\$ 403,893</u>	<u>\$ 837,862</u>	<u>\$ 433,969</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, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 138,000	\$ 138,000	\$ 142,366	\$ 4,366
Total Revenues	138,000	138,000	142,366	4,366
Expenditures				
(Total Expenditures)	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	138,000	138,000	142,366	4,366
Other Financing Sources (Uses)				
Transfers (out)	(138,000)	(138,000)	(142,366)	(4,366)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 RADIO COMMUNICATION FUND
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 25,000	\$ 25,000	\$ 31,554	\$ 6,554
Other Revenue	1,500	1,500	8,255	6,755
Total Revenues	26,500	26,500	39,809	13,309
Expenditures				
Current:				
Public Safety	10,000	10,000	1,330	8,670
(Total Expenditures)	(10,000)	(10,000)	(1,330)	8,670
Net Change in Fund Balance	\$ 16,500	\$ 16,500	\$ 38,479	\$ 21,979

**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, 2019
 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				
Intergovernmental	\$ -	\$ 59,486	\$ 57,403	\$ (2,083)
Total Revenues	<u>-</u>	<u>59,486</u>	<u>57,403</u>	<u>(2,083)</u>
Expenditures				
Current:				
Public Safety	-	9,101	8,276	825
(Total Expenditures)	<u>-</u>	<u>(9,101)</u>	<u>(8,276)</u>	<u>825</u>
Excess of Revenues Over Expenditures	-	50,385	49,127	(1,258)
Other Financing Sources (Uses)				
Transfers (out)	-	(50,385)	(49,127)	1,258
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019
 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	\$ 122	\$ 22
Total Revenues	<u>100</u>	<u>100</u>	<u>122</u>	<u>22</u>
Expenditures				
Current:				
Physical Environment	<u>3,000</u>	<u>3,000</u>	<u>3,008</u>	<u>(8)</u>
(Total Expenditures)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,008)</u>	<u>(8)</u>
 Net Change in Fund Balance	 <u>\$ (2,900)</u>	 <u>\$ (2,900)</u>	 <u>\$ (2,886)</u>	 <u>\$ 14</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, 2019
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	\$ 15,000	\$ 15,000	\$ 2,980	\$ (12,020)
Other Revenue	5,200	5,200	4,939	(261)
Total Revenues	<u>20,200</u>	<u>20,200</u>	<u>7,919</u>	<u>(12,281)</u>
Expenditures				
Current:				
Public Safety	37,753	37,753	30,855	6,898
(Total Expenditures)	<u>(37,753)</u>	<u>(37,753)</u>	<u>(30,855)</u>	<u>6,898</u>
Net Change in Fund Balance	<u>\$ (17,553)</u>	<u>\$ (17,553)</u>	<u>\$ (22,936)</u>	<u>\$ (5,383)</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, 2019
 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	\$ 10,000	\$ 10,000	\$ 23,700	\$ 13,700
Other Revenue	1,500	1,500	6,781	5,281
Total Revenues	<u>11,500</u>	<u>11,500</u>	<u>30,481</u>	<u>18,981</u>
Expenditures				
Current:				
Public Safety	26,000	26,000	5,466	20,534
Capital Outlay		15,240		15,240
(Total Expenditures)	<u>(26,000)</u>	<u>(41,240)</u>	<u>(5,466)</u>	<u>35,774</u>
Net Change in Fund Balance	<u>\$ (14,500)</u>	<u>\$ (29,740)</u>	<u>\$ 25,015</u>	<u>\$ 54,755</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, 2019
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	\$ 2,000	\$ 2,000	\$ 1,221	\$ (779)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,221</u>	<u>(779)</u>
Expenditures				
Debt Service:				
Principal	490,000	490,000	490,000	-
Interest and Fees	10,227	10,227	4,310	5,917
(Total Expenditures)	<u>(500,227)</u>	<u>(500,227)</u>	<u>(494,310)</u>	<u>5,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(498,227)	(498,227)	(493,089)	5,138
Other Financing Sources (Uses)				
Transfers in	485,000	485,000	471,333	(13,667)
Net Change in Fund Balance	<u>\$ (13,227)</u>	<u>\$ (13,227)</u>	<u>\$ (21,756)</u>	<u>\$ (8,529)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL CAPITAL PROJECTS FUND
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 70,000	\$ 70,000	\$ 246,242	\$ 176,242
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>246,242</u>	<u>176,242</u>
Expenditures				
Current:				
General Government	197,000	194,995	127,407	67,588
Roads and Streets	30,000	1,406,052	1,103,514	302,538
Capital Outlay	1,147,938	3,529,784	1,781,311	1,748,473
(Total Expenditures)	<u>(1,374,938)</u>	<u>(5,130,831)</u>	<u>(3,012,232)</u>	<u>2,118,599</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,304,938)	(5,060,831)	(2,765,990)	2,294,841
Other Financing Sources (Uses)				
Transfers in	880,000	2,130,000	2,130,000	-
Net Change in Fund Balance	<u>\$ (424,938)</u>	<u>\$ (2,930,831)</u>	<u>\$ (635,990)</u>	<u>\$ 2,294,841</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
INFRASTRUCTURE TAX CAPITAL PROJECTS FUND
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 50,000	\$ 50,000	\$ 105,098	\$ 55,098
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>105,098</u>	<u>55,098</u>
Expenditures				
Current:				
Physical Environment			5,965	(5,965)
Capital Outlay		169,253	817	168,436
(Total Expenditures)	<u>-</u>	<u>(169,253)</u>	<u>(6,782)</u>	<u>162,471</u>
Net Change in Fund Balance	<u>\$ 50,000</u>	<u>\$ (119,253)</u>	<u>\$ 98,316</u>	<u>\$ 217,569</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DOG PARK FUND
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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			\$ 342	\$ 342
Total Revenues	\$ -	\$ -	342	342
Expenditures				
Current:				
Parks and Recreation			19	(19)
(Total Expenditures)	-	-	(19)	(19)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	323	323
Other Financing Sources (Uses)				
Transfers (out)			(9,455)	9,455
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,132)</u>	<u>\$ 9,778</u>

**COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2019
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	\$ 5,384,154	\$ 4,859,950	\$ 681,143	\$ 1,016,815	\$ 3,138,229	\$ 15,080,291
Other Operating Cash			1,300			1,300
Receivables:						
Accounts, Net	185,273	424,971	16,122	12,331	226,746	865,443
Due from Other Governments		(2,892)				(2,892)
Inventory			22,804			22,804
Prepaid Expenses			963	830		1,793
Total Current Assets	<u>5,569,427</u>	<u>5,282,029</u>	<u>722,332</u>	<u>1,029,976</u>	<u>3,364,975</u>	<u>15,968,739</u>
Non-Current Assets						
Capital Assets:						
Land	1,057,992		388,980	28,000		1,474,972
Buildings and Improvements	23,683,255		4,182,691	813,838	5,440,747	34,120,531
Equipment	135,322	373,833	289,864	767,987		1,567,006
Construction in Progress	1,752,537				602,545	2,355,082
	<u>26,629,106</u>	<u>373,833</u>	<u>4,861,535</u>	<u>1,609,825</u>	<u>6,043,292</u>	<u>39,517,591</u>
(Accumulated Depreciation)	<u>(11,688,151)</u>	<u>(293,634)</u>	<u>(1,624,459)</u>	<u>(1,320,773)</u>	<u>(1,024,671)</u>	<u>(15,951,688)</u>
Total Non-Current Assets	<u>14,940,955</u>	<u>80,199</u>	<u>3,237,076</u>	<u>289,052</u>	<u>5,018,621</u>	<u>23,565,903</u>
Total Assets	<u>20,510,382</u>	<u>5,362,228</u>	<u>3,959,408</u>	<u>1,319,028</u>	<u>8,383,596</u>	<u>39,534,642</u>
Deferred Outflows of Resources						
Pension Related	76,646	73,199	252,254			402,099
OPEB Related	854		4,694			5,548
Total Deferred Outflows of Resources	<u>77,500</u>	<u>73,199</u>	<u>256,948</u>	<u>-</u>	<u>-</u>	<u>407,647</u>

COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2019
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	\$ 9,160	\$ 255,795	\$ 33,405	\$ 159	\$ 456,963	\$ 755,482
Power Costs Recovered in Advance					356,391	356,391
Other Accrued Liabilities	3,470	3,508	34,338	3,562	11,617	56,495
Due to Other Governments		3,563				3,563
Unearned Revenues			11,544		2,297	13,841
Current Portion of Long-Term Debt:						
Compensated Absences		1,650	8,159			9,809
Total Current Liabilities	<u>12,630</u>	<u>264,516</u>	<u>87,446</u>	<u>3,721</u>	<u>827,268</u>	<u>1,195,581</u>
Non-Current Liabilities						
Accrued Compensated Absences		6,599	32,636			39,235
Other Postemployment Benefits	15,355		84,409			99,764
Net Pension Liability	164,071	193,424	561,586			919,081
Total Non-Current Liabilities	<u>179,426</u>	<u>200,023</u>	<u>678,631</u>	<u>-</u>	<u>-</u>	<u>1,058,080</u>
Total Liabilities	<u>192,056</u>	<u>464,539</u>	<u>766,077</u>	<u>3,721</u>	<u>827,268</u>	<u>2,253,661</u>
Deferred Inflows of Resources						
Pension Related	13,409	19,877	45,661			78,947
OPEB Related	7,802		42,889			50,691
Total Deferred Inflows of Resources	<u>21,211</u>	<u>19,877</u>	<u>88,550</u>	<u>-</u>	<u>-</u>	<u>129,638</u>
Net Position						
Net Investment in Capital Assets	14,940,955	80,199	3,237,076	289,052	5,018,621	23,565,903
Unrestricted	5,433,660	4,870,812	124,653	1,026,255	2,537,707	13,993,087
Total Net Position	<u>\$ 20,374,615</u>	<u>\$ 4,951,011</u>	<u>\$ 3,361,729</u>	<u>\$ 1,315,307</u>	<u>\$ 7,556,328</u>	<u>\$ 37,558,990</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Stormwater	Sanitation	Golf Course	Leased Facilities	Natural Gas	Totals
Operating Revenues						
Charges for Services	\$ 1,408,750	\$ 3,540,413	\$ 1,985,158		\$ 2,099,992	\$ 9,034,313
Other		38,760	27,945	\$ 664,195	62,740	793,640
Total Operating Revenues	<u>1,408,750</u>	<u>3,579,173</u>	<u>2,013,103</u>	<u>664,195</u>	<u>2,162,732</u>	<u>9,827,953</u>
Operating Expenses						
Purchased Power					1,125,906	1,125,906
Personal Services	199,447	282,448	877,697	40,622		1,400,214
Purchased Services	110,113	3,053,065	89,495	8,957	209,159	3,470,789
Repairs and Maintenance	20,614	7,153	78,585	228,097	270	334,719
Depreciation	788,787	32,268	82,054	98,896	154,158	1,156,163
Materials and Supplies	6,064	21,173	305,193		4,208	336,638
Other Expenses	169,085	158,182	444,778	6,714	99,190	877,949
(Total Operating Expenses)	<u>(1,294,110)</u>	<u>(3,554,289)</u>	<u>(1,877,802)</u>	<u>(383,286)</u>	<u>(1,592,891)</u>	<u>(8,702,378)</u>
Operating Income (Loss)	<u>114,640</u>	<u>24,884</u>	<u>135,301</u>	<u>280,909</u>	<u>569,841</u>	<u>1,125,575</u>
Non-Operating Revenues (Expenses)						
Investment Earnings	183,721	174,748	15,565	30,396	103,664	508,094
Intergovernmental Revenue	15,204					15,204
Total Non-Operating Revenues (Expense)	<u>198,925</u>	<u>174,748</u>	<u>15,565</u>	<u>30,396</u>	<u>103,664</u>	<u>523,298</u>
Income (Loss) Before Contributions and Transfers	<u>313,565</u>	<u>199,632</u>	<u>150,866</u>	<u>311,305</u>	<u>673,505</u>	<u>1,648,873</u>
Capital Contributions						
Contributions from Other Funds			1,691,765			1,691,765
Developer Contributions					100,000	100,000
Total Capital Contributions	<u>-</u>	<u>-</u>	<u>1,691,765</u>	<u>-</u>	<u>100,000</u>	<u>1,791,765</u>
Transfers						
Transfers in			650,000			650,000
Transfers (out)		(500,000)		(110,000)	(274,047)	(884,047)
Total Transfers	<u>-</u>	<u>(500,000)</u>	<u>650,000</u>	<u>(110,000)</u>	<u>(274,047)</u>	<u>(234,047)</u>
Change in Net Position	<u>313,565</u>	<u>(300,368)</u>	<u>2,492,631</u>	<u>201,305</u>	<u>499,458</u>	<u>3,206,591</u>
Total Net Position, Beginning of Year, as Restated	<u>20,061,050</u>	<u>5,251,379</u>	<u>869,098</u>	<u>1,114,002</u>	<u>7,056,870</u>	<u>34,352,399</u>
Total Net Position, End of Year	<u>\$ 20,374,615</u>	<u>\$ 4,951,011</u>	<u>\$ 3,361,729</u>	<u>\$ 1,315,307</u>	<u>\$ 7,556,328</u>	<u>\$ 37,558,990</u>

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 1,392,197	\$ 3,563,200	\$ 1,980,369	\$ 659,956	\$ 2,276,510	\$ 9,872,232
Cash Payments to Vendors for Goods and Services	(327,490)	(3,323,700)	(886,846)	(245,027)	(1,072,013)	(5,855,076)
Cash Payments to Employees for Services	(194,140)	(305,361)	(780,498)	(40,622)		(1,320,621)
Net Cash Provided by (Used in) Operating Activities	<u>870,567</u>	<u>(65,861)</u>	<u>313,025</u>	<u>374,307</u>	<u>1,204,497</u>	<u>2,696,535</u>
Cash Flows from Non-Capital Financing Activities						
Transfers in			650,000			650,000
Intergovernmental Revenue	15,204	1,361,461				1,376,665
Transfers (out)		(500,000)		(110,000)	(274,047)	(884,047)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>15,204</u>	<u>861,461</u>	<u>650,000</u>	<u>(110,000)</u>	<u>(274,047)</u>	<u>1,142,618</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(271,519)	465,735	(546,782)	(52,702)	(440,116)	(845,384)
Capital Grants					100,000	100,000
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(271,519)</u>	<u>465,735</u>	<u>(546,782)</u>	<u>(52,702)</u>	<u>(340,116)</u>	<u>(745,384)</u>
Cash Flows from Investing Activities						
Interest Received on Investments	183,721	174,748	15,565	30,398	103,664	508,096
Net Increase (Decrease) in Cash and Cash Equivalents	797,973	1,436,083	431,808	242,003	693,998	3,601,865
Cash and Cash Equivalents, Beginning of Year	<u>4,586,181</u>	<u>3,423,867</u>	<u>250,635</u>	<u>774,812</u>	<u>2,444,231</u>	<u>11,479,726</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,384,154</u>	<u>\$ 4,859,950</u>	<u>\$ 682,443</u>	<u>\$ 1,016,815</u>	<u>\$ 3,138,229</u>	<u>\$ 15,081,591</u>

