

City of

JACKSONVILLE BEACH

F L O R I D A



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2015

CITY OF JACKSONVILLE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared by
Department of Finance

INTRODUCTORY SECTION

INTRODUCTORY SECTION

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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February 4, 2016

City of
Jacksonville Beach

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

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

Florida Statutes require that all general purpose local governments publish within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for the City of Jacksonville Beach, Florida, for the fiscal year ended September 30, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there is a reasonable basis for rendering unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City for the fiscal year ended September 30, 2015, and that the City's financial statements are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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



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

Profile of the Government

The City was incorporated in 1907 and is located on the northeastern part of the state. The City currently occupies a land area of 8.06 square miles and serves a population of over 22,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

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

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Management must seek City Council approval to make budgetary amendments at the departmental level in the general fund, and at the fund level for all other funds. Management may, however, make a budget adjustment as long as it does not increase the overall budget for a department within the general fund or for any other fund in total. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the basic financial statements for the governmental funds beginning on page 19. For other nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual nonmajor fund subsection of this report, starting on page 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.

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, 2014. This was the twenty-first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

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

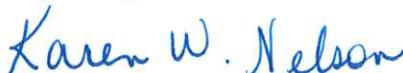
In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories: as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



George D. Forbes
City Manager



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

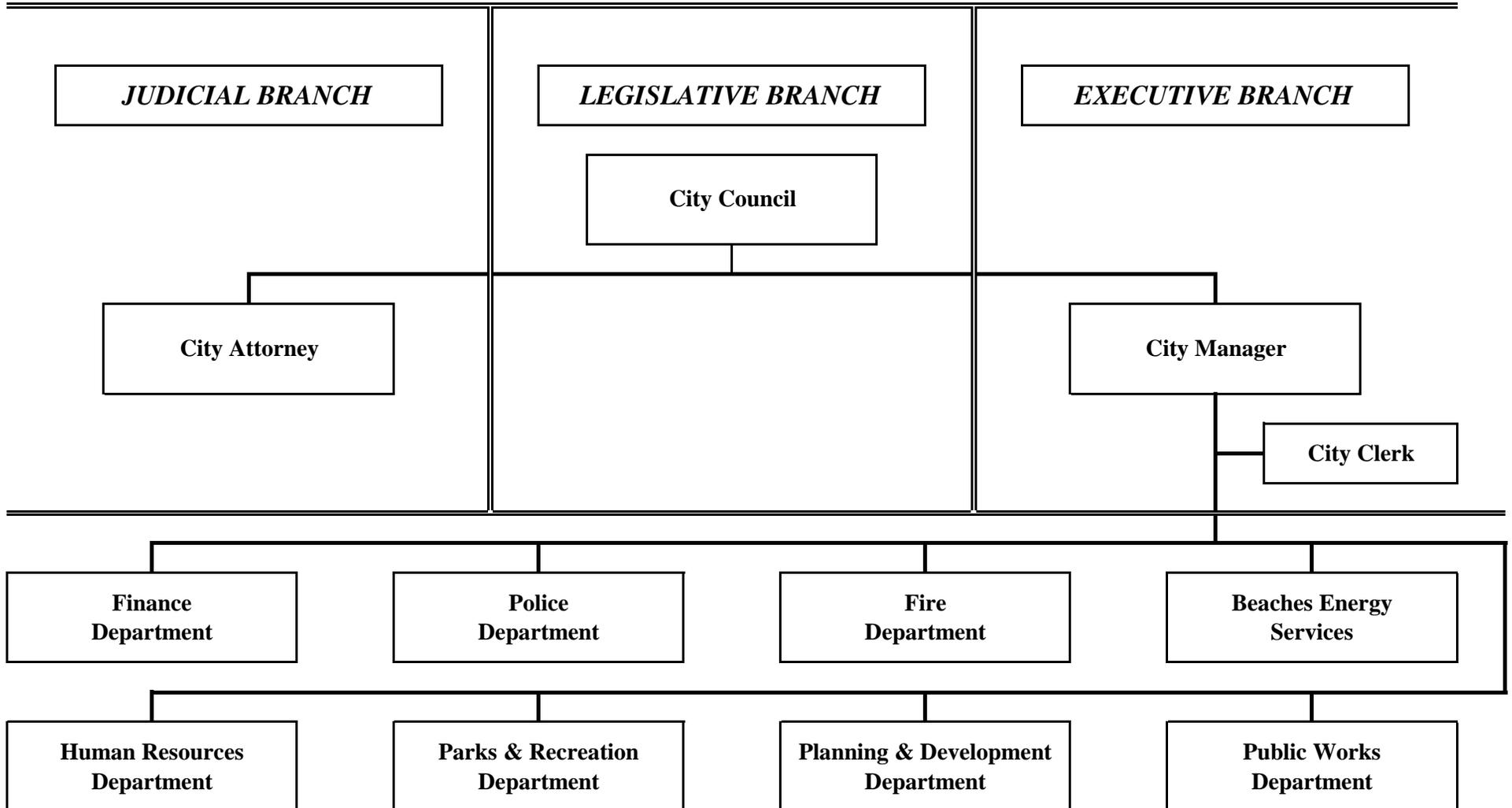
**City of Jacksonville Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**CITY OF JACKSONVILLE BEACH
Government Organization Chart**



CITY OF JACKSONVILLE BEACH, FLORIDA
CITY OFFICIALS

LEGISLATIVE BRANCH

City Council:

Mayor

Seat 1, At-Large

Seat 2, At-Large

Seat 3, At-Large

Seat 4, District 1

Seat 5, District 2

Seat 6, District 3

Charlie Latham

Chris Hoffman

Phil Vogelsang

Keith Doherty

Bruce Thomason

Jeanell Wilson

Lee Buck

City Attorney

City Auditors

Susan Erdelyi

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

City Manager

Deputy City Manager

Chief Financial Officer

Police Chief

Fire Chief

Director of Beaches Energy Services

Director of Human Resources

Director of Parks & Recreation

Director of Planning and Development

Director of Public Works

City Clerk

George D. Forbes

Patricia P. Roberts

Karen W. Nelson, CPA

Patrick K. Dooley

Gary Frazier

Allen Putnam

Ann Meuse

Mary Ellen Donner

Bill Mann

William T. Edwards, PE

Laurie Scott

AGENCY, BOARDS, AND COMMISSION

Board of Adjustment

Community Redevelopment Agency

Planning Commission

General Employees' Pension Board

Police Officers' Pension Board

Firefighters' Pension Board

Special Magistrate – Code Enforcement

FINANCIAL SECTION

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
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5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require employers participating in defined benefit pension plans to report the net pension liability and other pension related deferred inflows and outflows related to these plans. In connection with the implementation of this statement, the City decreased its beginning net position in the governmental activities by \$10,621,077 and decreased beginning net position in the business-type activities by \$4,736,520. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and other schedules, bond covenant information, schedule of expenditures of federal awards, schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e), and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

The combining and individual nonmajor fund statements and other schedules, bond covenant information, schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e), and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and other schedules, bond covenant information, schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e) and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


February 4, 2016
Gainesville, Florida

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi-viii of this report, and the financial statements beginning on page 17.

FINANCIAL HIGHLIGHTS

- The City's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$338,895,832 (net position). The City's total net position increased by \$19,729,212 or 6% over the year.
- Unrestricted net position totals \$72,254,550 and may be used to meet the City's obligations to provide ongoing services to our citizens and customers, to make payments to creditors, to pay for the projects in our capital improvement plan, to extinguish debt early, or to establish reserves for emergencies or catastrophic events.
- Revenues and transfers-in for the governmental activities totaled \$30,255,445, an increase of \$376,110 or 1.3% for the year. Total expenses were \$19,507,645, a decrease of \$2,054,554 or 9.5% for the year.
- Revenues in the business-type activities totaled \$103,635,334, a decrease of \$5,504,210 or 5.0% from the prior year. Total expenses and transfers out were \$94,653,922, a decrease of \$4,863,063 or 4.9% for the year. A decrease in power costs during the year was the primary factor contributing to the decrease in revenues and expenses in the business-type activities.
- The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 71 requires a state or local government that is transitioning to the new standards to recognize a beginning deferred outflow of resources for its pension contributions made between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. The implementation resulted in the restatement of prior year net position balances by \$10,621,077 in the governmental activities and \$4,736,520 in the business-type activities/funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements are presented on pages 17-18 of this report.

The *statement of net position* presents financial information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains seventeen 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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 32-72 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.

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 2015, the City's net position for governmental activities increased by \$10,747,800 or 9.9%. The increase in net position for business-type activities was \$8,981,412 or 4.3%.

The City implemented GASB Statements 68 and 71, which resulted in the restatement of the prior year end net position balance in the financial statements. The following condensed comparison shows the City's net position for the two most recent fiscal years. Prior year net position is not restated on this condensed comparison. The detailed statement of net position is presented on page 17 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

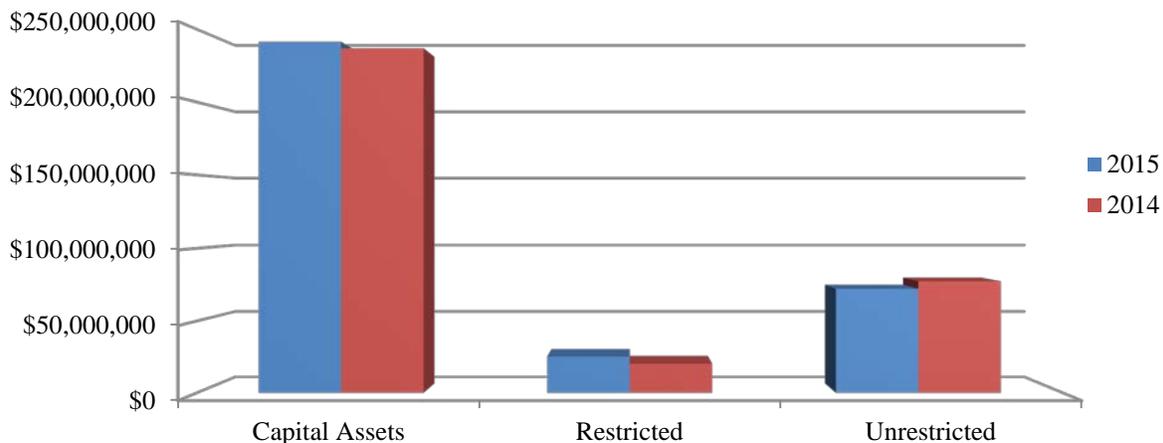
**City of Jacksonville Beach
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$45,407,462	\$40,586,497	\$118,269,216	\$104,898,260	\$163,676,678	\$145,484,757
Capital Assets, Net	90,390,615	90,634,003	176,511,747	176,772,227	266,902,362	267,406,230
Total Assets	135,798,077	131,220,500	294,780,963	281,670,487	430,579,040	412,890,987
Total Deferred Outflows of Resources	1,720,335	0	1,597,079	1,224,991	3,317,414	1,224,991
Current Liabilities	2,016,684	2,002,491	46,423,897	38,713,226	48,440,581	40,715,717
Noncurrent Liabilities	15,136,166	10,129,255	29,479,262	28,746,789	44,615,428	38,876,044
Total Liabilities	17,152,850	12,131,746	75,903,159	67,460,015	93,056,009	79,591,761
Total Deferred Inflows of Resources	1,150,085	0	794,528	0	1,944,613	0
Net Position:						
Net Invested in						
Capital Assets	86,383,735	85,081,323	155,027,489	151,886,547	241,411,224	236,967,870
Restricted	23,230,058	18,203,910	2,000,000	2,000,000	25,230,058	20,203,910
Unrestricted	9,601,684	15,803,521	62,652,866	61,548,916	72,254,550	77,352,437
Total Net Position	\$119,215,477	\$119,088,754	\$219,680,355	\$215,435,463	\$338,895,832	\$334,524,217

(Fiscal year 2014 net position is not restated on this schedule)

By far, the largest portion of the City's net position (71%) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens and customers; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (21%) may be used to meet the government's ongoing obligations to citizens, customers, and creditors.

City of Jacksonville Beach - Net Position



**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

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

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

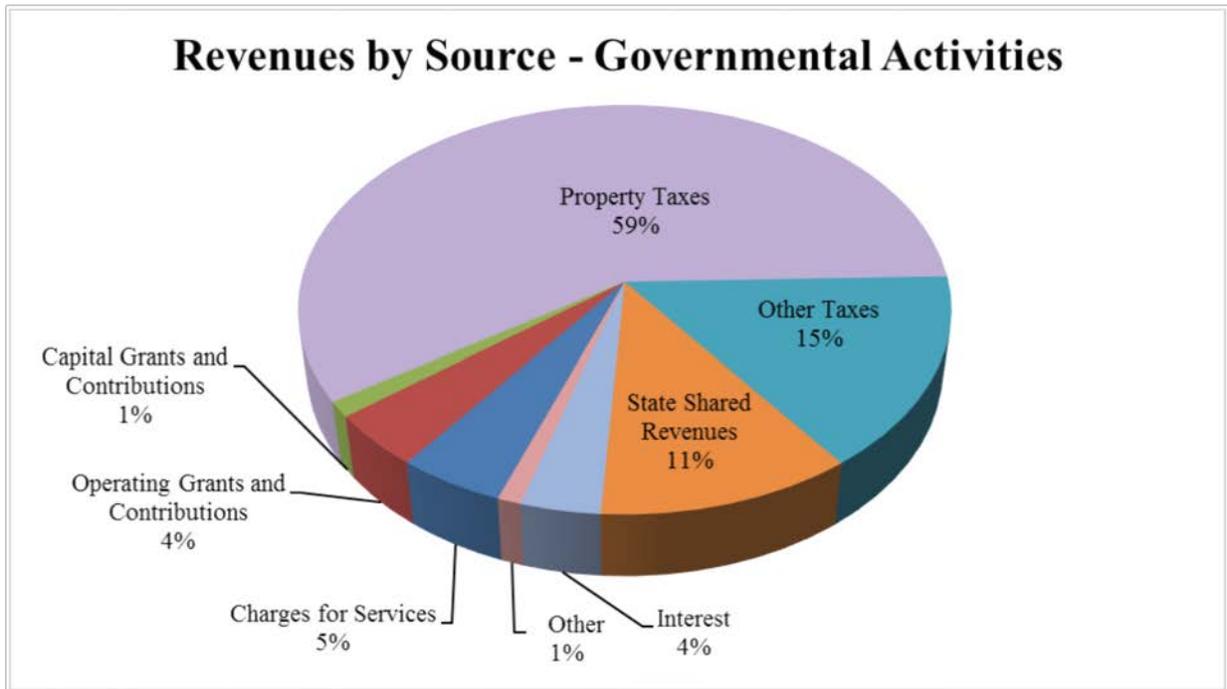
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$1,262,540	\$1,115,741	\$101,753,584	\$105,497,035	\$103,016,124	\$106,612,776
Operating Grants and Contributions	1,149,520	1,165,743			1,149,520	1,165,743
Capital Grants and Contributions	328,049	863,473	861,845	3,154,807	1,189,894	4,018,280
General Revenues:						
Property Taxes	15,906,918	15,137,151			15,906,918	15,137,151
Other Taxes	4,122,988	4,012,714			4,122,988	4,012,714
State Shared Revenues	3,022,878	2,830,039			3,022,878	2,830,039
Other Intergovernmental Revenues	32,343	64,142			32,343	64,142
Interest	947,694	511,269	1,019,905	487,702	1,967,599	998,971
Miscellaneous	245,617	148,707			245,617	148,707
Total Revenues	27,018,547	25,848,979	103,635,334	109,139,544	130,653,881	134,988,523
Program Expenses:						
General Government	3,327,768	2,481,148			3,327,768	2,481,148
Law Enforcement	6,158,188	8,644,124			6,158,188	8,644,124
Fire Control	1,972,069	3,697,834			1,972,069	3,697,834
Building Inspections	498,870	436,897			498,870	436,897
Physical Environment	356,095	356,947			356,095	356,947
Road and Street	3,936,380	2,937,071			3,936,380	2,937,071
Parks and Recreation	3,141,474	2,840,920			3,141,474	2,840,920
Interest on Long-Term Debt	116,801	167,258			116,801	167,258
Electric			74,983,356	78,915,218	74,983,356	78,915,218
Water and Sewer			8,835,376	8,919,844	8,835,376	8,919,844
Stormwater			1,190,742	1,307,367	1,190,742	1,307,367
Sanitation			3,320,470	3,201,492	3,320,470	3,201,492
Golf Course			1,471,132	1,346,173	1,471,132	1,346,173
Leased Facilities			265,349	267,406	265,349	267,406
Natural Gas			1,350,599	1,529,129	1,350,599	1,529,129
Total Expenses	19,507,645	21,562,199	91,417,024	95,486,629	110,924,669	117,048,828
Change in Net Position						
Before Transfers	7,510,902	4,286,780	12,218,310	13,652,915	19,729,212	17,939,695
Net Transfers	3,236,898	4,030,356	(3,236,898)	(4,030,356)	-	-
Change in Net Position	10,747,800	8,317,136	8,981,412	9,622,559	19,729,212	17,939,695
Net Position-Beginning of Year						
As Restated	108,467,677	110,771,618	210,698,943	205,812,904	319,166,620	316,584,522
Net Position-End of Year	\$ 119,215,477	\$ 119,088,754	\$ 219,680,355	\$ 215,435,463	\$ 338,895,832	\$ 334,524,217

(Beginning net position for fiscal year 2015 is restated on this schedule)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

Governmental activities. Governmental activities for fiscal year 2015 increased the City's net position by \$7,510,902 (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.