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	\$ 5,384,154	\$ 4,859,950	\$ 681,143	\$ 1,016,815	\$ 3,138,229	\$ 15,080,291
Other Operating Cash			1,300			1,300
Total	<u>\$ 5,384,154</u>	<u>\$ 4,859,950</u>	<u>\$ 682,443</u>	<u>\$ 1,016,815</u>	<u>\$ 3,138,229</u>	<u>\$ 15,081,591</u>
<u>Reconciliation of Operating Income (Loss) to Net</u>						
<u>Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 114,640	\$ 24,884	\$ 135,301	\$ 280,909	\$ 569,841	\$ 1,125,575
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	788,787	32,267	82,054	98,896	154,158	1,156,162
Power Costs Recovered in Advance (Returned)					94,117	94,117
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	(16,553)	(15,973)	(2,815)	(4,239)	17,364	(22,216)
Inventories			(15,017)			(15,017)
Prepaid Expenses			1,580	(398)		1,182
Accounts Payable and Other Accrued Liabilities	(21,614)	(84,126)	44,642	(861)	366,720	304,761
Unearned Revenues			(29,919)		2,297	(27,622)
Accrued Compensated Absences		(29,747)	1,521			(28,226)
Other Postemployment Benefits	(933)		64,677			63,744
Net Pension Liability and Pension Related Deferred Inflows and Outflows	6,240	6,834	31,001			44,075
Net Cash Provided by (Used in) Operating Activities	<u>\$ 870,567</u>	<u>\$ (65,861)</u>	<u>\$ 313,025</u>	<u>\$ 374,307</u>	<u>\$ 1,204,497</u>	<u>\$ 2,696,535</u>

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-Insurance Funds</u>	<u>Other Internal Service Funds</u>	<u>Totals</u>
Assets			
Current Assets			
Equity in Pooled Cash and Investments	\$ 3,002,781	\$ 2,018,173	\$ 5,020,954
Accounts Receivable, Net	229		229
Prepaid Expenses	942,250	8,309	950,559
Total Current Assets	<u>3,945,260</u>	<u>2,026,482</u>	<u>5,971,742</u>
Non-Current Assets			
Capital Assets:			
Buildings and Improvements		36,194	36,194
Equipment		973,283	973,283
	-	1,009,477	1,009,477
(Accumulated Depreciation)		(839,245)	(839,245)
Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>170,232</u>	<u>170,232</u>
Total Assets	<u>3,945,260</u>	<u>2,196,714</u>	<u>6,141,974</u>
Deferred Outflows of Resources			
Pension-Related	-	1,614,054	1,614,054
Liabilities			
Current Liabilities			
Accounts Payable	10,967	94,966	105,933
Other Accrued Liabilities		83,895	83,895
Estimated Liability for Self-Insured Losses	246,172		246,172
Current Portion of Long-Term Debt:			
Compensated Absences		146,098	146,098
Total Current Liabilities	<u>257,139</u>	<u>324,959</u>	<u>582,098</u>
Non-Current Liabilities			
Accrued Compensated Absences		584,389	584,389
Net Pension Liability		3,223,015	3,223,015
Total Non-Current Liabilities	<u>-</u>	<u>3,807,404</u>	<u>3,807,404</u>
Total Liabilities	<u>257,139</u>	<u>4,132,363</u>	<u>4,389,502</u>
Deferred Inflows of Resources			
Pension-Related	-	263,458	263,458
Net Position			
Net Investment in Capital Assets		170,232	170,232
Unrestricted	3,688,121	(755,285)	2,932,836
Total Net Position (Deficit)	<u>\$ 3,688,121</u>	<u>\$ (585,053)</u>	<u>\$ 3,103,068</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-Insurance Funds</u>	<u>Other Internal Service Funds</u>	<u>Totals</u>
Operating Revenues			
Charges for Services	\$ 4,217,148	\$ 8,023,493	\$ 12,240,641
Other Revenue	35,000	579	35,579
Total Operating Revenues	<u>4,252,148</u>	<u>8,024,072</u>	<u>12,276,220</u>
Operating Expenses			
Personal Services	44,209	4,469,480	4,513,689
Purchased Services	131,960	858,990	990,950
Repairs and Maintenance		311,156	311,156
Depreciation		62,180	62,180
Materials and Supplies		140,126	140,126
Other Expenses	4,017,032	1,953,302	5,970,334
(Total Operating Expenses)	<u>(4,193,201)</u>	<u>(7,795,234)</u>	<u>(11,988,435)</u>
Operating Income (Loss)	<u>58,947</u>	<u>228,838</u>	<u>287,785</u>
Non-Operating Income (Expense)			
Investment Earnings	120,235		120,235
Gain on Disposal of Capital Assets		392	392
Total Non-Operating Income (Expense)	<u>120,235</u>	<u>392</u>	<u>120,627</u>
Income Before Transfers	<u>179,182</u>	<u>229,230</u>	<u>408,412</u>
Transfers			
Transfers (out)		(50,000)	(50,000)
Total Transfers	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Change in Net Position	179,182	179,230	358,412
Total Net Position (Deficit), Beginning of Year	<u>3,508,939</u>	<u>(764,283)</u>	<u>2,744,656</u>
Total Net Position (Deficit), End of Year	<u>\$ 3,688,121</u>	<u>\$ (585,053)</u>	<u>\$ 3,103,068</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-Insurance Funds</u>	<u>Other Internal Service Funds</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 4,252,148	\$ 8,030,910	\$ 12,283,058
Cash Payments to Vendors for Goods and Services	(3,724,579)	(3,251,381)	(6,975,960)
Cash Payments to Employees for Services	(44,209)	(4,318,897)	(4,363,106)
Claims Paid	(356,778)		(356,778)
Net Cash Provided by (Used in) Operating Activities	<u>126,582</u>	<u>460,632</u>	<u>587,214</u>
Cash Flows from Non-Capital Financing Activities			
Transfers (out)		(50,000)	(50,000)
Total Cash Flows from Non-Capital Financing Activities	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	(16,360)	(16,360)
Cash Flows from Investing Activities			
Interest Received on Investments	120,235	-	120,235
Net Increase (Decrease) in Cash and Cash Equivalents	246,817	394,272	641,089
Cash and Cash Equivalents, Beginning of Year	2,755,964	1,623,901	4,379,865
Cash and Cash Equivalents, End of Year	<u>\$ 3,002,781</u>	<u>\$ 2,018,173</u>	<u>\$ 5,020,954</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>			
Current Assets			
Equity in Pooled Cash and Investments	<u>\$ 3,002,781</u>	<u>\$ 2,018,173</u>	<u>\$ 5,020,954</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 58,947	\$ 228,838	\$ 287,785
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		62,180	62,180
Change in Estimated Liability for Self-Insured Losses	(96,439)		(96,439)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
Due from Other Governments		6,838	6,838
Prepaid Expenses	155,018	(3,435)	151,583
Accounts Payable and Other Accrued Liabilities	9,056	15,628	24,684
Accrued Compensated Absences		(62,468)	(62,468)
Net Pension Liability and Pension Related Deferred Inflows and Outflows		213,051	213,051
Net Cash Provided by (Used in) Operating Activities	<u>\$ 126,582</u>	<u>\$ 460,632</u>	<u>\$ 587,214</u>

**SCHEDULE OF COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT FUNDS
SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District Fund	Southend Redevelopment District Fund	Totals
Assets			
Equity in Pooled Cash and Investments	\$ 17,648,885	\$ 14,391,528	\$ 32,040,413
Assessments, Net		1,385	1,385
Total Assets	<u>17,648,885</u>	<u>14,392,913</u>	<u>32,041,798</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	385,600	50,898	436,498
Other Accrued Liabilities	675,576	1,250	676,826
Due to Other Governments		4,539,473	4,539,473
Total Liabilities	<u>1,061,176</u>	<u>4,591,621</u>	<u>5,652,797</u>
Deferred Inflows of Resources			
Unavailable Revenues	-	1,385	1,385
Fund Balances			
Restricted for:			
Redevelopment	<u>16,587,709</u>	<u>9,799,907</u>	<u>26,387,616</u>
Total Fund Balances	<u>16,587,709</u>	<u>9,799,907</u>	<u>26,387,616</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,648,885</u>	<u>\$ 14,392,913</u>	<u>\$ 32,041,798</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Downtown Redevelopment District Fund</u>	<u>Southend Redevelopment District Fund</u>	<u>Totals</u>
Revenues			
Taxes	\$ 6,525,605		\$ 6,525,605
Interest and Other Revenue	737,760	\$ 509,019	1,246,779
Total Revenues	<u>7,263,365</u>	<u>509,019</u>	<u>7,772,384</u>
Expenditures			
Current:			
General Government	418,412	319,321	737,733
Public Safety	908,960		908,960
Capital Outlay	5,777,630	192,040	5,969,670
(Total Expenditures)	<u>(7,105,002)</u>	<u>(511,361)</u>	<u>(7,616,363)</u>
Net Change in Fund Balances	158,363	(2,342)	156,021
Fund Balances, Beginning of Year	<u>16,429,346</u>	<u>9,802,249</u>	<u>26,231,595</u>
Fund Balances, End of Year	<u>\$ 16,587,709</u>	<u>\$ 9,799,907</u>	<u>\$ 26,387,616</u>