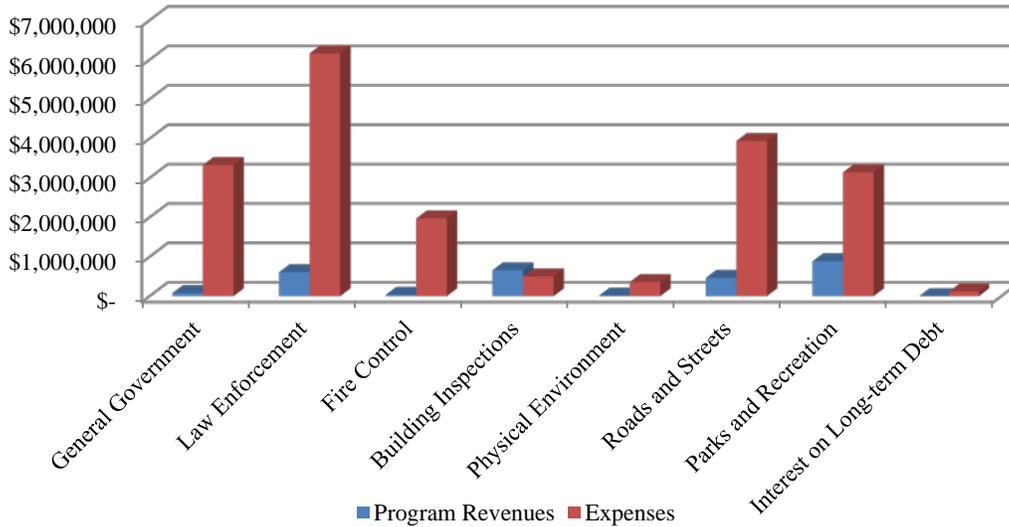


- Property taxes, which provided 59% of governmental revenues, increased by \$769,767 or 5% in fiscal year 2015, reflecting a local economy that is showing signs of recovery.
- Revenues from other taxes, including infrastructure surtax, communication service tax, convention development tax and fuel taxes increased by \$110,274.
- State shared revenues increased by \$192,839 mainly because of an increase in state sales tax receipts.
- Interest revenues increased by \$436,425 due to an increase in the rates of return paid on investments in the City's operating fund investment portfolio. The investment portfolio is managed by professional investment firms hired pursuant to the City's investment policy and monitored by a professional investment advisor.
- Total expenses for governmental activities decreased by \$2,054,554 or 9.5% from the prior year. In general, the decrease is attributable to a reduction in operating expenditures by most of the City departments. Management carefully managed expenditures during the year because the general economy still had not fully recovered and the primary budgetary goal set by City administration and City Council was to keep spending at the same level as the prior year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

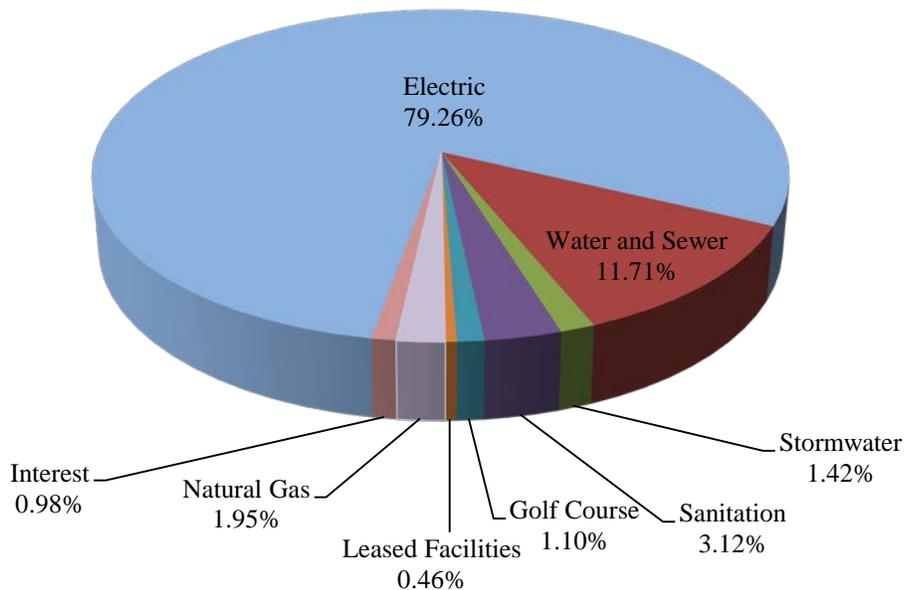
The following chart compares the program revenues from governmental activities to the related expenses. Please note that expenses precede revenues as governments seek to identify the needs of citizens and then raise the resources needed to meet those needs. The excess of expenses over program revenues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

Expenses and Program Revenues - Governmental Activities



Business-type activities. Business-type activities for fiscal year 2015 increased the City’s net position by \$12,218,310 (before transfers). On the statement of activities, net revenues are reduced by transfers to the governmental funds of \$3,236,898 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

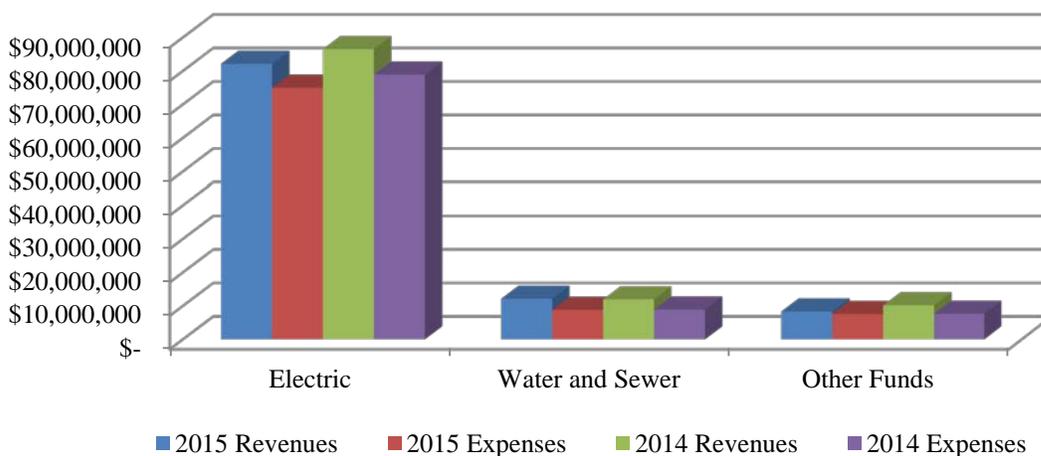


**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

- Charges for services in the business-type activities decreased by \$3,743,451 over the year, due mostly to a decrease in electric revenues. The City receives all of its electricity from Florida Municipal Power Agency, which it then distributes and sells to its customers. In fiscal year 2015, the City experienced a decrease in the cost of purchased power which corresponds to a decrease in the revenues received from charges for services.
- Total expenses for the business-type activities decreased by \$4,069,605 mainly due to a decrease in the cost of purchased electricity.
- Interest revenues increased by \$532,203 because of the increase in the rates of return paid on investments in the City's operating fund investment portfolio.
- Revenues in the business-type activities from capital grants and contributions decreased by \$2,292,962 mostly because of a one-time contribution in fiscal year 2014 for stormwater infrastructure improvements relating to a Florida Department of Transportation project that was completed in the City.
- Significant transfers out in business-type activities included a \$3,670,124 transfer from the electric enterprise fund and \$101,549 transfer from the natural gas fund to governmental funds in accordance with the City's policies on electric and natural gas transfers.

The following chart compares the program revenues from the City's business-type activities to the related expenses for fiscal years 2014 and 2015. 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**



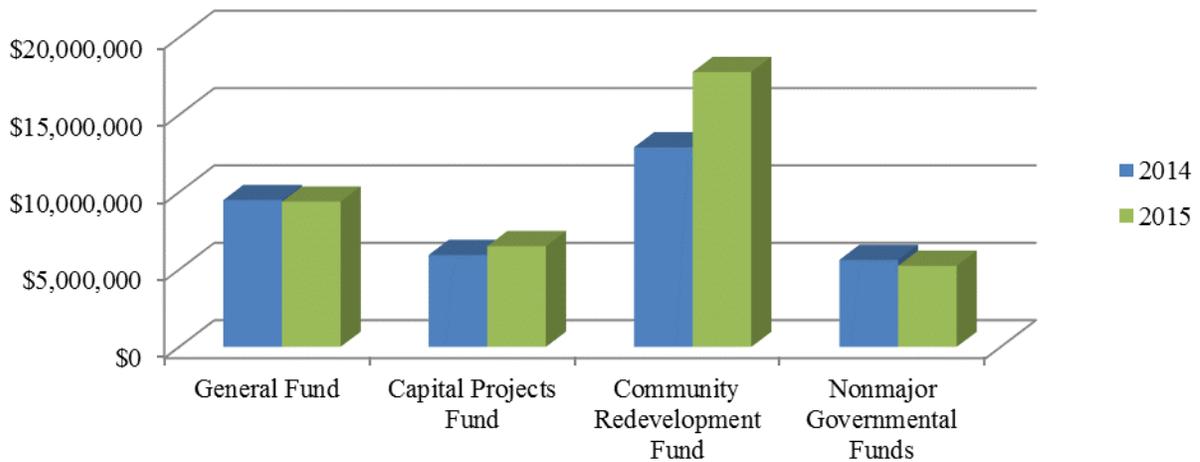
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 2015, the City's governmental funds reported a combined ending fund balance of \$38,886,165, an increase of \$4,959,665 or 14.6% for the year. Of this amount, \$22,860,797 is restricted for specific uses related to redevelopment, tourism, transportation improvements, capital projects and law enforcement; \$5,075,497 is committed for revenue stabilization, cemetery improvements and tree replacement; and \$10,949,871 is assigned for capital projects, debt service and unanticipated events/emergencies.

Fund Balances - Governmental Funds



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

At the end of the fiscal year the fund balance of the general fund was \$9,382,301, of which \$5,069,431 was committed for revenue stabilization and cemetery improvements. An additional \$4,312,870 was assigned to an unanticipated events/emergencies reserve account. 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 51.7% of general fund expenditures for 2015.

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 \$6,504,397, an increase of \$568,312 or 9.6% for the year.

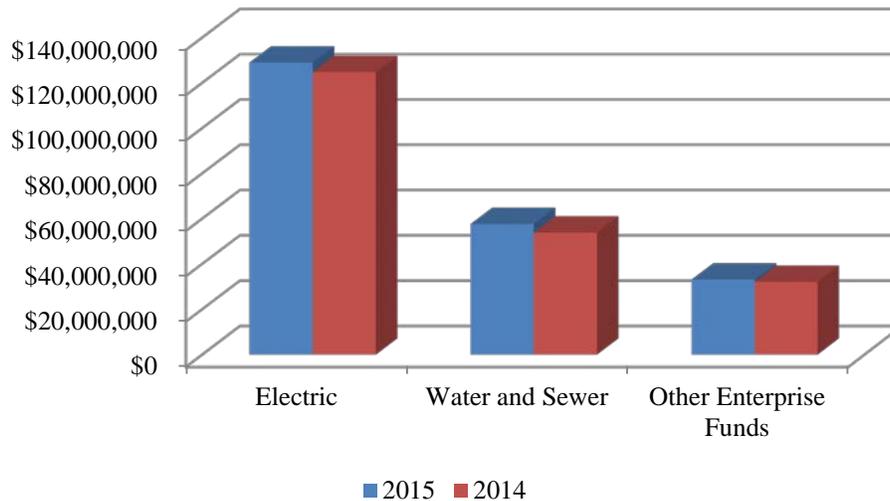
**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 \$17,760,626, an increase of \$4,868,070 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 2015, the City's enterprise funds reported a combined ending net position of \$219,680,355, an increase of \$8,981,412 or 4.3% for the year.

Net Position - Enterprise Funds



GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was an increase in net appropriations of \$119,710 for expenditures and \$792,905 for transfers out. Major amendments are summarized in Note 3 in the notes to the financial statements.

Budget amendments were adopted anticipating using available fund balance or revenues in excess of the original budget projections. In 2015, the total fund balance of the City's general fund decreased by \$100,787. Actual revenues were higher than final budgeted revenues by \$140,139 and actual expenditures were under budget by \$655,657 or 3.5%. 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, 2015
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, 2015 totaled \$266,902,362 (net of accumulated depreciation). Capital assets include land, buildings, equipment, infrastructure and construction in progress. The City's total investment in capital assets decreased by \$503,868 or .19%.

Additional information on the City's capital assets is presented in Note 7 of the notes to the financial statements. As can be seen in the schedule of capital activity in this note, the City has continued to invest significantly in its capital assets for both governmental and business-type activities.

The following table is a summary of the City's investment in capital assets for fiscal years 2014 and 2015:

City of Jacksonville Beach Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 29,656,509	\$ 29,224,644	\$ 4,388,198	\$ 4,387,615	\$ 34,044,707	\$ 33,612,259
Buildings	33,532,589	32,067,690	293,301,043	284,815,579	326,833,632	316,883,269
Equipment	12,256,500	11,705,788	8,170,703	8,144,820	20,427,203	19,850,608
Infrastructure	58,415,669	54,680,131	-	-	58,415,669	54,680,131
Construction in Progress	8,090,891	11,980,953	11,187,806	11,954,535	19,278,697	23,935,488
	141,952,158	139,659,206	317,047,750	309,302,549	458,999,908	448,961,755
Less: Accumulated Depreciation	(51,561,543)	(49,025,203)	(140,536,003)	(132,530,322)	(192,097,546)	(181,555,525)
Capital Assets, Net	\$ 90,390,615	\$ 90,634,003	\$ 176,511,747	\$ 176,772,227	\$ 266,902,362	\$ 267,406,230

Long-Term Debt. At September 30, 2015, the City had total bonded debt outstanding of \$26,335,543. Total debt outstanding decreased by \$5,327,809 or 17% 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	
	2015	2014	2015	2014	2015	2014
Capital Improvement Bonds	\$ 4,006,880	\$ 5,552,680	\$ -	\$ -	\$ 4,006,880	\$ 5,552,680
Utility System Bonds	-	-	21,825,000	25,380,000	21,825,000	25,380,000
Unamortized Premium	-	-	503,662	730,671	503,662	730,671
Total	\$ 4,006,880	\$ 5,552,680	\$ 22,328,662	\$ 26,110,671	\$ 26,335,542	\$ 31,663,351

The City had no outstanding general obligation debt at the close of fiscal year 2015. All of the City's long-term bonded debt is secured solely by specified revenue sources. Debt related to business-type activities is paid with operating revenues. The capital improvement debt in the governmental activities is secured by a pledge of non-ad valorem tax revenues. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, the utility revenue bonds require various funds or accounts to be established and maintained within the City's accounting system.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

Additional information on the City's long-term debt can be found in Note 8 of the notes to the financial statements. As can be seen in the debt information presented, the City should be debt free in the beginning of fiscal year 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Jacksonville Beach's economy and demographics reflect statewide and national trends. While statewide improvements in employment, tourism and personal income indicate some improvement, the local economy has not yet fully recovered to pre-recession levels. The City of Jacksonville Beach's property values increased by 8.7% and 2016 budget projections for some property, sales and gas taxes have increased.

The 2016 annual budget reduces the millage rate by 2.5% to \$3.8947 mills. The total adopted budget of \$159,841,414 is less than the 2015 budget by \$8.2 million. Most of the reduction results from the expected completion of redevelopment projects budgeted in 2015. The general fund's budget of \$19,936,416 is \$475,685 more than the prior year budget. The increase reflects additional funding for parks, cemetery, irrigation, and facilities maintenance.

During the past few years, the state legislature has passed property tax reform legislation that reduced the amount of property taxes collected by many local governments. In addition, there has been other proposed legislation that has thus far been defeated or otherwise negated which could have reduced communications service taxes and business taxes. The City is closely monitoring potential future revenue reductions related to additional property tax reform initiatives or other local revenue sources by the state legislature.

Of particular concern to management in the past few years has been the trend of increasing costs for health and pension benefits for employees. The City has partnered with its health insurance providers to offer wellness programs and other initiatives to contain healthcare costs while improving health insurance coverage for its employees. In addition, the City successfully negotiated pension reforms with the employee unions and substantially improved the financial sustainability of all three employee pension plans while maintaining the defined benefit status of those plans. We are continuing to review potential legislative options to reform the state laws related to these retirement plans.

In the near future, changes in the electric industry due to global warming concerns, and changes in the amount and types of available electrical demand resources, will have a significant financial impact on the City's revenue sources. We have continued to improve and strengthen our electric infrastructure and improve customer service through technology, all of which also impact available revenues. To meet these demands on our resources, management continually monitors electric revenues and makes adjustments periodically while still providing a competitive product to our customers.

Another concern that can greatly affect our operating and capital costs are new federal regulations concerning the levels and types of pollutants in wastewater/stormwater discharges. The City renews its National Pollutant Discharge Elimination System (NPDES) permits for wastewater and stormwater every five (5) years on separate cycles with the Florida Department of Environmental Protection. With each renewal process, the fiscal impact that the new and more restrictive standards will have on our operations is uncertain until implementation is underway.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

We will continue to be careful about managing the City's resources and cautious about increases in spending and service levels. We are very concerned about continuing to provide the same level of service to our citizens as we have in the past, given recent economic conditions, property tax reform initiatives by the state legislature, employee pension and health care costs, and new federal regulations affecting our utility operations.

Each year the City begins its annual budget process with an evaluation of its current financial position. This evaluation considers local and national economic trends, financial trend analysis, a five-year capital improvement plan, and a five-year cash flow analysis for major city operations.

We feel strongly that with careful planning and due diligence we can overcome the challenges that will affect our financial position and operations while meeting our budget objectives each year. The budget objectives for FY 2016 include the following:

- Maintain sustainable spending patterns in all funds
- Maintain the ability to provide core service levels
- Provide adequate maintenance of City equipment, facilities, and infrastructure
- Fund capital budgets within cash flow projections
- Minimize future debt through long term financial planning and capital budgeting

REQUESTS FOR INFORMATION

This financial report is designed to provide users with a general overview of the City of Jacksonville Beach's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 42,845,077	\$ 87,766,801	\$ 130,611,878
Other Cash and Investments	5,125	2,946,433	2,951,558
Accounts Receivable, Net	228,122	16,316,502	16,544,624
Assessments Receivable, Net	48,194	887	49,081
Due from Other Governments	1,185,274		1,185,274
Inventories		1,527,861	1,527,861
Prepaid Items	1,095,670	90,267	1,185,937
Restricted Assets:			
Equity in Pooled Cash and Investments		9,620,465	9,620,465
Capital Assets:			
Nondepreciable	37,747,400	15,576,004	53,323,404
Depreciable, Net	52,643,215	160,935,743	213,578,958
Total Assets	135,798,077	294,780,963	430,579,040
Deferred Outflows of Resources			
Unamortized Refunding Loss		844,404	844,404
Pension Related	1,720,335	752,675	2,473,010
Total Deferred Outflows of Resources	1,720,335	1,597,079	3,317,414
Liabilities			
Accounts Payable	477,399	6,342,748	6,820,147
Accrued Interest		394,629	394,629
Other Accrued Liabilities	726,476	826,733	1,553,209
Power Costs Recovered in Advance		33,398,930	33,398,930
Due to Other Governments	60,380		60,380
Deposits	12,004	5,419,572	5,431,576
Unearned Revenues	197,377	41,285	238,662
Self-insurance Claims Payable	543,048		543,048
Noncurrent Liabilities:			
Due Within One Year	2,217,120	4,026,756	6,243,876
Due in More Than One Year	12,919,046	25,452,506	38,371,552
Total Liabilities	17,152,850	75,903,159	93,056,009
Deferred Inflows of Resources			
Pension Related	1,150,085	794,528	1,944,613
Net Position			
Net Investment in Capital Assets	86,383,735	155,027,489	241,411,224
Restricted for:			
Redevelopment	17,761,806		17,761,806
Tourism	792,263		792,263
Transportation Improvements	348,026		348,026
Capital Projects	3,467,901	2,000,000	5,467,901
Law Enforcement	860,062		860,062
Unrestricted	9,601,684	62,652,866	72,254,550
Total Net Position	\$ 119,215,477	\$ 219,680,355	\$ 338,895,832

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 3,327,768	\$ 77,737			\$ (3,250,031)		\$ (3,250,031)
Law Enforcement	6,158,188	187,102	\$ 355,491	\$ 65,701	(5,549,894)		(5,549,894)
Fire Control	1,972,069		34,128		(1,937,941)		(1,937,941)
Building Inspections	498,870	656,045			157,175		157,175
Physical Environment	356,095	15,238			(340,857)		(340,857)
Roads and Streets	3,936,380	200,975		262,348	(3,473,057)		(3,473,057)
Parks and Recreation	3,141,474	125,443	759,901		(2,256,130)		(2,256,130)
Interest on Long-term Debt	116,801				(116,801)		(116,801)
Total Governmental Activities	19,507,645	1,262,540	1,149,520	328,049	(16,767,536)	\$ 0	(16,767,536)
Business-type Activities							
Electric	74,983,356	81,912,342		224,388		7,153,374	7,153,374
Water and Sewer	8,835,376	11,675,568		462,845		3,303,037	3,303,037
Stormwater	1,190,742	1,294,802		174,612		278,672	278,672
Sanitation	3,320,470	3,235,626				(84,844)	(84,844)
Golf Course	1,471,132	1,140,725				(330,407)	(330,407)
Leased Facilities	265,349	476,548				211,199	211,199
Natural Gas	1,350,599	2,017,973				667,374	667,374
Total Business-type Activities	91,417,024	101,753,584	0	861,845	0	11,198,405	11,198,405
Total Primary Government	\$ 110,924,669	\$ 103,016,124	\$ 1,149,520	\$ 1,189,894	(16,767,536)	11,198,405	(5,569,131)
General Revenues							
Taxes:							
					15,906,918		15,906,918
					5,280		5,280
					1,195,504		1,195,504
					1,109,765		1,109,765
					344,940		344,940
					765,325		765,325
					702,174		702,174
					3,022,878		3,022,878
					32,343		32,343
					947,694	1,019,905	1,967,599
					245,617		245,617
					3,236,898	(3,236,898)	0
					27,515,336	(2,216,993)	25,298,343
					10,747,800	8,981,412	19,729,212
					108,467,677	210,698,943	319,166,620
					\$ 119,215,477	\$ 219,680,355	\$ 338,895,832

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 10,277,135	\$ 6,554,208	\$ 17,840,652	\$ 5,197,960	\$ 39,869,955
Other Cash and Investments	5,125				5,125
Receivables:					
Accounts, Net	224,988		55		225,043
Assessments, Net	12,533		1,180	34,481	48,194
Interfund Receivables	10,808				10,808
Due from Other Governments	785,889			399,385	1,185,274
Total Assets	<u>11,316,478</u>	<u>6,554,208</u>	<u>17,841,887</u>	<u>5,631,826</u>	<u>41,344,399</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	231,878	49,811	1,863	12,568	296,120
Other Accrued Liabilities	478,929		78,163	1,528	558,620
Due to Other Governments	60,380				60,380
Interfund Payables				10,808	10,808
Deposits	12,004				12,004
Unearned Revenue	197,322		55		197,377
Total Liabilities	<u>980,513</u>	<u>49,811</u>	<u>80,081</u>	<u>24,904</u>	<u>1,135,309</u>
Deferred Inflows of Resources					
Unavailable Revenues	953,664		1,180	368,081	1,322,925
Fund Balances					
Restricted for:					
Redevelopment			17,760,626		17,760,626
Tourism Expenses				763,863	763,863
Transportation Improvements				190,375	190,375
Capital Projects				3,285,871	3,285,871
Law Enforcement				860,062	860,062
Committed for:					
Revenue Stabilization	4,984,104				4,984,104
Cemetery Improvements	85,327				85,327
Tree Replacement				6,066	6,066
Assigned for:					
Unanticipated Events/ Emergencies	4,312,870				4,312,870
Capital Projects		6,504,397		9,239	6,513,636
Debt Service				123,365	123,365
Total Fund Balances	<u>9,382,301</u>	<u>6,504,397</u>	<u>17,760,626</u>	<u>5,238,841</u>	<u>38,886,165</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,316,478</u>	<u>\$ 6,554,208</u>	<u>\$ 17,841,887</u>	<u>\$ 5,631,826</u>	<u>\$ 41,344,399</u>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

Fund Balance - Total Governmental Funds \$ 38,886,165

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	\$ 138,257,508	
(Accumulated Depreciation)	<u>(48,613,213)</u>	89,644,295

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	1,421,678	
Deferred Inflows Related to Pensions	<u>(834,822)</u>	586,856

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		1,322,925
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Revenue Bonds	(4,006,880)	
Accrued Other Postemployment Benefits	(1,505,430)	
Net Pension Liability	(4,701,508)	
Compensated Absences	<u>(2,326,571)</u>	(12,540,389)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported with governmental activities.		<u>1,315,625</u>
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Net Position of Governmental Activities		<u><u>\$ 119,215,477</u></u>
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See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,364,449		\$ 8,372,488	\$ 2,284,669	\$ 20,021,606
Licenses and Permits	682,161				682,161
Intergovernmental	3,874,858			204,576	4,079,434
Charges for Services	339,543			16,493	356,036
Fines and Forfeitures	182,060			150,039	332,099
Interest and Other Revenue	490,582	\$ 131,339	381,590	170,408	1,173,919
Total Revenues	<u>14,933,653</u>	<u>131,339</u>	<u>8,754,078</u>	<u>2,826,185</u>	<u>26,645,255</u>
Expenditures					
Current:					
General Government	2,291,739	267,319	301,111	2,172	2,862,341
Public Safety	11,782,455		768,306	98,990	12,649,751
Physical Environment				11,417	11,417
Roads and Streets	1,480,554	1,307,850	2,805	95,615	2,886,824
Parks and Recreation	2,597,983			141,438	2,739,421
Debt Service:					
Principal			620,800	925,000	1,545,800
Interest and Fees			44,511	72,290	116,801
Capital Outlay		376,911	2,148,475	163,617	2,689,003
(Total Expenditures)	<u>(18,152,731)</u>	<u>(1,952,080)</u>	<u>(3,886,008)</u>	<u>(1,510,539)</u>	<u>(25,501,358)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(3,219,078)</u>	<u>(1,820,741)</u>	<u>4,868,070</u>	<u>1,315,646</u>	<u>1,143,897</u>
Other Financing Sources (Uses)					
Transfers in	4,683,249	2,389,053		477,720	7,550,022
Transfers (out)	(1,564,958)			(2,169,296)	(3,734,254)
Total Other Financing Sources (Uses)	<u>3,118,291</u>	<u>2,389,053</u>	<u>0</u>	<u>(1,691,576)</u>	<u>3,815,768</u>
Net Change in Fund Balances	(100,787)	568,312	4,868,070	(375,930)	4,959,665
Fund Balances, Beginning of Year	9,483,088	5,936,085	12,892,556	5,614,771	33,926,500
Fund Balances, End of Year	<u>\$ 9,382,301</u>	<u>\$ 6,504,397</u>	<u>\$ 17,760,626</u>	<u>\$ 5,238,841</u>	<u>\$ 38,886,165</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Change in Fund Balance - Total Governmental Funds \$ 4,959,665

**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	\$ 3,202,497	
Contributions from Developers	292,112	
Disposals and Transfers	(655,845)	
(Current Year Depreciation)	<u>(3,108,961)</u>	(270,197)

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

Principal Payments		1,545,800
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Accrued Compensated Absences	(28,095)	
Change in Net Pension Liability and Deferred Inflows and Outflows Related to Pensions	4,627,006	
Change in Other Postemployment Benefits	<u>(99,676)</u>	4,499,235

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.

33,294

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.