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 96,262,115	\$ 93,926,675	\$ (2,335,440)
Other	221,680	536,055	314,375
Total Operating Revenues	<u>96,483,795</u>	<u>94,462,730</u>	<u>(2,021,065)</u>
Operating Expenses			
Purchased Power	61,753,650	55,264,614	6,489,036
Personal Services	9,517,165	8,848,768	668,397
Purchased Services	3,043,235	1,941,516	1,101,719
Repairs and Maintenance	1,534,589	1,218,268	316,321
Materials and Supplies	1,025,594	681,471	344,123
Other Expenses	7,374,105	6,963,437	410,668
(Total Operating Expenses)	<u>(84,248,338)</u>	<u>(74,918,074)</u>	<u>9,330,264</u>
Operating Income	<u>12,235,457</u>	<u>19,544,656</u>	<u>7,309,199</u>
Non-Operating Income (Expense)			
Investment Earnings	578,955	3,905,478	3,326,523
Interest Expense	(315,700)	(296,549)	19,151
Connection Fees	210,000	358,010	148,010
Intergovernmental Revenue	5,000	8,000	3,000
Gain on Disposal of Capital Assets	46,610	21,042	(25,568)
Capital Outlay	(20,925,631)	(11,166,880)	9,758,751
Debt Service Principal	(4,060,000)	(4,060,000)	-
Developer Contributions	86,000	-	(86,000)
Total Non-Operating Income (Expense)	<u>(24,374,766)</u>	<u>(11,230,899)</u>	<u>13,143,867</u>
Income Before Operating Transfers	<u>(12,139,309)</u>	<u>8,313,757</u>	<u>20,453,066</u>
Other Financing Sources (Uses)			
Transfers in	162,097	162,097	-
Transfers (out)	(3,926,171)	(3,926,171)	-
Total Other Financing Sources (Uses)	<u>(3,764,074)</u>	<u>(3,764,074)</u>	<u>-</u>
Net Income	<u>\$ (15,903,383)</u>	<u>\$ 4,549,683</u>	<u>\$ 20,453,066</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 11,608,184</u>
Adjustments	
Depreciation	8,129,368
Capital Outlay, Purchased	(11,166,880)
Debt Service, Principal	(4,060,000)
Amortization:	
Bond Premium	(57,910)
Loss on Refunding	96,921
(Total Adjustments)	<u>(7,058,501)</u>
Net Income - Budgetary Basis	<u><u>\$ 4,549,683</u></u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED
 UNDER UTILITY REVENUE BOND COVENANTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Utility Customers Connected and Active

	<u>2019</u>	<u>2018</u>
Electrical Customers		
Jacksonville Beach	14,642	14,635
Neptune Beach	3,979	3,976
Other	16,279	16,204
Total Electrical Customers	<u>34,900</u>	<u>34,815</u>
Water and Wastewater Customers		
Water	10,412	10,405
Wastewater	10,260	10,249
Total Water and Wastewater Customers	<u>20,672</u>	<u>20,654</u>

Insurance in Existence

Electrical Department

Buildings, Equipment, Transformers,
 Regulators, Substations, and Equipment

\$ 57,675,452 \$ 53,292,616

Water Department

Buildings and Equipment

\$ 46,366,992 \$ 45,283,906

General Liability

\$ 2,000,000 \$ 2,000,000

Automobile Liability

\$ 1,000,000 \$ 1,000,000

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 72,717,821	\$ 74,132,348	\$ 78,634,891	\$ 80,880,510	\$ 85,081,323	\$ 86,383,735	\$ 91,291,193	\$ 97,360,044	\$ 103,211,819	\$ 106,877,097
Restricted	9,884,908	11,180,126	12,516,772	15,266,981	18,203,910	23,230,058	27,183,762	29,102,410	31,711,520	34,119,094
Unrestricted	13,645,936	13,566,703	13,523,810	14,624,127	15,803,521	9,601,684	12,564,372	11,440,106	13,386,797	14,252,607
Total Governmental Activities Net Position	96,248,665	98,879,177	104,675,473	110,771,618	119,088,754	119,215,477	131,039,327	137,902,560	148,310,136	155,248,798
Business-type Activities										
Net Investment in Capital Assets	129,851,305	139,702,686	142,057,214	145,354,194	151,886,547	155,027,489	157,675,660	168,296,227	175,128,349	183,588,778
Restricted	2,571,810	2,751,550	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	4,192,200
Unrestricted	53,044,615	54,673,702	57,678,739	58,458,710	61,548,916	62,652,866	68,166,503	65,451,820	68,995,532	73,157,678
Total Business-type Activities Net Position	185,467,730	197,127,938	201,735,953	205,812,904	215,435,463	219,680,355	227,842,163	235,748,047	246,123,881	260,938,656
Primary Government										
Net Investment in Capital Assets	202,569,126	213,835,034	220,692,105	226,234,704	236,967,870	241,411,224	248,966,853	265,656,271	278,340,168	290,465,875
Restricted	12,456,718	13,931,676	14,516,772	17,266,981	20,203,910	25,230,058	29,183,762	31,102,410	33,711,520	38,311,294
Unrestricted	66,690,551	68,240,405	71,202,549	73,082,837	77,352,437	72,254,550	80,730,875	76,891,926	82,382,329	87,410,285
Total Primary Government Net Position	\$ 281,716,395	\$ 296,007,115	\$ 306,411,426	\$ 316,584,522	\$ 334,524,217	\$ 338,895,832	\$ 358,881,490	\$ 373,650,607	\$ 394,434,017	\$ 416,187,454