(19,997)

Change in Net Position of Governmental Activities \$ 10,747,800

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes	\$ 9,680,642	\$ 9,680,642	\$ 9,364,449	\$ (316,193)
Licenses and Permits	561,250	561,250	682,161	120,911
Intergovernmental	3,598,977	3,609,022	3,874,858	265,836
Charges for Services	348,200	348,200	339,543	(8,657)
Fines and Forfeitures	168,500	168,500	182,060	13,560
Interest and Other Revenue	410,000	425,900	490,582	64,682
Total Revenues	<u>14,767,569</u>	<u>14,793,514</u>	<u>14,933,653</u>	<u>140,139</u>
Expenditures				
Executive and Legislative	758,017	836,778	798,419	38,359
Central Services	491,929	613,105	566,898	46,207
Planning and Development	836,482	836,482	712,266	124,216
Parks and Recreation	2,495,652	2,608,180	2,597,983	10,197
Public Works	1,534,797	1,537,984	1,480,554	57,430
Police	7,891,852	7,958,373	7,739,640	218,733
Fire	3,546,489	3,624,967	3,516,725	108,242
Nondepartmental	1,133,460	792,519	740,246	52,273
(Total Expenditures)	<u>(18,688,678)</u>	<u>(18,808,388)</u>	<u>(18,152,731)</u>	<u>655,657</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(3,921,109)</u>	<u>(4,014,874)</u>	<u>(3,219,078)</u>	<u>795,796</u>
Other Financing Sources (Uses)				
Transfers in	4,693,162	4,693,162	4,683,249	(9,913)
Transfers (out)	(772,053)	(1,564,958)	(1,564,958)	0
Total Other Financing Sources (Uses)	<u>3,921,109</u>	<u>3,128,204</u>	<u>3,118,291</u>	<u>(9,913)</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ (886,670)</u>	<u>\$ (100,787)</u>	<u>\$ 785,883</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 8,363,885	\$ 8,363,885	\$ 8,372,488	\$ 8,603
Interest and Other Revenue	165,000	165,000	381,590	216,590
Total Revenues	<u>8,528,885</u>	<u>8,528,885</u>	<u>8,754,078</u>	<u>225,193</u>
Expenditures				
Current:				
General Government	323,077	802,507	301,111	501,396
Public Safety	866,216	867,792	768,306	99,486
Roads and Streets			2,805	(2,805)
Debt Service:				
Principal	620,799	620,799	620,800	(1)
Interest and Fees	44,511	44,511	44,511	0
Capital Outlay		15,583,246	2,148,475	13,434,771
(Total Expenditures)	<u>(1,854,603)</u>	<u>(17,918,855)</u>	<u>(3,886,008)</u>	<u>14,032,847</u>
Net Change in Fund Balance	<u>\$ 6,674,282</u>	<u>\$ (9,389,970)</u>	<u>\$ 4,868,070</u>	<u>\$ 14,258,040</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2015
 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	\$ 61,925,953	\$ 13,441,451	\$ 12,399,397	\$ 87,766,801	\$ 2,975,122
Other Operating Cash			1,290	1,290	
Other Investments	1,767,086	1,178,057		2,945,143	
Receivables:					
Accounts, Net	14,157,867	1,386,648	771,987	16,316,502	3,079
Assessments, Net		887		887	
Inventories	1,516,925		10,936	1,527,861	
Prepaid Expenses	86,299		3,968	90,267	1,095,670
Restricted Assets:					
Equity in Pooled Cash and Investments	8,215,898	1,404,567		9,620,465	
Total Current Assets	87,670,028	17,411,610	13,187,578	118,269,216	4,073,871
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,474,972	4,388,198	
Buildings and Improvements	183,258,422	79,663,988	30,378,633	293,301,043	1,635,007
Equipment	4,882,863	2,210,186	1,077,654	8,170,703	2,059,643
Construction in Progress	5,575,655	5,335,462	276,689	11,187,806	
	196,268,196	87,571,606	33,207,948	317,047,750	3,694,650
(Accumulated Depreciation)	(93,330,319)	(35,870,610)	(11,335,074)	(140,536,003)	(2,948,330)
Total Capital Assets, Net of Accumulated Depreciation	102,937,877	51,700,996	21,872,874	176,511,747	746,320
Total Noncurrent Assets	102,937,877	51,700,996	21,872,874	176,511,747	746,320
Total Assets	190,607,905	69,112,606	35,060,452	294,780,963	4,820,191
Deferred Outflows of Resources					
Unamortized Refunding Loss	543,110	301,294		844,404	
Pension Related	460,121	212,514	80,040	752,675	298,657
Total Deferred Outflows of Resources	1,003,231	513,808	80,040	1,597,079	298,657

See accompanying notes.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015
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	\$ 5,632,614	\$ 198,736	\$ 511,398	\$ 6,342,748	\$ 181,279
Power Costs Recovered in Advance	32,705,954		692,976	33,398,930	
Other Accrued Liabilities	654,852	111,148	60,733	826,733	167,856
Unearned Revenue			41,285	41,285	
Estimated Liability for Self-insured Losses				0	543,048
Current Portion of Long-term Debt:					
Compensated Absences	214,626	109,321	22,809	346,756	169,925
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,167,520	1,512,480		3,680,000	
Accrued Interest	232,478	162,151		394,629	
Customer Deposits	5,419,572			5,419,572	
Total Current Liabilities	47,027,616	2,093,836	1,329,201	50,450,653	1,062,108
Noncurrent Liabilities:					
Revenue Bonds Payable	10,984,062	7,664,600		18,648,662	
Accrued Compensated Absences	858,506	437,285	91,233	1,387,024	679,702
Other Postemployment Benefits	583,354	357,540	75,272	1,016,166	
Net Pension Liability	2,690,188	1,242,500	467,966	4,400,654	1,746,150
Total Noncurrent Liabilities	15,116,110	9,701,925	634,471	25,452,506	2,425,852
Total Liabilities	62,143,726	11,795,761	1,963,672	75,903,159	3,487,960
Deferred Inflows of Resources					
Pension Related	485,708	224,330	84,490	794,528	315,263
Net Position					
Net Investment in Capital Assets	90,329,405	42,825,210	21,872,874	155,027,489	746,320
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Unrestricted	37,152,297	14,281,113	11,219,456	62,652,866	569,305
Total Net Position	\$ 128,981,702	\$ 57,606,323	\$ 33,092,330	\$ 219,680,355	\$ 1,315,625

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 81,835,617	\$ 11,568,142	\$ 7,641,207	\$ 101,044,966	\$ 11,528,952
Other	76,725	107,426	524,467	708,618	20,044
Total Operating Revenues	<u>81,912,342</u>	<u>11,675,568</u>	<u>8,165,674</u>	<u>101,753,584</u>	<u>11,548,996</u>
Operating Expenses					
Purchased Power	59,230,198		931,059	60,161,257	
Personal Services	4,032,045	2,568,176	979,626	7,579,847	3,869,165
Purchased Services	924,242	332,788	3,326,268	4,583,298	1,020,900
Repairs and Maintenance	444,427	749,472	325,366	1,519,265	458,338
Depreciation	5,608,406	2,512,126	1,041,294	9,161,826	126,749
Materials and Supplies	474,108	311,952	235,605	1,021,665	339,020
Other Expenses	3,706,028	1,971,103	764,407	6,441,538	5,755,634
(Total Operating Expenses)	<u>(74,419,454)</u>	<u>(8,445,617)</u>	<u>(7,603,625)</u>	<u>(90,468,696)</u>	<u>(11,569,806)</u>
Operating Income	<u>7,492,888</u>	<u>3,229,951</u>	<u>562,049</u>	<u>11,284,888</u>	<u>(20,810)</u>
Nonoperating Revenues (Expenses)					
Investment Earnings	538,862	235,200	245,843	1,019,905	69,132
Interest Expense	(587,795)	(375,146)		(962,941)	
Gain (Loss) on Disposal of Capital Assets	23,893	(14,613)	5,333	14,613	(21,246)
Total Nonoperating Revenues (Expenses)	<u>(25,040)</u>	<u>(154,559)</u>	<u>251,176</u>	<u>71,577</u>	<u>47,886</u>
Income Before Contributions and Transfers	<u>7,467,848</u>	<u>3,075,392</u>	<u>813,225</u>	<u>11,356,465</u>	<u>27,076</u>
Capital Contributions					
Connection Fees	139,453	177,375		316,828	
Contributions from Other Funds		246,681	285,116	531,797	
Developer and Other Contributions	84,935	285,470	174,612	545,017	
Total Capital Contributions	<u>224,388</u>	<u>709,526</u>	<u>459,728</u>	<u>1,393,642</u>	<u>0</u>
Transfers					
Transfers in	162,097		262,978	425,075	29,927
Transfers (out)	(3,670,124)		(523,646)	(4,193,770)	(77,000)
Total Transfers	<u>(3,508,027)</u>	<u>0</u>	<u>(260,668)</u>	<u>(3,768,695)</u>	<u>(47,073)</u>
Change in Net Position	4,184,209	3,784,918	1,012,285	8,981,412	(19,997)
Total Net Position, Beginning of Year (As Restated)	<u>124,797,493</u>	<u>53,821,405</u>	<u>32,080,045</u>	<u>210,698,943</u>	<u>1,335,622</u>
Total Net Position, End of Year	<u>\$ 128,981,702</u>	<u>\$ 57,606,323</u>	<u>\$ 33,092,330</u>	<u>\$ 219,680,355</u>	<u>\$ 1,315,625</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 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	\$ 90,334,099	\$ 11,724,352	\$ 8,318,075	\$ 110,376,526	\$ 11,546,542
Cash Payments to Vendors for Goods and Services	(63,531,326)	(3,765,090)	(5,467,472)	(72,763,888)	(7,899,963)
Cash Payments to Employees for Services Claims Paid	(4,166,403)	(2,589,051)	(1,004,578)	(7,760,032)	(4,008,546)
Net Cash Provided by (Used in) Operating Activities	<u>22,636,370</u>	<u>5,370,211</u>	<u>1,846,025</u>	<u>29,852,606</u>	<u>(729,638)</u>
Cash Flows from Noncapital Financing Activities					
Transfers in	162,097		262,978	425,075	29,927
Transfers (out)	(3,670,124)		(523,646)	(4,193,770)	(77,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(3,508,027)</u>	<u>0</u>	<u>(260,668)</u>	<u>(3,768,695)</u>	<u>(47,073)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(5,599,197)	(1,686,139)	(453,596)	(7,738,932)	(174,804)
Removal Costs	(104,659)			(104,659)	
Proceeds from Sale of Capital Assets	27,274	1,065	5,333	33,672	
Principal Paid on Revenue Bonds	(2,093,895)	(1,461,105)		(3,555,000)	
Interest Paid and Fiscal Charges	(513,276)	(358,162)		(871,438)	
Connection Fees	139,453	177,375		316,828	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(8,144,300)</u>	<u>(3,326,966)</u>	<u>(448,263)</u>	<u>(11,919,529)</u>	<u>(174,804)</u>
Cash Flows from Investing Activities					
Interest Received on Investments	454,300	178,826	245,843	878,969	69,132
Net Increase (Decrease) in Cash and Cash Equivalents	11,438,343	2,222,071	1,382,937	15,043,351	(882,383)
Cash and Cash Equivalents, Beginning of Year	<u>58,703,508</u>	<u>12,623,947</u>	<u>11,017,750</u>	<u>82,345,205</u>	<u>3,857,505</u>
Cash and Cash Equivalents, End of Year	<u>\$ 70,141,851</u>	<u>\$ 14,846,018</u>	<u>\$ 12,400,687</u>	<u>\$ 97,388,556</u>	<u>\$ 2,975,122</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>	<u>Totals</u>	Activities - Internal Service Funds
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>					
Current Assets					
Equity in Pooled Cash and Investments	\$ 61,925,953	\$ 13,441,451	\$ 12,399,397	\$ 87,766,801	\$ 2,975,122
Other Operating Cash			1,290	1,290	
Restricted Assets					
Equity in Pooled Cash and Investments	8,215,898	1,404,567		9,620,465	
Total	<u>\$ 70,141,851</u>	<u>\$ 14,846,018</u>	<u>\$ 12,400,687</u>	<u>\$ 97,388,556</u>	<u>\$ 2,975,122</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income (Loss)	\$ 7,492,888	\$ 3,229,951	\$ 562,049	\$ 11,284,888	\$ (20,810)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,608,406	2,512,126	1,041,294	9,161,826	126,749
Power Costs Recovered in Advance (Returned)	7,435,021		127,074	7,562,095	
Change in Estimated Liability for Self-insured Losses					324,897
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	994,377	46,561	22,476	1,063,414	(2,454)
Assessments Receivable		2,223		2,223	
Inventories	746,651		587	747,238	
Prepaid Expenses	(118)		574	456	(1,042,771)
Accounts Payable and Other Accrued Liabilities	501,144	(399,775)	114,072	215,441	24,132
Customer Deposits	(7,641)			(7,641)	
Accrued Compensated Absences	29,730	19,992	12,142	61,864	(22,718)
Unearned Revenues			2,851	2,851	
Other Postemployment Benefits	15,646	42,147	(5,829)	51,964	
Net Pension Liability and Pension Related Deferred Inflows and Outflows	(179,734)	(83,014)	(31,265)	(294,013)	(116,663)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 22,636,370</u>	<u>\$ 5,370,211</u>	<u>\$ 1,846,025</u>	<u>\$ 29,852,606</u>	<u>\$ (729,638)</u>
<u>Supplemental Disclosure of Noncash Activities</u>					
Change in Fair Value of Investments	\$ 84,562	\$ 56,374		\$ 140,936	
Amortization of Bond Discount (Premium)	(133,708)	(93,301)		(227,009)	
Amortization of Loss on Refunding	244,789	135,798		380,587	
Contributed Assets	84,935	285,470	\$ 174,612	545,017	
Capital Assets Transferred in			285,116	285,116	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

Assets

Cash and Cash Equivalents	\$ 1,882,117
Accrued Interest	144,773
Due from Other Governments	64,418
Investments:	
Equities, Including Mutual Funds	47,886,531
Corporate Bonds	16,568,315
U.S. Government Obligations/Agencies	10,212,822
Total Investments	<u>74,667,668</u>
Total Assets	<u>76,758,976</u>

Liabilities

Accounts Payable	2,912
Other Accrued Liabilities	2,614
Total Liabilities	<u>5,526</u>

Net Position

Held in Trust for Pension Benefits	<u>\$ 76,753,450</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

Additions

Contributions:	
Employee	\$ 1,328,673
Employer	1,909,980
State of Florida	430,017
Total Contributions	<u>3,668,670</u>

Investment Income:	
Investment Earnings	6,128
(Investment Expenses)	(252,738)
Net Investment Income	<u>(246,610)</u>

Total Additions	<u>3,422,060</u>
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Deductions

Benefits	5,998,873
Refunds of Contributions	339,231
Administrative Expense	229,929
	<u>6,568,033</u>

(Total Deductions)	<u>(6,568,033)</u>
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Change in Net Position	(3,145,973)
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Net Position, Beginning of Year	<u>79,899,423</u>
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Net Position, End of Year	<u><u>\$ 76,753,450</u></u>
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See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Jacksonville Beach, Florida, (the City) was founded in 1907 and operates under a City Council/City Manager form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The City has one blended component unit, the City of Jacksonville Beach Community Redevelopment Agency (CRA). The CRA was created in 1978 pursuant to Chapter 163, Florida Statutes and City Ordinance No. 6950. The CRA is being treated as a blended component unit and included as part of the primary government for financial reporting purposes because the City Council is the governing body for the CRA and management of the City has operational responsibility for the CRA. The CRA is presented in the financial statements of the City as a special revenue fund. The CRA does not issue a separate set of financial statements.

This report includes the accounts and transactions of the following entities, which do not satisfy the definition of component units because they are not legally separate from the City.

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

B. Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements so as not to distort financial results. Fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added certain funds as major funds.

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

- **Electric Fund**—accounts for the activities associated with providing electric service to its customers inside the City, as well as to its service territories in Neptune Beach and Ponte Vedra Beach. The electric fund is a distribution utility, with no significant power generation assets.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

- **Water and Sewer Fund**—accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including the capital and operating costs associated with water supply, treatment and distribution, wastewater collection, treatment and disposal, and utility billing and collection.

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

In addition, the City reports the following fund types:

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

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

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

D. Assets and Liabilities

■ **Cash and Investments**

- **Cash and Cash Equivalents**—for purposes of the statement of cash flows for the proprietary fund types, cash and cash equivalents include demand deposits, certificates of deposit, repurchase agreements with financial institutions, petty cash, state pool investments, mutual funds, and equity in pooled cash and investments. Equivalents are defined as short-term, highly-liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. Cash equivalents may exclude certain liquid assets held in restricted investment accounts.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets and Liabilities (Continued)

■ **Cash and Investments (Concluded)**

- **Equity in Pooled Cash and Investments**—the City maintains an accounting system in which substantially all cash and investments are recorded and are reflected as pooled cash and investments, except for the pension trust fund investments, and certain other investments purchased under the requirements of bond covenants. Investment earnings are distributed monthly in accordance with the participating funds' relative percentage of investments.
- **Restricted Cash and Investments**—represent equity in pooled cash and investments and separately identified investments which are restricted as to use. Bond covenants require certain enterprise funds to establish and maintain prescribed amounts of resources (consisting of cash and investments) that can be used only for specific purposes.

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

- **Receivables**—All receivables are reported at their gross value, and where appropriate are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts at September 30, 2015, is \$174,932. 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, 2015, are unbilled amounts totaling \$7,300,692. The estimated amount is based on billings during the month following the close of the fiscal year.
- **Interfund Receivables and Payables**—During the course of its operations, the City has numerous transactions between funds to provide services, construct assets, and service debt. To the extent that certain transactions between funds were not paid for or received as of September 30, 2015, balances of interfund receivables and payables expected to be liquidated within one year have been recorded as due from and due to other funds. Balances of interfund receivables and payables not expected to be liquidated within one year, if any, are recorded as advances to and advances from other funds. Balances of advances to other funds are offset by nonspendable fund balances in the respective funds, since these receivables are not available for appropriation. Short-term interfund loans to eliminate cash deficits are classified as “interfund receivables/payable.”

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

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets and Liabilities (Continued)

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

Interest on revenue bonds, the proceeds of which are used to finance the construction of certain assets, is capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds. No net interest cost was capitalized in the enterprise funds or the government-wide financial statements in 2015.

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

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

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

- **Long-term Obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and refunding losses are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Issuance costs are expensed as incurred.

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets and Liabilities (Concluded)

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

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

The employee must:

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

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Fund Balances

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Fund Balances (Concluded)

■ **Classifications—(Concluded)**

● **Assigned—(Concluded)**

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

- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned. There are no unassigned fund balances as of September 30, 2015.

■ **Flow Assumption**

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

F. New Accounting Pronouncements

During the year, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the City's pension plans. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their present value, and attribute that present value to periods of employee service. GASB 68 also addresses note disclosures and required supplementary information. As permitted by the standard, the City chose to use a measurement date of the net pension liability one year prior to the reporting date. GASB 71 requires a government that is transitioning to the new standards to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability of the initial fiscal year of implementation.

As a result of the implementation of these statements, beginning Net Position was reduced as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

F. New Accounting Pronouncements (Concluded)

Governmental Activities:

Governmental Activities	\$ 8,741,658
Other Internal Service Fund	<u>1,879,419</u>
Total Governmental Activities	<u>10,621,077</u>

Business-type Activities:

Electric	2,895,509
Water and Sewer	1,337,330
Stormwater	83,801
Sanitation	121,338
Golf	<u>298,542</u>
Total Business-type Activities – Enterprise Funds	<u>4,736,520</u>

Total Restatement of Net Position **\$ 15,357,597**

Components of the restatement consist of the following:

Net Pension Liability	\$ 17,562,976
Deferred Outflows – Contributions made during Fiscal Year Ended September 30, 2014	<u>(2,205,379)</u>
Total Restatement of Net Position	<u>\$ 15,357,597</u>

Note 2 - Property Tax Calendar

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

Details of the tax calendar are presented below:

Lien Date	January 1, 2014
Levy Date	October 1, 2014
 Installment Payments	
First Installment	No Later Than June 30, 2014
Second Installment	No Later Than September 30, 2014
Third Installment	No Later Than December 31, 2014
Fourth Installment	No Later Than March 31, 2015
 Regular Payments	
Discount Periods	November 2014 Through February 2015
No Discount Period	After March 1, 2015
Delinquent Date	April 1, 2015

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 3 - Stewardship, Compliance, and Accountability

Budgets

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

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

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

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

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

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

	<u>Original Budget</u>	<u>Encumbrances</u>		<u>Supplemental Appropriations</u>	<u>Amended Budget</u>
		<u>Rolled Forward</u>			
General Fund	\$ 19,460,731	\$ 246,670	\$	665,945	\$ 20,373,346
Special Revenue Funds	3,947,376	13,686,889		3,154,738	20,789,003
Debt Service Funds	1,002,641	0		0	1,002,641

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Budgets (Concluded)

Supplementary budgetary appropriations for the general fund include the following:

- \$10,192 for additional cost of staffing the City Clerk's office due to illness
- \$2,733 for modular work station for the Human Resource Department
- \$12,749 for replacement of failing entrance and exit gates at the police facility
- \$14,129 for part-time staff assistant to assist with special events
- \$20,000 for additional cemetery maintenance
- \$65,000 for park repairs at Huguenot Park pier, Oceanfront Park, etc.
- \$4,000 for Training Lieutenant wages as per IAFF contract section 34-6
- \$25,000 for additional overtime in the Fire Department
- \$15,101 for repair of engine 14, 1996 Pierce Pumper
- \$30,603 for diesel exhaust removal system associated with FEMA assistance to Firefighters grant
- \$20,000 for Retail Strategies payment, year two
- (\$255,389) for reduction in unanticipated budget to partially offset mid-year budget adjustments
- \$29,927 for email archival system
- \$16,000 for repairs at golf course hole #1 green
- \$67,730 for additional legal fees
- \$46,978 for reconstruction of golf course hole #1 green
- \$500,000 for transfer to capital projects fund for partial funding of future radio system replacement and future business software applications
- \$200,000 for transfer to golf course fund to provide cash flow for operations
- (\$174,708) for reduction in unanticipated budget to partially offset year-end budget adjustments
- \$15,900 for other adjustments

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

- \$83,428 for additional scope of work in the final design of South Beach Parkway improvements
- \$52,120 for additional stormwater engineering and design work associated with the South Beach Parkway improvement project
- \$49,531 for preliminary engineering design work to eliminate a stormwater pond
- \$650,000 for transfer to capital projects fund for milling, paving, and overlay of City roadways
- \$34,430 for traffic flow operational analysis on Beach Boulevard between 4th Street and street end
- \$2,312,313 to commit funds for construction of future projects associated with the Downtown Vision Plan and the Downtown Action Plan
- \$299,380 for installation of stormwater maintenance vault underneath South Beach Regional Shopping Center parking lot
- (\$326,464) to adjust funds committed for future projects with Community Redevelopment Agency approvals

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Other Disclosures

There was a deficit in net position in the Other Internal Service fund totaling (\$1,596,432). This deficit primarily resulted from the recording of the Net Pension Liability described in Note 12.

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 \$140,232,343 in governmental and business-type funds and \$381,401 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$6,415 in petty cash and \$2,945,143 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, 2015, the carrying amount of the City's deposits held in qualified public depositories was \$20,025,561 and the bank balance was \$19,662,511.

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 \$1,863,211 and the amount of deposits held in the pension trust funds was \$1,500,716.

Investments

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2015:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Investment Type	S&P Credit Rating	Fair Value	Investment Maturities			
			Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Obligations	AA+	\$ 35,555,988	\$ 519,046	\$ 29,075,788	\$ 5,961,154	
Federal Agency Securities:						
Federal Home Loan Bank	AA+	7,022,496	3,384,252	3,638,244		
Federal Home Loan Mortgage Corporation	AA+	6,902,933	1,527,106	3,021,166	1,284,346	\$ 1,070,315
Federal Farm Credit Bank	AA+	3,705,536	130,119	3,575,417		
Federal National Mortgage Association	AA+	4,552,322		2,630,343	1,122,537	799,442
Government National Mortgage Association	AA+	517,776		1,213		516,563
Resolution Funding Corp (REFCORP)	AA+	2,945,143		2,945,143		
U.S. Department of Housing and Urban Development	N/A	352,842	50,412	302,430		
Corporate ABSs	AAA	5,681,022		5,267,954	199,008	214,060
Corporate ABSs	AA+	290,745	82,148		208,597	
Corporate ABSs	A+	80,156		80,156		
Corporate ABSs	Aaa (Moody's)	2,741,107		2,741,107		
Corporate Bonds	AAA	1,106,256	110,498	995,758		
Corporate Bonds	AA+	1,725,882		1,467,096	258,786	
Corporate Bonds	AA	2,192,191		2,192,191		
Corporate Bonds	AA-	3,731,496		3,731,496		
Corporate Bonds	A+	6,187,482	1,229,525	4,957,957		
Corporate Bonds	A	10,235,897	608,801	9,219,088	408,008	
Corporate Bonds	A-	12,170,279	629,771	11,540,508		
Corporate Bonds	BBB+	538,921		538,921		
Corporate Bonds	Aaa (Moody's)	573,774		573,774		
Municipal Bonds	AAA	273,532		101,073	98,761	73,698
Municipal Bonds	AA+	271,564	131,148	140,416		
Municipal Bonds	AA	146,581	41,000	105,581		
Municipal Bonds	AA-	130,776	60,618	70,158		
Florida State Board of Administration:						
Florida PRIME	AAAam	327,842	327,842			
Florida Municipal Investment Trust:						
Short-term Bond Portfolio (0-2 Years)	AAA (Fitch)	11,709,576	11,709,576			
Total		\$ 121,670,115	\$ 20,541,862	\$ 88,912,978	\$ 9,541,197	\$ 2,674,078

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Investments (Concluded)

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Equities	\$ 47,886,531	\$ 47,886,531			
U.S. Government Securities	7,636,823		\$ 6,247,398	\$ 274,219	\$ 1,115,206
Federal Agency Securities:					
Federal Home Loan Mortgage Corporation	733,206		24,420	60,985	647,801
Federal National Mortgage Association	1,842,793		31,273	356,751	1,454,769
Corporate Bonds	16,568,315	1,193,415	6,190,198	7,188,386	1,996,316
Total	<u>\$ 74,667,668</u>	<u>\$ 49,079,946</u>	<u>\$ 12,493,289</u>	<u>\$ 7,880,341</u>	<u>\$ 5,214,092</u>

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

<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>Percent of Total</u>
U.S. Government Securities	Aaa	10.2%
Federal Agency Securities	Aaa	3.5%
Corporate Bonds	A1	5.1%
Corporate Bonds	A2	4.5%
Corporate Bonds	A3	6.4%
Corporate Bonds	Aa1	0.3%
Corporate Bonds	Aa2	0.3%
Corporate Bonds	Aa3	1.6%
Corporate Bonds	Baa1	3.4%
Corporate Bonds	Baa2	0.6%

Authorized Investments

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

- Safety of principal is the foremost objective of the investment program.
- Provide sufficient liquidity to allow for quick conversion of investments to cash easily and rapidly without loss of principal to meet operating, payroll, and capital requirements.
- The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Authorized Investments (Concluded)

- Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

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

The state pools are 2a7-like pools, carried at amortized cost, which approximates market. A 2a7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the *Investment Company Act of 1940*, which comprises the rules governing money market funds. Thus, these pools operate essentially as money market funds. Throughout the year and as of September 30, 2015, the pools contained certain floating and adjustable rate securities, which were indexed based on the prime rate and/or one- and three-month London Interbank Offered Rates (LIBOR).

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

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

Risk Disclosure

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Concluded)

Risk Disclosure (Concluded)

- **Concentration of Credit Risk**—the investment policy for the operating funds of the City define what percentage of the total investment portfolio may be invested in each type of investment vehicle. The City’s policy states that these percentages may be further restricted based on market conditions, risk, and diversification investment strategies. The pension funds’ investment policies and practices require investments to be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. No more than 10% of an individual investment manager’s total fixed income portfolio may be invested in securities of a single issuer (5% in the case of a corporate issuer). No more than 10% of plan assets may be in foreign securities.

Note 5 - Interfund Receivables and Payables

Interfund receivables/payables represent primarily loans to cover other funds' deficits in pooled cash and investments. At September 30, 2015, the balance in these accounts consists of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 10,808	
Special Revenue Funds		
Community Development Block Grant		\$ 10,808
Total	<u>\$ 10,808</u>	<u>\$ 10,808</u>

Note 6 - Transfers In/Out

Interfund transfers during the year ended September 30, 2015, 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>	<u>Internal Service</u>	
Transfers Out							
General Fund		\$ 1,272,053 (2)			\$ 262,978 (1)	\$ 29,927 (1)	\$ 1,564,958
Other Governmental	\$ 691,576 (3)	1,000,000 (2)	\$ 477,720 (4)				2,169,296
Electric Fund	3,670,124 (5)						3,670,124
Other Enterprise	321,549 (1),(5)	40,000 (2)		\$ 162,097 (6)			523,646
Internal Service		77,000 (2)					77,000
Total Transfers Out	<u>\$ 4,683,249</u>	<u>\$ 2,389,053</u>	<u>\$ 477,720</u>	<u>\$ 162,097</u>	<u>\$ 262,978</u>	<u>\$ 29,927</u>	<u>\$ 8,005,024</u>

Transfer Purpose

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 29,224,644	\$ 431,865		\$ 29,656,509
Construction in Progress	<u>11,980,953</u>	<u>1,714,628</u>	\$ (5,604,690)	<u>8,090,891</u>
Total Capital Assets Not Being Depreciated	<u>41,205,597</u>	<u>2,146,493</u>	<u>(5,604,690)</u>	<u>37,747,400</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	32,067,690	1,605,811	(140,912)	33,532,589
Equipment	11,705,788	1,038,818	(488,106)	12,256,500
Road Network	27,082,788	3,366,593	(193,614)	30,255,767
Other Infrastructure Networks	<u>27,597,343</u>	<u>584,591</u>	<u>(22,032)</u>	<u>28,159,902</u>
Total Capital Assets Being Depreciated	<u>98,453,609</u>	<u>6,595,813</u>	<u>(844,664)</u>	<u>104,204,758</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(12,710,674)	(1,061,469)	114,054	(13,658,089)
Equipment	(8,706,894)	(920,509)	466,463	(9,160,940)
Road Network	(10,555,100)	(472,811)	98,938	(10,928,973)
Other Infrastructure Networks	<u>(17,052,535)</u>	<u>(780,921)</u>	<u>19,915</u>	<u>(17,813,541)</u>
Total Accumulated Depreciation	<u>(49,025,203)</u>	<u>(3,235,710)</u>	<u>699,370</u>	<u>(51,561,543)</u>
Total Being Depreciated, Net	<u>49,428,406</u>	<u>3,360,103</u>	<u>(145,294)</u>	<u>52,643,215</u>
Governmental Activities Capital Assets, Net	<u>\$ 90,634,003</u>	<u>\$ 5,506,596</u>	<u>\$ (5,749,984)</u>	<u>\$ 90,390,615</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,387,615	\$ 583		\$ 4,388,198
Construction in Progress	<u>11,954,535</u>	<u>5,772,455</u>	\$ (6,539,184)	<u>11,187,806</u>
Total Capital Assets Not Being Depreciated	<u>16,342,150</u>	<u>5,773,038</u>	<u>(6,539,184)</u>	<u>15,576,004</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	284,815,579	8,666,385	(180,921)	293,301,043
Equipment	<u>8,144,820</u>	<u>924,793</u>	<u>(898,910)</u>	<u>8,170,703</u>
Total Capital Assets Being Depreciated	<u>292,960,399</u>	<u>9,591,178</u>	<u>(1,079,831)</u>	<u>301,471,746</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(126,877,906)	(8,494,551)	285,580	(135,086,877)
Equipment	<u>(5,652,416)</u>	<u>(667,275)</u>	<u>870,565</u>	<u>(5,449,126)</u>
Total Accumulated Depreciation	<u>(132,530,322)</u>	<u>(9,161,826)</u>	<u>1,156,145</u>	<u>(140,536,003)</u>
Total Being Depreciated, Net	<u>160,430,077</u>	<u>429,352</u>	<u>76,314</u>	<u>160,935,743</u>
Business-type Activities Capital Assets, Net	<u>\$ 176,772,227</u>	<u>\$ 6,202,390</u>	<u>\$ (6,462,870)</u>	<u>\$ 176,511,747</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Capital Assets (Concluded)