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	\$ 2,773,496	\$ 2,851,860	\$ 2,141,571	\$ 2,695,018	\$ 2,481,148	\$ 3,327,768	\$ 2,493,191	\$ 3,284,283	\$ 3,202,655	\$ 3,737,267
Law Enforcement	8,551,929	8,527,985	8,604,107	8,597,705	8,644,124	6,158,188	9,020,136	10,008,845	9,757,732	10,562,207
Fire Control	3,540,877	3,612,558	3,796,759	3,788,360	3,697,834	1,972,069	3,827,130	4,183,046	4,123,060	4,766,320
Building Inspections	448,328	459,024	427,941	440,927	436,897	498,870	510,092	531,696	574,436	631,896
Physical Environment	367,166	365,433	380,328	355,032	356,947	356,095	356,268	446,496	506,348	482,877
Roads and Streets	5,531,743	2,644,514	3,548,624	3,073,673	2,937,071	3,936,380	2,713,668	2,794,320	2,643,431	3,635,996
Human Services	81,754	20,000	20,000	10,296	-	-	-	-	-	-
Parks and Recreation	2,920,198	2,963,644	2,945,435	2,645,363	2,840,920	3,141,474	3,134,179	3,502,497	3,607,934	3,848,072
Interest on Long-term Debt	626,709	535,930	393,170	224,307	167,258	116,801	74,599	38,722	21,773	4,310
Total Governmental Activities Expenses	24,842,200	21,980,948	22,257,935	21,830,681	21,562,199	19,507,645	22,129,263	24,789,905	24,437,369	27,668,945
Business-type Activities:										
Electric	92,079,658	79,898,012	75,056,538	79,640,256	78,915,218	74,983,356	74,126,043	76,095,735	75,833,677	73,644,169
Water and Sewer	8,567,596	8,662,357	8,327,251	10,267,198	8,919,844	8,835,376	9,008,417	9,358,111	9,782,478	9,738,833
Stormwater	1,202,504	1,293,782	1,291,954	1,376,128	1,307,367	1,190,742	1,290,008	1,507,348	1,573,499	1,294,110
Sanitation	3,040,014	3,011,321	3,150,288	3,197,294	3,201,492	3,320,470	3,362,128	5,203,263	3,970,986	3,554,289
Golf Course	1,675,714	1,537,817	1,391,476	1,381,008	1,346,173	1,471,132	1,268,556	1,309,024	962,855	1,877,802
Leased Facilities	369,927	376,748	271,007	280,629	267,406	265,349	278,923	424,898	541,874	383,286
Natural Gas	99,804	897,732	1,187,673	1,359,485	1,529,129	1,350,599	1,201,664	1,506,490	1,611,079	1,592,891
Total Business-type Activities Expenses	107,035,217	95,677,769	90,676,187	97,501,998	95,486,629	91,417,024	90,535,739	95,404,869	94,276,448	92,085,380
Total Primary Government Expenses	131,877,417	117,658,717	112,934,122	119,332,679	117,048,828	110,924,669	112,665,002	120,194,774	118,713,817	119,754,325
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	334,774	54,617	53,182	66,802	74,677	77,737	73,132	65,947	64,540	67,387
Law Enforcement	207,411	145,164	156,311	163,486	169,424	187,102	187,762	131,667	127,957	203,998
Building Inspections	347,700	257,693	267,879	372,025	563,934	656,045	683,556	604,421	666,973	938,103
Physical Environment	52,029	23,866	14,791	8,619	3,758	15,238	12,371	15,185	11,260	29,169
Roads and Streets	25,085	129,850	229,084	217,998	177,144	200,975	170,746	163,799	175,360	275,640
Parks and Recreation	75,389	104,251	107,867	107,199	126,804	125,443	121,342	160,132	213,789	211,172
Operating Grants and Contributions	1,190,906	1,403,135	1,022,748	1,553,819	1,165,743	1,149,520	1,105,992	1,424,306	1,472,822	1,226,389
Capital Grants and Contributions	1,427,044	1,901,182	1,344,895	142,918	863,473	328,049	53,564	52,233	28,223	58,070
Total Governmental Activities										
Program Revenues	3,660,338	4,019,758	3,196,757	2,632,866	3,144,957	2,740,109	2,408,465	2,617,690	2,760,924	3,009,928

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues (Concluded)										
Business-type Activities:										
Charges for Services:										
Electric	\$ 99,335,420	\$ 87,488,045	\$ 79,918,545	\$ 87,349,935	\$ 86,218,701	\$ 81,912,342	\$ 82,096,562	\$ 81,444,806	\$ 83,457,490	\$ 79,637,252
Water and Sewer	8,799,017	9,025,798	9,285,736	10,167,014	10,793,248	11,675,568	12,459,297	13,002,446	14,357,160	14,825,478
Stormwater	1,242,265	1,232,483	1,249,882	1,262,661	1,273,921	1,294,802	1,314,783	1,337,248	1,382,348	1,408,750
Sanitation	3,146,460	3,091,891	3,116,899	3,177,369	3,218,670	3,235,626	3,333,899	3,447,674	3,515,142	3,579,173
Golf Course	1,336,243	1,359,474	1,388,195	1,314,521	1,271,338	1,140,725	984,317	954,162	278,686	2,013,103
Leased Facilities	541,785	570,920	551,647	611,679	621,022	476,548	528,391	588,606	653,191	664,195
Natural Gas	89,255	1,114,296	1,579,134	1,729,246	2,100,135	2,017,973	1,869,071	2,068,186	2,221,745	2,162,732
Operating Grants and Contributions	306,715	-	196,737	6,713	-	-	-	1,518,177	1,459,055	23,204
Capital Grants and Contributions	6,430,278	1,888,820	996,393	620,087	3,154,807	861,845	489,894	661,152	349,628	458,010
Total Business-type Activities	121,227,438	105,771,727	98,283,168	106,239,225	108,651,842	102,615,429	103,076,214	105,022,457	107,674,445	104,771,897
Total Primary Government Program Revenues	124,887,776	109,791,485	101,479,925	108,872,091	111,796,799	105,355,538	105,484,679	107,640,147	110,435,369	107,781,825
Net (Expense) Revenue										
Governmental Activities	(21,181,862)	(17,961,190)	(19,061,178)	(19,197,815)	(18,417,242)	(16,767,536)	(19,720,798)	(22,172,215)	(21,676,445)	(24,659,017)
Business-type Activities	14,192,221	10,093,958	7,606,981	8,737,227	13,165,213	11,198,405	12,540,475	9,617,588	13,397,997	12,686,517
Total Primary Government Net Expense	(6,989,641)	(7,867,232)	(11,454,197)	(10,460,588)	(5,252,029)	(5,569,131)	(7,180,323)	(12,554,627)	(8,278,448)	(11,972,500)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	15,625,045	15,969,619	14,412,386	14,029,971	15,137,151	15,906,918	16,942,109	18,050,950	19,884,929	18,357,738
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	944,140	975,611	997,077	1,055,321	1,112,859	1,195,504	1,242,584	1,300,026	1,384,739	1,436,666
Communication Service Tax	1,275,419	1,074,935	1,221,709	1,472,566	1,158,559	1,109,765	1,168,470	1,080,151	1,161,638	1,151,317
Convention Development Tax	220,694	221,509	224,402	283,358	298,019	344,940	363,370	372,921	414,030	423,275
Fuel Taxes	747,903	742,603	708,396	709,816	719,143	765,325	797,149	806,576	837,087	853,266
Other Taxes	273,107	252,578	611,181	628,673	718,854	702,174	728,276	653,051	618,215	632,425
State-shared Revenues	2,434,706	2,535,819	2,537,879	2,697,673	2,830,039	3,022,878	3,120,537	3,290,116	3,475,563	3,568,750
Other Intergovernmental Revenues	35,033	33,681	33,504	-	64,142	32,343	31,883	41,756	38,603	33,258
Interest	663,193	373,674	656,852	152,872	511,269	947,694	1,344,885	805,131	363,329	2,405,402
Miscellaneous	21,916	185,037	254,892	217,694	148,707	245,617	146,118	326,364	363,393	423,946
Net Transfers	(7,152,937)	(930,957)	3,757,807	4,355,039	4,030,356	3,236,898	5,653,987	2,303,126	3,766,229	2,306,356
Total Governmental Activities	15,093,499	21,439,389	25,421,365	25,608,263	26,734,378	27,515,336	31,544,648	29,035,448	32,313,035	31,597,679
Business-type Activities:										
Interest	795,084	610,607	758,841	55,453	487,702	1,019,905	1,275,320	591,422	828,004	4,413,572
Miscellaneous	-	-	-	-	-	-	-	-	68,325	21,042
Net Transfers	7,152,937	930,957	(3,757,807)	(4,355,039)	(4,030,356)	(3,236,898)	(5,653,987)	(2,303,126)	(3,766,229)	(2,306,356)
Total Business-type Activities	7,948,021	1,541,564	(2,998,966)	(4,299,586)	(3,542,654)	(2,216,993)	(4,378,667)	(1,711,704)	(2,869,900)	2,128,258
Total Primary Government	23,041,520	22,980,953	22,422,399	21,308,677	23,191,724	25,298,343	27,165,981	27,323,744	29,443,135	33,725,937
Change in Net Position										
Governmental Activities	(6,088,363)	3,478,199	5,796,296	6,410,448	8,317,136	10,747,800	11,823,850	6,863,233	10,636,590	6,938,662
Business-type Activities	22,140,242	11,635,522	4,608,015	4,437,641	9,622,559	8,981,412	8,161,808	7,905,884	10,528,097	14,814,775
Total Primary Government	\$ 16,051,879	\$ 15,113,721	\$ 10,404,311	\$ 10,848,089	\$ 17,939,695	\$ 19,729,212	\$ 19,985,658	\$ 14,769,117	\$ 21,164,687	\$ 21,753,437