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

Governmental Activities

General Government	\$	647,234
Law Enforcement		400,525
Fire Control		199,965
Building Inspections		5,039
Physical Environment		344,678
Roads and Streets		1,044,884
Parks and Recreation		466,636
Internal Service Funds		126,749
Total Depreciation Expense - Governmental Activities	\$	<u>3,235,710</u>

Business-type Activities

Electric	\$	5,608,406
Water and Sewer		2,512,126
Stormwater		755,811
Sanitation		51,295
Golf Courses		97,689
Leased Facilities		20,335
Natural Gas		116,164
Total Depreciation Expense - Business-type Activities	\$	<u>9,161,826</u>

Note 8 - Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Balance 9/30/2014*	Additions	Other Reductions	Balance 9/30/2015	Due Within One Year
Governmental Activities					
Revenue Bonds	\$ 5,552,680		\$ (1,545,800)	\$ 4,006,880	\$ 1,581,880
Accrued Compensated Absences	3,170,821	\$ 1,296,747	(1,291,370)	3,176,198	635,240
Accrued Other Postemployment Benefits	1,405,754	99,676		1,505,430	
Net Pension Liability	12,166,115		(5,718,457)	6,447,658	
Total Governmental Activities	<u>22,295,370</u>	<u>1,396,423</u>	<u>(8,555,627)</u>	<u>15,136,166</u>	<u>2,217,120</u>
Business-type Activities					
Revenue Bonds - Par	25,380,000		(3,555,000)	21,825,000	3,680,000
Unamortized Premium	730,671		(227,009)	503,662	
Revenue Bonds, Net	26,110,671	0	(3,782,009)	22,328,662	3,680,000
Accrued Compensated Absences	1,671,916	732,808	(670,944)	1,733,780	346,756
Accrued Other Postemployment Benefits	964,202	51,964		1,016,166	
Net Pension Liability	5,396,861		(996,207)	4,400,654	
Total Business-type Activities	<u>34,143,650</u>	<u>784,772</u>	<u>(5,449,160)</u>	<u>29,479,262</u>	<u>4,026,756</u>
Total Long-term Obligations	<u>\$ 56,439,020</u>	<u>\$ 2,181,195</u>	<u>\$ (14,004,787)</u>	<u>\$ 44,615,428</u>	<u>\$ 6,243,876</u>

* The Balance as of 9/30/2014 has been restated to include the Net Pension Liability as required by GASB 68.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Continued)

Bonds and notes outstanding at September 30, 2015, consist of the following for governmental activities:

	<u>Note</u>	<u>Maturity</u>	<u>Originally Issued</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>
Governmental Activities					
Revenue Bonds:					
2012 Series, Infrastructure Sales Surtax	1	2019	\$ 6,495,000	\$ 3,360,000	1.73%
2003 Series (AMT), Southend	2	2016	1,543,022	154,692	4.53%
2003-1 Series, Southend	3	2016	4,986,347	<u>492,188</u>	3.83%
Total Governmental Activities				<u>\$ 4,006,880</u>	

Note Explanation - Purpose of Issue

1. Refunded 2006 and 2007 Infrastructure Sales Surtax Bonds (originally for modifications to the City's wastewater treatment facilities, and other authorized projects).
2. Refunded 1996B Southend Redevelopment Bonds (originally for Ocean Cay development).
3. Refunded 1998 Southend Redevelopment Bonds (original funds were for street paving, storm drainage improvements, land acquisition, and water and wastewater facilities in the Southend Redevelopment Area).

Bonds outstanding at September 30, 2015, consist of the following for business-type activities:

	<u>Note</u>	<u>Maturity</u>	<u>Originally Issued</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>
Business-type Activities					
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 12,854,925	2.0-4.5%
Water and Sewer Fund	1	2020	<u>15,324,135</u>	<u>8,970,075</u>	2.0-4.5%
Total Business-type Activities			<u>\$ 37,285,000</u>	<u>\$ 21,825,000</u>	

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

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

Electric and Water and Sewer Funds

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Continued)

Note Explanation - Purpose of Issue (Concluded)

**Electric and Water and Sewer
Reserve Accounts**

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

**Renewal and Replacement
Accounts**

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

Annual debt service requirements as of September 30, 2015, are as follows:

Governmental Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2016	\$ 1,581,880	\$ 73,625	\$ 1,655,505
2017	955,000	37,804	992,804
2018	980,000	21,224	1,001,224
2019	490,000	4,227	494,227
Total	\$ 4,006,880	\$ 136,880	\$ 4,143,760

Business-type Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2016	\$ 3,680,000	\$ 745,588	\$ 4,425,588
2017	3,800,000	634,688	4,434,688
2018	3,925,000	498,219	4,423,219
2019	4,060,000	366,925	4,426,925
2020	4,210,000	213,100	4,423,100
2021	2,150,000	43,000	2,193,000
Total	\$ 21,825,000	\$ 2,501,520	\$ 24,326,520

Interest paid and incurred in the governmental activities totaled \$114,652 for the year ended September 30, 2015. Interest costs incurred in the business-type activities (excluding amortization) totaled \$808,862 for the same period.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 8 - Long-term Debt (Concluded)

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2015, were as follows:

<u>Description of Bond</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Governmental Activities						
2003-1 Series, Southend,	Southend Tax					
2003 Series, Southend	Increment	\$ 3,426,026	\$ 665,310	19.45%	\$ 666,360	2016
Infrastructure Sales Surtax	Infrastructure					
Bonds, Series 2012	Surtax	1,196,772	995,141	72.64%	3,477,400	2019
Business-type Activities						
Series 2010, Utility	Net Electric					
Revenue Bonds	Bonds Utility Revenue	13,779,609	2,570,315	17.33%	14,328,320	2021
Series 2010, Utility	Net Water and Sewer					
Revenue Bonds	Utility Revenue	6,154,652	1,793,547	27.07%	9,998,200	2021

Note 9 - Restricted Assets

The following table indicates the balances at September 30, 2015, for all restricted assets in the proprietary fund types:

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Total Enterprise</u>
Sinking Funds:			
Principal	\$ 230,236	\$ 160,657	\$ 390,893
Interest	1,066,090	743,910	1,810,000
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	5,419,572	0	5,419,572
Total Restricted Assets	<u>\$ 8,215,898</u>	<u>\$ 1,404,567</u>	<u>\$ 9,620,465</u>

Note 10 - Florida Municipal Power Affiliation

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

The St. Lucie Project

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 10 - Florida Municipal Power Affiliation (Concluded)

The St. Lucie Project (Concluded)

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

Total expense for 2015 under this contract was \$3,865,476. The City's St. Lucie Power Supply and Sales contracts with FMPA extend through the later of: (1) the date on which related bond principal or other obligations are fully retired; (2) the date the St. Lucie Project is fully decommissioned or otherwise disposed of; or (3) the date all obligations of FMPA under its participation agreement with FPL have been fully satisfied.

The All-Requirements Project

FMPA's All Requirements Project provides: (1) each Participant's power supply requirements above Excluded Power Supply Resources and Back-up and Support Services (capitalized terms are defined in the All Requirements Power Supply Contracts), if any, under All Requirements Services; and (2) reserves, losses, firming capacity, back-up energy, and certain associated transmission and dispatching services required for Excluded Power Supply Resources under Back-up and Support Services.

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

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

The electric system's load in excess of that served from the St. Lucie Project is provided for by FMPA under the All Requirements Project. The City's contract with FMPA extends through October 1, 2045. The City's highest system peak load for fiscal 2015 was in February 2015, at 195.12 MW. Total expense to the City under the All Requirements Project for 2015 was \$54,862,533.

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 2015, under this contract was \$483,660, and the FMPA contribution was \$110,400.

Note 11 - Power Costs Recovered in Advance

The City uses a power true-up recomputed monthly in its electric rates. At September 30, 2015, the City was over-recovered from customers by \$32,705,954. Of this amount, \$15,879,891 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$16,826,063 will be returned to customers in future years. At September 30, 2014, the City was over-recovered by \$25,270,933.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Power Costs Recovered in Advance (Concluded)

The City also uses a cost of gas true-up recomputed monthly in its natural gas rates. At September 30, 2015, the City was over-recovered from customers by \$692,976. This amount will be returned to customers in future years. At September 30, 2014, the City was over-recovered by \$565,902.

Note 12 - Retirement Systems

Plan Descriptions

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

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

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

Each plan is considered a single-employer, defined benefit pension plan. Each of the plans present separate financial statements, and are included as part (reporting as pension trust funds) of the City's financial reporting entity since they are not "legally separate." The plans issue publicly available financial reports that include financial statements and required supplementary information. The 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, 2014, employee membership data related to the pension plans were:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Inactive Plan Members or Their Beneficiaries				
Currently Receiving Benefits (Including DROP Participants)	178	41	24	243
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	16	2	0	18
Active Plan Members	<u>218</u>	<u>62</u>	<u>28</u>	<u>308</u>
Total	<u>412</u>	<u>105</u>	<u>52</u>	<u>569</u>

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

Note 12 - Retirement Systems (Continued)

Benefits

The pension plans provide retirement benefits, deferred allowances, and death and disability benefits. The plan assets are available to pay the general, police, and fire fighters categories of employees, respectively.

The following table shows a summary of benefits for each pension plan. Pension plan provisions were modified significantly during fiscal year 2014. The modifications included increasing the employee's contribution rate, changing the vesting periods, modifying pensionable pay exclusions, and modifying the Deferred Retirement Option Program (DROP), among other things.

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			
Disability	42% min. – duty; 25% min. – non-duty			

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			
Disability	42% min. – duty; 25% min. – non-duty			

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				
Disability	42% min. – duty; 25% min. – non-duty				
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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Benefits (Concluded)

Pension provisions include death benefits when the death is non-duty-related, whereby the surviving spouse is entitled to receive annually an amount equal to 100% of the employee's normal retirement benefit as long as the employee has attained 10 or more years of service. When the death is duty-related, the 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, 2015, 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 fire fighters' pension plans receive a distribution of casualty premium tax monies from the State of Florida pursuant to Chapters 175 and 185, Florida Statutes. The on-behalf payments received from the State of Florida (totaling \$430,017) were received for the period ending September 30, 2015, 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 fire fighters' pension plans.

For the period ended September 30, 2015, the actuarially determined contribution amount was to be \$2,266,575, including estimated contributions from the State of Florida. The City's actual contribution was \$2,339,997, including actual contributions from the State of Florida. These contributions were determined pursuant to an actuarial valuation dated October 1, 2013.

There were no contributions due to the plans by the City at September 30, 2015.

Investment Policy

The following are the three Board's adopted asset allocation policy as of September 30, 2015:

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Concentration

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

Rate of Return

For the year ended September 30, 2015 and 2014, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (.35%) and 10.22%, 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.

Fund Balance Reserves

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

- **Retirement Reserve**—this reserve accounts for all City and state contributions, transfers from the member's savings reserves, and pension benefit payments made to retired employees (transfers in are assumed to be made as of the beginning of the year). The amount of net investment income recorded into this reserve is the balance remaining after allocations are made to both the members' savings reserve and DROP reserve.
- **Members' Savings Reserve**—this reserve includes all employee contributions. Investment income is allocated to this reserve based on 3.5% of the average reserve balance outstanding during the year. Transfers are made from this reserve to the retirement reserve as employees retire during the year. Termination refunds are remitted back to the employee, or maintained in this reserve at the option of the terminated employee depending on the employee's total years of service.
- **DROP Reserve**—the Deferred Retirement Option Program (DROP) was established in 1998. This program allows participants eligible for regular retirement to continue employment for a maximum of three years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. Investment income is allocated to this reserve based on rates determined by the Pension Boards. This program was closed to new entrants as of November 25, 2013 for the general employees' plan, June 23, 2014 for police officers' plan, and July 21, 2014 for the fire fighters' plan. As of September 30, 2015, DROP balances were as follows for each plan:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Fund Balance Reserves (Concluded)

General Employees	\$	416,847
Police Officers		0
Fire Fighters		<u>176,139</u>
Total	\$	<u>592,986</u>

Schedule of Pension Plan Net Position as of September 30, 2015

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Totals</u>
Assets				
Cash and Cash Equivalents	\$ 998,243	\$ 542,721	\$ 341,153	\$ 1,882,117
Accrued Interest	89,936	35,001	19,836	144,773
Due from Other Governments			64,418	64,418
Investments:				
Equities, Including Mutual Funds	29,579,057	11,701,026	6,606,448	47,886,531
Corporate Bonds	10,292,515	4,005,649	2,270,151	16,568,315
U.S. Government Obligations/Agencies	6,344,377	2,469,109	1,399,336	10,212,822
Total Investments	<u>46,215,949</u>	<u>18,175,784</u>	<u>10,275,935</u>	<u>74,667,668</u>
Total Assets	<u>47,304,128</u>	<u>18,753,506</u>	<u>10,701,342</u>	<u>76,758,976</u>
Liabilities				
Accounts Payable	621	1,155	1,136	2,912
Other Accrued Liabilities	1,646	585	383	2,614
Total Liabilities	<u>2,267</u>	<u>1,740</u>	<u>1,519</u>	<u>5,526</u>
Net Position				
Held in Trust for Pension Benefits	<u>\$ 47,301,861</u>	<u>\$ 18,751,766</u>	<u>\$ 10,699,823</u>	<u>\$ 76,753,450</u>

Schedule of the Change in Pension Plan Net Position as of September 30, 2015

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Totals</u>
Additions				
Contributions				
Employee	\$ 853,057	\$ 328,665	\$ 146,951	\$ 1,328,673
Employer	1,387,165	345,079	177,736	1,909,980
State of Florida		217,756	212,261	430,017
Total Contributions	<u>2,240,222</u>	<u>891,500</u>	<u>536,948</u>	<u>3,668,670</u>
Investment Income				
Investment Earnings	3,591	1,489	1,048	6,128
(Investment Expenses)	(157,087)	(61,054)	(34,597)	(252,738)
Net Investment Income	<u>(153,496)</u>	<u>(59,565)</u>	<u>(33,549)</u>	<u>(246,610)</u>
Total Additions	<u>2,086,726</u>	<u>831,935</u>	<u>503,399</u>	<u>3,422,060</u>
Deductions				
Benefits	4,052,263	1,263,089	683,521	5,998,873
Refunds of Contributions	276,366	62,865		339,231
Administrative Expense	92,050	71,518	66,361	229,929
(Total Deductions)	<u>(4,420,679)</u>	<u>(1,397,472)</u>	<u>(749,882)</u>	<u>(6,568,033)</u>
Change in Net Position	<u>(2,333,953)</u>	<u>(565,537)</u>	<u>(246,483)</u>	<u>(3,145,973)</u>
Net Position, Beginning of Year	<u>49,635,814</u>	<u>19,317,303</u>	<u>10,946,306</u>	<u>79,899,423</u>
Net Position, End of Year	<u>\$ 47,301,861</u>	<u>\$ 18,751,766</u>	<u>\$ 10,699,823</u>	<u>\$ 76,753,450</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Basis of Accounting – Pension Trust Funds

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

Measurement Date

As previously described, the City implemented GASB 68 during the year for its three pension plans. As permitted by the standard, the City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2014, one year prior to the reporting date.