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Pre-GASB 54:										
Reserved	\$ 114,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,258,521	-	-	-	-	-	-	-	-	-
Post-GASB 54:										
Nonspendable	-	18,000	41,640	41,640	-	-	1,807	77	1,193	2,291
Committed	-	4,529,922	4,447,636	4,755,631	4,922,833	5,069,431	5,168,956	5,540,793	5,758,237	6,271,451
Assigned	-	3,723,744	4,607,248	4,243,808	4,560,255	4,312,870	5,050,075	5,029,759	5,712,790	7,537,043
Total General Fund	<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>	<u>\$ 10,570,629</u>	<u>\$ 11,472,220</u>	<u>\$ 13,810,785</u>
All Other Governmental Funds										
Pre-GASB 54:										
Reserved	\$ 15,246,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	808,007	-	-	-	-	-	-	-	-	-
Debt Service Funds	54,227	-	-	-	-	-	-	-	-	-
Capital Projects Fund	4,507,823	-	-	-	-	-	-	-	-	-
Post-GASB 54:										
Restricted	-	14,163,932	15,417,977	14,965,981	17,824,995	22,860,797	26,836,531	28,742,329	31,944,567	33,726,709
Committed	-	12,756	6,548	6,549	5,955	6,066	6,194	7,994	6,007	3,121
Assigned	-	5,850,337	4,737,290	6,087,493	6,612,462	6,637,001	7,934,432	7,362,439	7,865,834	7,198,956
Total All Other Governmental Funds	<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>	<u>\$ 36,112,762</u>	<u>\$ 39,816,408</u>	<u>\$ 40,928,786</u>

Note:

GASB Statement No. 54 was adopted during fiscal year ending September 30, 2011. Fund balances reported in years prior to 2011 are presented in accordance with standards applicable at that time.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 19,109,588	\$ 19,241,635	\$ 18,192,431	\$ 18,144,485	\$ 19,178,564	\$ 20,021,606	\$ 21,228,237	\$ 22,273,155	\$ 24,271,318	\$ 22,847,169
Licenses and Permits	229,564	261,309	367,855	559,485	568,985	682,161	679,820	592,151	650,985	942,091
Intergovernmental	5,687,676	3,970,159	3,719,817	3,808,754	3,930,997	4,079,434	4,207,812	4,665,075	4,844,846	4,800,083
Charges for Services	289,680	763,837	696,313	465,176	388,582	356,036	351,926	382,336	444,799	559,815
Fines and Forfeitures	510,579	234,427	701,853	277,193	305,076	332,099	259,869	239,465	201,815	250,244
Interest and Other Revenue	836,043	479,251	891,669	411,091	717,985	1,173,919	1,450,768	1,126,585	760,051	2,644,066
Total Revenues	26,663,130	24,950,618	24,569,938	23,666,184	25,090,189	26,645,255	28,178,432	29,278,767	31,173,814	32,043,468
Expenditures										
Current:										
General Government	2,257,807	2,294,556	2,141,672	2,078,157	2,413,022	2,862,341	2,556,750	2,800,432	2,712,795	2,866,277
Public Safety	12,125,856	12,232,634	12,397,347	12,431,333	11,993,522	12,649,752	12,874,674	13,350,078	13,892,257	15,014,400
Physical Environment	507,257	21,756	36,651	11,355	13,270	11,417	9,651	81,029	114,600	98,436
Roads and Streets	2,484,625	1,879,617	2,640,093	1,855,298	1,799,476	2,886,824	1,584,109	1,769,416	1,757,092	2,921,604
Human Services	81,754	20,000	20,000	10,296	-	-	-	-	-	-
Parks and Recreation	2,525,052	2,541,479	2,436,193	2,461,887	2,419,924	2,739,420	2,783,261	2,900,618	3,109,305	3,297,899
Debt Service:										
Principal	2,567,041	2,665,155	2,484,674	2,243,579	1,865,466	1,545,800	1,581,880	955,000	980,000	490,000
Interest	626,709	535,930	393,170	224,307	167,258	116,801	74,599	38,722	21,773	4,310
Capital Outlay	6,730,724	3,527,703	4,797,283	5,953,542	4,508,926	2,689,003	4,757,047	9,551,371	7,796,984	7,947,720
(Total Expenditures)	(29,906,825)	(25,718,830)	(27,347,083)	(27,269,754)	(25,180,864)	(25,501,358)	(26,221,971)	(31,446,666)	(30,384,806)	(32,640,646)
(Deficiency) of Revenues										
(Under) Expenditures	(3,243,695)	(768,212)	(2,777,145)	(3,603,570)	(90,675)	1,143,897	1,956,461	(2,167,899)	789,008	(597,178)
Other Financing Sources (Uses)										
Proceeds from Borrowing	-	-	6,495,000	-	-	-	-	-	-	-
Principal - Current Refundings	-	-	(6,495,000)	-	-	-	-	-	-	-
Transfers in	6,683,933	6,898,043	5,730,018	6,948,406	6,930,317	7,550,022	7,466,111	7,188,855	7,540,195	6,987,402
Transfers (out)	(5,730,055)	(6,795,851)	(1,993,225)	(2,502,073)	(3,014,244)	(3,734,254)	(3,310,742)	(3,335,560)	(3,723,966)	(2,939,281)
Total Other Financing Sources (Uses)	953,878	102,192	3,736,793	4,446,333	3,916,073	3,815,768	4,155,369	3,853,295	3,816,229	4,048,121
Net Change in Fund Balance	\$ (2,289,817)	\$ (666,020)	\$ 959,648	\$ 842,763	\$ 3,825,398	\$ 4,959,665	\$ 6,111,830	\$ 1,685,396	\$ 4,605,237	\$ 3,450,943
Debt Service as a % of Noncapital Expenditures*	14.4%	14.9%	13.0%	11.9%	9.9%	7.5%	7.8%	4.6%	4.6%	2.1%

* 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				
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%
2017	3,027,805,594	96,405,964	3,124,211,558	1,340,803,509	4,465,015,067	3.7947	69.97%
2018	3,249,073,173	99,904,354	3,348,977,527	1,419,311,962	4,768,289,489	3.9947	70.23%
2019	3,498,864,284	108,836,408	3,607,700,692	1,599,153,996	5,206,854,688	3.9947	69.29%

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		
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
2017	3.7947	0.0320	0.2885	6.8020	8.1512	19.0684
2018	3.9947	0.0320	0.2724	6.4850	8.1512	18.9353
2019	3.9947	0.0320	0.2562	6.2930	8.1512	18.7271

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 2019 and Nine Years Ago

	2019			2010		
	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	\$ 40,387,600	1	1.15%	\$ 19,864,100	1	0.67%
Courtyard Marriot	29,459,555	2	0.84%	11,643,467	6	0.39%
South Beach Regional Shopping Center	28,933,200	3	0.83%	16,642,900	2	0.56%
Hampton Inn Oceanfront	28,847,428	4	0.82%			
Ocean Park Partnership, Ltd.	28,181,263	5	0.81%	14,218,600	4	0.48%
Pablo Plaza	18,276,300	6	0.52%	15,097,700	3	0.51%
Beach Marine	14,629,438	7	0.42%	13,661,778	5	0.46%
Marsh Landing Plaza	13,324,300	8	0.38%			
South Beach Parkway Shopping Center	12,938,400	9	0.37%	9,702,900	8	0.33%
Hampton Inn Ponte Vedra A1A & JT B	11,576,400	10	0.33%			
Comfort Inn				11,405,300	7	0.38%
Gordon Bank				9,583,400	9	0.32%
Beach Plaza				8,939,200	10	0.30%
Total	<u>\$ 226,553,884</u>		<u>6.47%</u>	<u>\$ 130,759,345</u>		<u>4.40%</u>
Total Assessed Real Property Valuation from Schedule 5	<u>\$ 3,498,864,284</u>			<u>\$ 2,972,830,597</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>
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%
2017	8,699,388	8,008,400	92.06%	423,672	8,432,072	96.93%
2018	9,831,502	9,062,838	92.18%	341,173	9,404,011	95.65%
2019	10,654,284	10,101,419	94.81%	237,715	10,339,134	97.04%

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)
2010	\$ 7,151,554	\$ -	\$ 7,660,000	\$ 14,811,554	\$ 23,972,300	\$ 727	\$ 16,727,700	\$ 1,741	\$ 888,967	\$ 92
2011	5,256,399	-	6,890,000	12,146,399	20,956,620	632	14,623,380	1,517	451,040	47
2012	3,601,725	-	6,060,000	9,661,725	18,971,690	570	13,238,310	1,363	-	-
2013	2,233,146	-	5,185,000	7,418,146	17,573,746	524	12,262,835	1,243	-	-
2014	1,267,680	-	4,285,000	5,552,680	15,379,185	453	10,731,486	1,070	-	-
2015	646,880	-	3,360,000	4,006,880	13,151,582	382	9,177,080	885	-	-
2016	-	-	2,425,000	2,425,000	10,874,050	313	7,587,834	732	-	-
2017	-	-	1,470,000	1,470,000	8,550,349	246	5,966,373	574	-	-
2018	-	-	490,000	490,000	6,178,302	177	4,311,174	414	-	-
2019	-	-	-	-	3,752,911	108	2,618,754	252	-	-

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)
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	4.42%	1,716
2014	26,110,671	31,663,351	3.59%	1,430
2015	22,328,662	26,335,542	2.79%	1,155
2016	18,461,884	20,886,884	2.10%	897
2017	14,516,722	15,986,722	1.53%	680
2018	10,489,476	10,979,476	1.01%	467
2019	6,371,665	6,371,665	N/A	273

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
2010	\$ 7,151,554	0.82%	\$ -	\$ -	\$ 7,660,000	\$ 332	\$ 14,811,554	\$ 642
2011	5,256,399	0.66%	-	-	6,890,000	321	12,146,399	567
2012	3,601,725	0.52%	-	-	6,060,000	280	9,661,725	447
2013	2,233,146	0.33%	-	-	5,185,000	239	7,418,146	342
2014	1,267,680	0.19%	-	-	4,285,000	194	5,552,680	251
2015	646,880	0.09%	-	-	3,360,000	147	4,006,880	176
2016	-	0.00%	-	-	2,425,000	104	2,425,000	104
2017	-	0.00%	-	-	1,470,000	63	1,470,000	63
2018	-	0.00%	-	-	490,000	21	490,000	21
2019	-	0.00%	-	-	-	-	-	-

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, 2019

There is no Direct and Overlapping Governmental Activities Debt for the 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

Fiscal Year	Electric, Water, and Sewer Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest	
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
2017	94,447,252	(76,524,604)	17,922,648	3,800,000	634,688	4.04
2018	97,814,650	(77,018,181)	20,796,469	3,925,000	498,219	4.70
2019	94,462,730	(74,918,074)	19,544,656	4,060,000	366,925	4.41

(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
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%	42,617	992,464,696
2017	23,503	4.6%	44,347	1,042,287,541
2018	23,494	3.6%	46,174	1,084,811,956
2019	23,352	3.4%	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 2019 and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Naval Station Mayport	9,000	1	N/A	14,677	1	N/A
Baptist Medical Center - Beaches	800	2	N/A	800	2	N/A
PGA Tour, Inc.	800	3	N/A	650	3	N/A
Ponte Vedra Inn and Club	550	4	N/A	650	4	N/A
City of Jacksonville Beach (1)	477	5	N/A	400	7	N/A
Optimum Healthcare IT	385	6	N/A			
TPC Sawgrass Marriott	320	7	N/A	632	5	N/A
Vicar's Landing	320	8	N/A	290	9	N/A
U.S. Coast Guard	300	9	N/A	325	8	N/A
Fleet Landing	280	10	N/A	280	10	N/A
Honeywell				575	6	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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	16	15	14	13	13	14	14	14	14	14
Finance*	33	33	33	33	33	38	39	42	41	44
Planning and Development	9	8	8	8	8	9	10	10	10	10
Electric	76	76	78	77	75	75	75	75	75	72
Central Services	4	4	4	4	4	0	0	0	0	0
Redevelopment**	0	0	0	0	0	1	1	1	0	0
Public Works	65	65	65	65	65	66	66	67	67	68
Human Resources	7	7	8	7	7	7	6	6	6	6
Parks and Recreation***	100	100	99	98	98	98	100	100	100	100
Grounds and Maintenance	20	9	8	8	7	7	7	7	7	9
Golf Course	19	27	26	26	25	25	25	25	24	27
Police	95	94	95	95	96	100	100	102	102	103
Fire Fighters	31	31	31	31	31	31	31	31	31	31
Total	475	469	469	465	462	471	474	480	477	484

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical Arrests	1,665	1,192	1,573	1,398	1,568	1,582	1,470	1,992	1,932	1,980
Parking Violations	2,726	3,085	3,267	2,331	2,200	2,640	2,016	1,833	1,501	1,231
Law Violations	6,898	3,520	2,292	3,152	5,004	2,322	1,845	3,143	3,536	3,092
Fire										
Emergency Incidents	2,947	3,161	3,063	3,104	3,040	3,195	3,401	3,643	3,298	3,399
Inspections (Total)	2,648	2,169	2,275	1,839	1,580	1,852	1,797	1,857	2,442	2,154
Other Public Works										
Street Resurfacing (Miles)	1.2	4.9	8.1	0.0	0.0	7.4	0.0	1.6	1.2	2.82
Electric										
Number of Active										
Electric Customers	32,996	33,147	33,303	33,535	33,966	34,433	34,711	34,738	34,815	34,900
Average Residential										
Monthly Consumption										
(Kilowatt Hours)	1,395	1,368	1,232	1,209	1,239	1,253	1,246	1,178	1,219	1,231
Water										
Number of Active										
Water Customers	9,610	9,642	9,711	9,865	10,029	10,204	10,369	10,398	10,405	10,399
Average Residential Monthly										
Consumption (Gallons)	4,373	4,530	4,029	4,014	4,038	3,083	3,926	4,146	4,255	4,389
Wastewater										
Number of Active Wastewater										
Customers	9,472	9,502	9,569	9,691	9,872	10,036	10,217	10,246	10,261	10,254
Storm Mains Cleaned (Feet)	73,670	36,297	33,010	23,821	23,530	33,153	34,733	33,791	22,543	17,584

Source: City of Jacksonville Beach Annual Budget & Department Directors

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations (Including Satellite Stations)	2	2	2	2	2	1	1	1	1	1
Patrol Units	51	73	51	51	51	76	76	79	80	80
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Paved Roads (Miles)	89	89	77	77	77	89	89	90	90	90
Streetlights	5,376	5,385	5,659	5,659	5,659	5,493	5,538	5,909	5,582	5,613
Water										
Water Mains (Miles)	109	110	105	105	105	109	109	109	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	859	858	858	870	873	895	895	900	909	909
Wastewater										
Sanitary Sewer Mains (Gravity, in Miles)	85	85	83	83	83	85	85	85	85	85
Sanitary Sewer Mains (Force, in Miles)	16	18	16	16	16	18	18	18	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	38	38	34	34	34	38	38	38	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	86	86	86	86	210	210
Parks	10	10	11	11	11	11	11	11	16	15
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8