Net Pension Liability

The components of the net pension liability for each plan as of September 30, 2014 (measurement date) and for the year then ended, were as follows:

General Employees' Pension Plan

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, Beginning of Year	\$ 56,970,082	\$ 47,023,784	\$ 9,946,298
Service Cost	1,129,367		1,129,367
Interest	4,443,924		4,443,924
Differences Between Expected and Actual Experience	(825,827)		(825,827)
Contributions - Employer		1,216,994	(1,216,994)
Contributions - Employee		771,553	(771,553)
Net Investment Income		4,697,264	(4,697,264)
Benefit Payments Including Refunds of Employee Contributions	(3,971,423)	(3,971,423)	0
Administrative Expenses		(102,358)	102,358
Net Changes	776,041	2,612,030	(1,835,989)
Balance, End of Year	\$ 57,746,123	\$ 49,635,814	\$ 8,110,309

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Net Pension Liability (Continued)

Police Officers' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 22,653,430	\$ 18,210,225	\$ 4,443,205
Service Cost	517,788		517,788
Interest	1,568,728		1,568,728
Changes of Benefit Terms	(2,590,277)		(2,590,277)
Differences Between Expected and Actual Experience	54,979		54,979
Contributions - Employer and State		530,453	(530,453)
Contributions - Employee		263,978	(263,978)
Net Investment Income		1,819,901	(1,819,901)
Benefit Payments Including Refunds of Employee Contributions	(1,425,888)	(1,425,888)	0
Administrative Expenses		(81,366)	81,366
Net Changes	(1,874,670)	1,107,078	(2,981,748)
Balance, End of Year	\$ 20,778,760	\$ 19,317,303	\$ 1,461,457

Fire Fighters' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 13,271,366	\$ 10,097,893	\$ 3,173,473
Service Cost	246,636		246,636
Interest	912,823		912,823
Changes of Benefit Terms	(1,652,165)		(1,652,165)
Differences Between Expected and Actual Experience	108,651		108,651
Contributions - Employer and State		457,932	(457,932)
Contributions - Employee		122,590	(122,590)
Net Investment Income		1,010,160	(1,010,160)
Benefit Payments Including Refunds of Employee Contributions	(664,459)	(664,459)	0
Administrative Expenses		(77,810)	77,810
Net Changes	(1,048,514)	848,413	(1,896,927)
Balance, End of Year	\$ 12,222,852	\$ 10,946,306	\$ 1,276,546

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Net Pension Liability (Concluded)

During the year ending September 30, 2014, benefit terms were modified for the Police Officers' and Firefighters' Plans. Changes in benefit terms included longer vesting periods, changes in the benefit formula, changes in the COLA for Firefighters, and changes in what is considered pensionable compensation. For more information on benefits and related modifications, see the table on page 56.

Actuarial Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of September 30, 2014, are summarized below:

<u>Asset Class</u>	<u>Long-term Expected Rate of Return (Excluding Inflation)</u>
Domestic Equity	7.5%
International Equity	8.5%
Fixed Income	8.5%
Real Estate	4.5%
Cash	0%

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The single discount rate reflects the long-term expected rate of return on pension plan investments including inflation.

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> <u>7.00%</u>	<u>Current</u> <u>Discount Rate</u> <u>8.00%</u>	<u>1% Increase</u> <u>9.00%</u>
General Employees' Pension Plan:	\$ 14,102,160	\$ 8,110,309	\$ 2,985,518
Police Officers' Pension Plan:	\$ 3,777,807	\$ 1,461,457	\$ (514,213)
Fire Fighters' Pension Plan:	\$ 2,677,114	\$ 1,276,546	\$ 29,568

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

For the year ended September 30, 2015, the City recognized pension expense as follows:

General Employees' Pension Plan	\$ 845,303
Police Officers' Pension Plan	(2,184,142)
Fire Fighters' Pension Plan	(1,358,845)
Total	<u>\$ (2,697,684)</u>

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - Retirement Systems (Concluded)

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

Deferred Outflows of Resources

	General Employees'	Police Officers'	Fire Fighters'	Total
Contributions Made After the Measurement Date	\$ 1,387,165	\$ 562,835	\$ 389,997	\$ 2,339,997
Differences Between Expected and Actual Experience		46,124	86,889	133,013
Total	\$ 1,387,165	\$ 608,959	\$ 476,886	\$ 2,473,010

Deferred Inflows of Resources

	General Employees'	Police Officers'	Fire Fighters'	Total
Differences Between Expected and Actual Experience	\$ 649,281			\$ 649,281
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	815,017	\$ 313,277	\$ 167,038	1,295,332
Total	\$ 1,464,298	\$ 313,277	\$ 167,038	\$ 1,944,613

Contributions made after the measurement date (shown above) will be recognized in the fiscal year ended September 30, 2016.

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

Year Ended September 30	General Employees'	Police Officers'	Fire Fighters'	Total
2015	\$ (380,300)	\$ (69,464)	\$ (19,997)	\$ (469,761)
2016	(380,300)	(69,464)	(19,997)	(469,761)
2017	(380,300)	(69,464)	(19,997)	(469,761)
2018	(323,398)	(69,464)	(20,158)	(413,020)
2019		8,855		8,855
Thereafter		1,848		1,848
	\$ (1,464,298)	\$ (267,153)	\$ (80,149)	\$ (1,811,600)

Note 13 - Interlocal Agreement

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Interlocal Agreement (Concluded)

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

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

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

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

The City made no contributions to the interlocal agreement during 2015. The interlocal agreement has no debt outstanding as of September 30, 2015. There are no separate financial statements prepared for the interlocal agreement. The City's share of the capital assets of the interlocal agreement were recorded and are being depreciated in the water/sewer enterprise fund.

Note 14 - Commitments, Contingencies, and Encumbrances

Grants

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

Litigation

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

In one particular case, the City was a defendant in a lawsuit regarding a conditional use permit. No damages were sought by the plaintiff in the case; however, the City has accrued in the self-insurance fund a settlement rewarding the plaintiff \$290,000 in legal fees which was not covered by insurance.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Construction Commitments

As of September 30, 2015, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	Expended as of 9/30/15	Remaining Commitment
Downtown Improvements – Phase III	\$ 1,710,872	\$ 133,197
South Beach Improvements – Phase I	3,184,256	530,881
South Beach Parkway Irrigation Improvements	214,475	1,436
South Beach Improvements Concept B	175,102	26,213
A1A Water Main Replacement	166,988	35,964
10STSI – 10 th Street Industrial PK IMP	138,846	66,293

Encumbrances

Significant encumbrances included in governmental fund balances are as follows:

<u>Fund</u>	Restricted Fund Balance	Assigned Fund Balance
General Fund		\$ 31,315
General Capital Projects Fund		135,715
Community Redevelopment Fund	\$ 526,714	
Other Governmental Funds	31,251	
Total	<u>\$ 557,965</u>	<u>\$ 167,030</u>

Note 15 - Risk Management

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Risk Management (Concluded)

During 2015, 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 \$4,128,408 in 2015 and \$3,134,543 in 2014.

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

The internal service fund is charging other funds of the City for risk management services based on costs incurred of the program. For 2015, actual costs were more than interdepartmental charges and other earnings by \$409,306. For 2014, interdepartmental charges and other earnings were more than actual costs by \$552,254. The self-insurance fund has unrestricted net position of \$2,912,057 at September 30, 2015.

There were no significant reductions in insurance coverage from 2014 to 2015.

The estimated liability for self-insured losses of \$543,048 accrued in the self-insurance fund at September 30, 2015, 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:

	2015	2014
Beginning Balance	\$ 218,151	\$ 795,415
Current Year Claims and Changes in Estimates	692,568	(73,267)
(Claim Payments)	(367,671)	(503,997)
Ending Balance	\$ 543,048	\$ 218,151

Note 16 - Community Redevelopment Agency

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Community Redevelopment Agency (Continued)

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

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

Phase III of the Downtown Vision Plan is divided into sub-phases A, B, and C. Phase III-A included the reconstruction of North 1st Street between 4th Avenue North and 6th Avenue North; and 5th Avenue North between 1st Street and 3rd Street. Phases III-B and III-C are currently underway and include major reconstruction of the water, sewer, and storm drainage systems as well as street and alleyway improvements from Beach Boulevard to 13th Avenue South. The cost of Phases III-B and III-C is expected to be approximately \$10.2 million.

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

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

Phase III of the South Beach CIP includes the construction of traffic safety and congestion management improvements on South Beach Parkway between Jacksonville Drive and Butler Boulevard. This project involved the acquisition of a single family residence that was needed to provide sufficient right of way for an additional southbound turn lane on South Beach Parkway.

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Community Redevelopment Agency (Concluded)

The following schedule summarizes revenue and expenditure activity for the two districts in Fiscal Year 2015:

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
Revenues and Transfers in			
Ad Valorem Taxes	\$ 5,062,043	\$ 3,310,445	\$ 8,372,488
Interest and Other	<u>266,009</u>	<u>115,581</u>	<u>381,590</u>
Total Revenues and Transfers in	<u>5,328,052</u>	<u>3,426,026</u>	<u>8,754,078</u>
Expenditures			
General Government	198,145	102,966	301,111
Public Safety	768,306		768,306
Roads and Streets	2,805		2,805
Capital Projects:			
Downtown Landscape/Streetscape			
Improvements	763,170		763,170
Southend Infrastructure Improvements		1,385,305	1,385,305
Debt Service:			
Principal		620,800	620,800
Interest		<u>44,511</u>	<u>44,511</u>
(Total Expenditures)	<u>(1,732,426)</u>	<u>(2,153,582)</u>	<u>(3,886,008)</u>
Excess of Revenues and Transfers in Over Expenditures	<u>\$ 3,595,626</u>	<u>\$ 1,272,444</u>	<u>\$ 4,868,070</u>

Note 17 - Lease Revenue

The City has four facilities that have rental space available. Revenues from the facilities' operating leases and the related maintenance expenses are accumulated in the City's Lease Facilities Fund; and fund net income is used to make technology purchases. Lease agreements for the Community Services Center, the Industrial Park, the cell tower, and the Marina building are generally three to five-year leases, with the option for either party to cancel the lease given 90 days' notice. Charges for space at the Community Services Center, the Industrial Park, and the Marina building are based on the size of the area leased; cell tower charges are a flat rate. There are no contingent rentals or subleases at any of the facilities. Cost, accumulated depreciation, and carrying value on the leased assets are:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Buildings	\$ 645,989	\$ (458,327)	\$ 187,662
Improvements	<u>43,168</u>	<u>(33,553)</u>	<u>9,615</u>
Total	<u>\$ 689,157</u>	<u>\$ (491,880)</u>	<u>\$ 197,277</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 18 - Other Postemployment Benefits (OPEB)

Plan Description

As part of a single-employer postemployment benefit plan, the City offers postemployment medical, dental, and life insurance benefits to any employee who satisfies the vesting, disability, early, or normal retirement provisions of the applicable retirement plan (GERS, PORS, or FFRS). Eligibility requirements for retirement under the City's three retirement systems may be obtained by writing to the Payroll/Benefits Administrator, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida 32250, or by calling (904) 247-6264. According to the Substantive Plan, retired police officers, fire fighters, and general employees as well as their dependents are permitted to remain covered under the City's medical plans as long as they pay the premium charged by the insurance company for the plan and coverage elected. This conforms to the minimum requirements of governmental employers under Chapter 112.08, Florida Statutes. The plan does not issue separate financial statements.

Dental benefits and life insurance coverage are not considered OPEB for purposes of GASB Statement No. 45. As of October 1, 2014, the date of the last OPEB actuarial valuation date, there were 271 active participants and 21 retirees receiving medical benefits. The amount of the contributions required for retiree and dependent coverage may change from time-to-time.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is unfunded, the only offset to that expense comes from premiums paid by the current retirees. These premiums are payroll deducted from the retiree's pension payment. The cumulative difference between the annual OPEB cost since inception and the retiree premiums paid (employer contribution) since inception is called the net OPEB obligation. The total net OPEB obligation is \$2,521,596 and is reflected as a liability in the statement of net position (\$1,505,430 governmental, \$1,016,166 business-type). The general fund and the business type funds will be used to liquidate the net OPEB obligation. The following table shows the components of the City's annual OPEB cost for the year and the net pension obligation for fiscal year ended September 30, 2015:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

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

Annual OPEB Cost and Net OPEB Obligation (Concluded)

	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 164,908	\$ 263,239
Amortization of Unfunded Actuarial Accrued Liability	173,384	238,105
Annual Required Contribution (ARC)	<u>\$ 338,292</u>	<u>\$ 501,344</u>
Net OPEB Obligation, Beginning of Year	<u>\$ 2,369,956</u>	<u>\$ 2,128,163</u>
Annual Required Contribution	338,292	501,344
Interest on Net OPEB Obligation	94,798	85,127
Adjustment to ARC	(107,725)	(88,674)
Annual OPEB Cost	325,365	497,797
Employer Contribution Toward the OPEB Cost	(173,725)	(256,004)
Net OPEB Obligation, End of Year	<u>\$ 2,521,596</u>	<u>\$ 2,369,956</u>

The schedule of employer contributions is as follows:

<u>Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Estimated Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Estimated Net OPEB Obligation</u>
2013	\$ 476,381	\$ 212,648	44.64%	\$ 2,128,162
2014	497,797	256,004	51.43%	2,369,956
2015	325,365	173,725	53.39%	2,521,596

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2014, the most recent valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2010	\$ 0	\$ 5,497,575	\$ 5,497,575	0.00%	\$ 16,678,298	32.96%
10/1/2012	0	5,388,004	5,388,004	0.00%	15,078,231	35.73%
10/1/2014	0	3,740,378	3,740,378	0.00%	14,377,492	26.02%

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

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

Actuarial Methods and Assumptions

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

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2014
Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll, Closed
Amortization Period:	22 Years
Asset Valuation Method:	Unfunded
Investment Rate of Return*:	4.0%
Projected Salary Increases*:	4.5% - 12.1%
Payroll Growth Assumptions:	4.0%
Health Care Trend Rate:	7.5% Initial Trend Rate Dropping to 4.52% Ultimate Trend Rate After 25 Years

*Includes general price inflation of 2.5%.