Source: City of Jacksonville Beach Annual Budget & Department Directors

* - Golf course acreage was included beginning with fiscal year 2018

SINGLE AUDIT SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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 Homeland Security				
Passed Through Florida Division of Emergency Management (FEMA)				
Disaster Grants - Public Assistance	97.036	N/A	<u>\$ 1,057,332</u>	<u>\$ 1,057,332 (1)</u>
U.S. Department of Housing and Urban Development				
Passed Through City of Jacksonville				
Community Development Block Grant	14.218	3177-95	<u>142,366</u>	<u>142,366</u>
U.S. Department of Justice				
Passed Through Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-JAGC-DUVA-2-F9-058	49,127	49,127
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGD-DUVA-1-N3-013	<u>9,101</u>	<u>8,276</u>
Subtotal CFDA #16.738			<u>58,228</u>	<u>57,403</u>
U.S. Department of Justice				
Federal Equitable Sharing Agreement	16.922	N/A		5,466
Bullet Proof Vest Grant Program	16.607	N/A	<u>4,384</u>	<u>4,384</u>
Subtotal U.S. Department of Justice			<u>4,384</u>	<u>9,850</u>
Total U.S. Department of Justice			<u>62,612</u>	<u>67,253</u>
Total Federal Awards			<u>\$ 1,262,310</u>	<u>\$ 1,266,951</u>

(1) - The Office of Management and Budget (OMB) requires that only expenditures that were approved by FEMA during the fiscal year be reported on the Schedule of Federal Awards (SEFA). The remaining expenditures will be reported on the SEFA in future years, when approved by FEMA.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
CITY OF JACKSONVILLE BEACH, FLORIDA**

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the City of Jacksonville Beach, Florida (the City).

The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2019. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

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

Note 3 - De Minimis Indirect Cost Rate Election

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

**SCHEDULE OF EXPENDITURES OF GRANT FUNDS PER THE
CITY OF JACKSONVILLE'S ORDINANCE CODE CHAPTER 118.202(e)
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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 2018 - 2019 Grant No. 3177-95 - \$142,366

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
CAPE				
Services	\$ 54,000	\$ 54,000	\$ -	\$ -
Total CAPE	<u>54,000</u>	<u>54,000</u>	<u>-</u>	<u>-</u>
CARVER				
Services	88,366	88,366	-	-
Total CARVER	<u>88,366</u>	<u>88,366</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 142,366</u>	<u>\$ 142,366</u>	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITOR'S 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 9, 2020.

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. We did identify a deficiency in internal control that we consider to be a significant deficiency as described below.

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

**INDEPENDENT AUDITOR'S 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***

2019-1 Bank Reconciliations

Condition – The timely reconciliation of bank accounts is one of the key components of a sound system of internal controls. Due to the implementation of a new accounting software system and staffing changes in the finance department, bank reconciliations for the months ended February 2019 through September 2019 were not completed until January 2020.

Effect – The lack of timely bank account reconciliations results in an increased risk that errors or irregularities will go undetected for extended periods of time.

Recommendation – We recommend the City implement procedures to ensure that all bank reconciliations are reconciled within 20 days of month-end.

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, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Finding

The City's response to the finding identified in our audit is included in the accompanying Management's Response on pages 143 and 144. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



March 9, 2020
Tallahassee, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Jacksonville Beach's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the fiscal year ended September 30, 2019. The City's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal Statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended September 30, 2019.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Report on Internal Control Over Compliance

City management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



March 9, 2020
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF JACKSONVILLE BEACH, FLORIDA**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issues on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal Control over financial reporting:
Material weakness(es) identified? No
Significant deficiency(ies) identified? Yes

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major Federal Programs:
Material weakness(es) identified? No
Significant deficiencies identified? None Reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major Federal Programs:

	<u>CFDA Number</u>
Disaster Grants – Public Assistance	97.036

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low risk auditee? No

SECTION II - FINANCIAL STATEMENT FINDINGS

See Finding 2019-1 in our Independent Auditor's 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*

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

INDEPENDENT ACCOUNTANT'S 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, 2019, 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, 2019.

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.



March 9, 2020
Tallahassee, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2019, and have issued our report thereon dated March 9, 2020.

Auditor's 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Independent Accountant's Reports on an examination conducted in accordance with the *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 9, 2020, 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.

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

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a and 10.556(7), *Rules of the Auditor General*, require that us to apply appropriate procedures and communicate 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 to identify 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 for the City. 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.

Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we offer the following recommendations.

2019-2 Work Order Closings

Condition – During our review of work orders in the Electric Fund, we noted that work orders are not being closed into the plant accounts in a timely manner upon completion. The delay in closing the work orders appears to be due to staffing changes in the City's finance department.

Effect – Not closing work orders can lead to under depreciation of the City's electric utility system and could impact future rate making decisions. The amount of under depreciation of the work orders for the fiscal year ended September 30, 2019 was not considered to be material to the Electric Fund as a whole.

Recommendation – We recommend that work orders be closed to the plant accounts in a timely manner.

Additional Matters

Section 10.554(1)(i)3, *Rules of the Auditor General*, requires us to communicate non-compliance 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.



March 9, 2020
Tallahassee, Florida

City of
Jacksonville Beach
City Hall
11 North Third Street
Jacksonville Beach
FL 32250
Phone: 904.247.6274

www.jacksonvillebeach.org



March 5, 2020

Auditor General's Office
Local Government Section
Claude Denson Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Response to Auditor's Report on Internal Control and Management Letter Comments

The following is the City of Jacksonville Beach's response to the independent auditor's report on internal control and management letter comments.

2019-1 Bank Reconciliations

Condition – The timely reconciliation of bank accounts is one of the key components of a sound system of internal controls. Due to the implementation of a new accounting software system and staffing changes in the finance department, bank reconciliations for the months ended February 2019 through September 2019 were not completed until January 2020.

Effect – The lack of timely bank account reconciliations results in an increased risk that errors or irregularities will go undetected for extended periods of time.

Recommendation – We recommend the City implement procedures to ensure that all bank reconciliations are reconciled within 20 days of month-end.

Management's Response to Comment 2019-1 – Bank Reconciliations

The City agrees with the auditor's comments and will implement the recommendation.

In 2018, the City converted its general ledger, accounts payable, and purchasing software modules to a new enterprise resource planning (ERP) system. Utility billing and cash receipting continue to take place in the legacy system which requires transaction data to be regularly imported into the new system. It is the City's intention to migrate all financial functions to one software system; however, our ERP conversion project is progressing slower than projected.

Initial configuration settings in the new system for imports and batch posting grouped the different bank accounts (i.e. depository, accounts payable, payroll, returned items, etc.) into one account for review purposes. This resulted in a higher level of complexity, which delayed monthly bank reconciliations. To address this issue, we made some configuration changes to mitigate the impact of operating between two software systems and developed new procedures that will help to separate each bank reconciliation and expedite the overall process.

We are also working to cross-train all accounting staff in bank reconciliations so that this important process continues without disruption.

2019-2 Work Order Closings

Condition – During our review of work orders in the Electric Fund, we noted that work orders are not being closed into the plant accounts in a timely manner upon their completion. The delay in closing the work orders appears to be due to staffing changes in the finance department.

Effect – Not closing work orders can lead to under depreciation of the electric utility system. The amount of under depreciation of the work orders for the fiscal year ended September 30, 2019 was not considered to be material to the Electric Fund as a whole.

Recommendation – We recommend that work orders be closed to the plant accounts in a timely manner.

Management's Response to Comment 2019-2 – Work Order Closings

The City agrees with the auditor's comments and will implement the recommendation.

The work order (job costing) system resides in the legacy software system. Because the general ledger and accounts payable systems have been converted to the new software system, any electric infrastructure capital expenditures must be exported back to the legacy system before a work order may be closed to a plant account for depreciation. An extended vacancy in the position responsible for work order processing further delayed the closing process.

The following actions will be taken to improve the situation. A new accounting position has been added to support the additional responsibilities associated with operating in both the new and legacy software systems. As the new staff receives training in work order processing, policies and procedures for current operations will be formalized.

In the near future, the City intends to seek out a new asset management and job costing software that integrates with the chosen ERP system to eliminate the manual import/export processes.