REQUIRED SUPPLEMENTARY
INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

Reporting Date: September 30, 2015

Measurement Date: September 30, 2014

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Total Pension Liability				
Service Cost	\$ 1,129,367	\$ 517,788	\$ 246,636	\$ 1,893,791
Interest on the Total Pension Liability	4,443,924	1,568,728	912,823	6,925,475
Benefit Changes		(2,590,277)	(1,652,165)	(4,242,442)
Difference Between Expected and Actual Experience	(825,827)	54,979	108,651	(662,197)
Benefit Payments Including Refunds of Contributions	(3,971,423)	(1,425,888)	(664,459)	(6,061,770)
Net Change in Total Pension Liability	<u>776,041</u>	<u>(1,874,670)</u>	<u>(1,048,514)</u>	<u>(2,147,143)</u>
Total Pension Liability-Beginning	<u>56,970,082</u>	<u>22,653,430</u>	<u>13,271,366</u>	<u>92,894,878</u>
Total Pension Liability-Ending (a)	<u>57,746,123</u>	<u>20,778,760</u>	<u>12,222,852</u>	<u>90,747,735</u>
Plan Fiduciary Net Position				
Employer and State Contributions	1,216,994	530,453	457,932	2,205,379
Employee Contributions	771,553	263,978	122,590	1,158,121
Pension Plan Net Investment Income	4,697,264	1,819,901	1,010,160	7,527,325
Benefit Payments Including Refunds of Contributions	(3,971,423)	(1,425,888)	(664,459)	(6,061,770)
Pension Plan Administrative Expense	(102,358)	(81,366)	(77,810)	(261,534)
Net Change in Plan Fiduciary Net Position	<u>2,612,030</u>	<u>1,107,078</u>	<u>848,413</u>	<u>4,567,521</u>
Plan Fiduciary Net Position-Beginning	<u>47,023,784</u>	<u>18,210,225</u>	<u>10,097,893</u>	<u>75,331,902</u>
Plan Fiduciary Net Position-Ending (b)	<u>49,635,814</u>	<u>19,317,303</u>	<u>10,946,306</u>	<u>79,899,423</u>
Net Pension Liability-Ending (a) – (b)	<u>\$ 8,110,309</u>	<u>\$ 1,461,457</u>	<u>\$ 1,276,546</u>	<u>\$ 10,848,312</u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	85.96%	92.97%	89.56%	88.05%
Covered Employee Payroll	\$ 10,622,900	\$ 3,945,943	\$ 1,867,968	\$ 16,436,811
Net Pension Liability as a Percentage of Covered Employee Payroll	76.35%	37.04%	68.34%	66.00%

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

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

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

	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 1,387,165	\$ 1,205,756
Contributions in Relation to the Actuarially Determined Contribution	1,387,165	1,216,994
Contribution Deficiency (Excess)	\$ 0	\$ (11,238)
 Covered-employee Payroll	 \$ 10,730,277	 \$ 10,622,900
Contributions as a Percentage of Covered Employee Payroll	12.93%	11.46%

Notes to Schedule of Contributions

Valuation Date	October 1, 2013 for period ending September 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	3 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	3.50%
Investment Rate of Return	8.0%
Projected Salary Increases	4.5% to 12.1%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The 1994 Group Annuity Mortality Tables, set back 0 years for men and 0 years for women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

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

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Actuarially Determined Contribution	\$ 511,049	\$ 490,666
Contributions in Relation to the Actuarially Determined Contribution	<u>562,835</u>	<u>530,453</u>
Contribution Deficiency (Excess)	<u>\$ (51,786)</u>	<u>\$ (39,787)</u>
Covered-employee Payroll	\$ 4,134,151	\$ 3,945,943
Contributions as a Percentage of Covered Employee Payroll	13.61%	13.44%

Notes to Schedule of Contributions

Valuation Date	October 1, 2013 for period ending September 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	3 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	3.50%
Investment Rate of Return	8.0%
Projected Salary Increases	4.5% to 12.1%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The 1994 Group Annuity Mortality Tables, set back 0 years for men and 0 years for women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

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

	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 368,361	\$ 408,279
Contributions in Relation to the Actuarially Determined Contribution	389,997	457,932
Contribution Deficiency (Excess)	\$ (21,636)	\$ (49,653)
Covered-employee Payroll	\$ 1,848,440	\$ 1,867,968
Contributions as a Percentage of Covered Employee Payroll	21.10%	24.51%

Notes to Schedule of Contributions

Valuation Date	October 1, 2013 for period ending September 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	3 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	3.50%
Investment Rate of Return	8.0%
Projected Salary Increases	4.5% to 12.1%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The 1994 Group Annuity Mortality Tables, set back 0 years for men and 0 years for women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

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

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

Fiscal Year Ending September 30,	General Employees	Police Officers	Fire Fighters
2015	-0.35%	-0.35%	-0.35%
2014	10.22%	10.22%	10.22%
2013	11.97%	11.97%	11.97%
2012	16.52%	16.52%	16.52%
2011	-0.17%	-0.17%	-0.17%
2010	8.16%	8.16%	8.16%
2009	5.45%	5.45%	5.45%
2008	-10.88%	-10.88%	-10.88%
2007	13.54%	13.54%	13.54%
2006	9.58%	9.58%	9.58%

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

Actuarial Valuation Date 10/1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/(c) UAAL as a Percentage of Covered Payroll
2008	\$ 0	\$ 6,848,807	\$ 6,848,807	0.00%	\$ 17,280,037	39.63%
2010	0	5,497,575	5,497,575	0.00%	16,678,298	32.96%
2012	0	5,388,004	5,388,004	0.00%	15,078,231	35.73%
2014	0	3,740,378	3,740,378	0.00%	14,377,492	26.02%

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

Period Ended	Actuarial Valuation Date 10/1	Annual OPEB Cost	Estimated Amount Contributed	Percentage Contribution	Estimated Net OPEB Obligation
9/30/2009	2008	\$ 564,436	\$ 189,576	33.59%	\$ 957,434
9/30/2010	2009	588,520	220,927	37.54%	1,325,027
9/30/2011	2010	486,818	226,152	46.46%	1,585,693
9/30/2012	2011	509,057	230,321	45.24%	1,864,429
9/30/2013	2012	476,381	212,648	44.64%	2,128,162
9/30/2014	2013	497,797	256,004	51.43%	2,369,956
9/30/2015	2014	325,365	173,725	53.39%	2,521,596

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

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

Valuation Date:	October 1, 2014
Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percent - Closed
Remaining Amortization Period:	22 Years
Actuarial Assumptions:	
Investment Return**	4.0%
Projected Salary Increases**	4.5%-12.1%
Payroll Growth Rate	4.0%
Health-care Cost Trend Rates	7.5% initial trend rate dropping to 4.52% ultimate trend rate after 25 years

**Includes Inflation Rate of 2.5%

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
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	\$ 708,900	\$ 69,450	\$ 198,683	\$ 580,086	
Special Assessments Receivable			31,251	3,230	
Due from Other Governments	83,377		126,400	178,800	\$ 10,808
Total Assets	<u>792,277</u>	<u>69,450</u>	<u>356,334</u>	<u>762,116</u>	<u>10,808</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	14	4,090	7,996		
Other Accrued Liabilities			312		
Interfund Payables					10,808
Total Liabilities	<u>14</u>	<u>4,090</u>	<u>8,308</u>	<u>0</u>	<u>10,808</u>
Deferred Inflows of Resources					
Unavailable Revenues	28,400	0	157,651	182,030	0
Fund Balances					
Restricted for:					
Tourism Expenses	763,863				
Transportation Improvements			190,375		
Capital Projects				580,086	
Law Enforcement		65,360			
Committed for:					
Tree Replacement					
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	<u>763,863</u>	<u>65,360</u>	<u>190,375</u>	<u>580,086</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 792,277</u>	<u>\$ 69,450</u>	<u>\$ 356,334</u>	<u>\$ 762,116</u>	<u>\$ 10,808</u>

	Special Revenue Funds				
	Radio Communications Fund	J.A.G. Grant Fund	Tree Protection Fund	Law Enforcement Trust Fund	Equitable Sharing Trust Fund
Assets					
Equity in Pooled Cash and Investments	\$ 157,484		\$ 6,066	\$ 100,038	\$ 538,326
Special Assessments Receivable					
Due from Other Governments					
Total Assets	<u>157,484</u>	<u>0</u>	<u>6,066</u>	<u>100,038</u>	<u>538,326</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable					
Other Accrued Liabilities				1,146	
Interfund Payables					
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,146</u>	<u>0</u>
Deferred Inflows of Resources					
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted for:					
Tourism Expenses					
Transportation Improvements					
Capital Projects					
Law Enforcement	157,484			98,892	538,326
Committed for:					
Tree Replacement			6,066		
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	<u>157,484</u>	<u>0</u>	<u>6,066</u>	<u>98,892</u>	<u>538,326</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 157,484</u>	<u>\$ 0</u>	<u>\$ 6,066</u>	<u>\$ 100,038</u>	<u>\$ 538,326</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	Debt Service Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Beaches Park Project for Kids Fund	Dog Park Fund	
Assets					
Equity in Pooled Cash and Investments	\$ 123,365	\$ 2,705,785	\$ 4,505	\$ 5,272	\$ 5,197,960
Special Assessments Receivable					34,481
Due from Other Governments					399,385
Total Assets	<u>123,365</u>	<u>2,705,785</u>	<u>4,505</u>	<u>5,272</u>	<u>5,631,826</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable				468	12,568
Other Accrued Liabilities				70	1,528
Interfund Payables					10,808
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>538</u>	<u>24,904</u>
Deferred Inflows of Resources					
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>368,081</u>
Fund Balances					
Restricted for:					
Tourism Expenses					763,863
Transportation Improvements					190,375
Capital Projects		2,705,785			3,285,871
Law Enforcement					860,062
Committed for:					
Tree Replacement					6,066
Assigned for:					
Capital Projects			4,505	4,734	9,239
Debt Service	123,365				123,365
Total Fund Balances	<u>123,365</u>	<u>2,705,785</u>	<u>4,505</u>	<u>4,734</u>	<u>5,238,841</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 123,365</u>	<u>\$ 2,705,785</u>	<u>\$ 4,505</u>	<u>\$ 5,272</u>	<u>\$ 5,631,826</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 341,240		\$ 758,525	\$ 1,184,904	
Intergovernmental					\$ 138,875
Charges for Services			536	455	
Fines and Forfeitures		\$ 15,782			
Other Revenue	14,131	1,897	36,747	11,413	
Total Revenues	<u>355,371</u>	<u>17,679</u>	<u>795,808</u>	<u>1,196,772</u>	<u>138,875</u>
Expenditures					
Current:					
General Government				2,172	
Public Safety		50,149			
Physical Environment					
Roads and Streets			95,615		
Parks and Recreation	113,188				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay			80,749	4,681	
(Total Expenditures)	<u>(113,188)</u>	<u>(50,149)</u>	<u>(176,364)</u>	<u>(6,853)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>242,183</u>	<u>(32,470)</u>	<u>619,444</u>	<u>1,189,919</u>	<u>138,875</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	(115,000)		(622,000)	(877,720)	(138,875)
Total Other Financing Sources (Uses)	<u>(115,000)</u>	<u>0</u>	<u>(622,000)</u>	<u>(877,720)</u>	<u>(138,875)</u>
Net Change in Fund Balance	127,183	(32,470)	(2,556)	312,199	0
Fund Balances, Beginning of Year	<u>636,680</u>	<u>97,830</u>	<u>192,931</u>	<u>267,887</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 763,863</u>	<u>\$ 65,360</u>	<u>\$ 190,375</u>	<u>\$ 580,086</u>	<u>\$ 0</u>

	Special Revenue Funds				
	Radio Communication Fund	J.A.G. Grant Fund	Tree Protection Fund	Law Enforcement Trust Fund	Equitable Sharing Trust Fund
Revenues					
Taxes					
Intergovernmental		\$ 65,701			
Charges for Services					
Fines and Forfeitures	\$ 27,492			\$ 21,299	\$ 85,466
Other Revenue	3,173		\$ 134	13,394	11,305
Total Revenues	<u>30,665</u>	<u>65,701</u>	<u>134</u>	<u>34,693</u>	<u>96,771</u>
Expenditures					
Current:					
General Government					
Public Safety	5,464			41,436	1,941
Physical Environment			23		
Roads and Streets					
Parks and Recreation					
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay					43,336
(Total Expenditures)	<u>(5,464)</u>	<u>0</u>	<u>(23)</u>	<u>(41,436)</u>	<u>(45,277)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,201</u>	<u>65,701</u>	<u>111</u>	<u>(6,743)</u>	<u>51,494</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)		(65,701)			
Total Other Financing Sources (Uses)	<u>0</u>	<u>(65,701)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	25,201	0	111	(6,743)	51,494
Fund Balances, Beginning of Year	<u>132,283</u>	<u>0</u>	<u>5,955</u>	<u>105,635</u>	<u>486,832</u>
Fund Balances, End of Year	<u>\$ 157,484</u>	<u>\$ 0</u>	<u>\$ 6,066</u>	<u>\$ 98,892</u>	<u>\$ 538,326</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

	Debt Service Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Beaches Park Project for Kids Fund	Dog Park Fund	
Revenues					
Taxes					\$ 2,284,669
Intergovernmental					204,576
Charges for Services				\$ 15,502	16,493
Fines and Forfeitures					150,039
Other Revenue	\$ 11,048	\$ 66,268	\$ 100	798	170,408
Total Revenues	<u>11,048</u>	<u>66,268</u>	<u>100</u>	<u>16,300</u>	<u>2,826,185</u>
Expenditures					
Current:					
General Government					2,172
Public Safety					98,990
Physical Environment		11,394			11,417
Roads and Streets					95,615
Parks and Recreation			17	28,233	141,438
Debt Service:					
Principal	925,000				925,000
Interest and Fees	72,290				72,290
Capital Outlay		11,450		23,401	163,617
(Total Expenditures)	<u>(997,290)</u>	<u>(22,844)</u>	<u>(17)</u>	<u>(51,634)</u>	<u>(1,510,539)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(986,242)</u>	<u>43,424</u>	<u>83</u>	<u>(35,334)</u>	<u>1,315,646</u>
Other Financing Sources (Uses)					
Transfers in	477,720				477,720
Transfers (out)		(350,000)			(2,169,296)
Total Other Financing Sources (Uses)	<u>477,720</u>	<u>(350,000)</u>	<u>0</u>	<u>0</u>	<u>(1,691,576)</u>
Net Change in Fund Balance	(508,522)	(306,576)	83	(35,334)	(375,930)
Fund Balances, Beginning of Year	<u>631,887</u>	<u>3,012,361</u>	<u>4,422</u>	<u>40,068</u>	<u>5,614,771</u>
Fund Balances, End of Year	<u>\$ 123,365</u>	<u>\$ 2,705,785</u>	<u>\$ 4,505</u>	<u>\$ 4,734</u>	<u>\$ 5,238,841</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 225,000	\$ 225,000	\$ 341,240	\$ 116,240
Other Revenue	3,500	3,500	14,131	10,631
Total Revenues	<u>228,500</u>	<u>228,500</u>	<u>355,371</u>	<u>126,871</u>
Expenditures				
Current:				
Parks and Recreation	120,226	123,601	113,188	10,413
(Total Expenditures)	<u>(120,226)</u>	<u>(123,601)</u>	<u>(113,188)</u>	<u>10,413</u>
Excess of Revenues Over Expenditures	108,274	104,899	242,183	137,284
Other Financing Sources (Uses)				
Transfers (out)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (6,726)</u>	<u>\$ (10,101)</u>	<u>\$ 127,183</u>	<u>\$ 137,284</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, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 6,000	\$ 6,000	\$ 15,782	\$ 9,782
Other Revenue	1,500	1,500	1,897	397
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>17,679</u>	<u>10,179</u>
Expenditures				
Current:				
Public Safety	60,000	60,000	50,149	9,851
(Total Expenditures)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(50,149)</u>	<u>9,851</u>
Net Change in Fund Balance	<u>\$ (52,500)</u>	<u>\$ (52,500)</u>	<u>\$ (32,470)</u>	<u>\$ 20,030</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 720,000	\$ 720,000	\$ 758,525	\$ 38,525
Charges for Services			536	536
Other Revenue	2,368	2,368	36,747	34,379
Total Revenues	<u>722,368</u>	<u>722,368</u>	<u>795,808</u>	<u>73,440</u>
Expenditures				
Current:				
Roads and Streets	352,355	364,355	95,615	268,740
Capital Outlay		112,000	80,749	31,251
(Total Expenditures)	<u>(352,355)</u>	<u>(476,355)</u>	<u>(176,364)</u>	<u>299,991</u>
Excess of Revenues Over Expenditures	370,013	246,013	619,444	373,431
Other Financing Sources (Uses)				
Transfers (out)	<u>(372,000)</u>	<u>(622,000)</u>	<u>(622,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (1,987)</u>	<u>\$ (375,987)</u>	<u>\$ (2,556)</u>	<u>\$ 373,431</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,184,904	\$ 134,904
Charges for Services			455	455
Other Revenue	2,500	2,500	11,413	8,913
Total Revenues	<u>1,052,500</u>	<u>1,052,500</u>	<u>1,196,772</u>	<u>144,272</u>
Expenditures				
Current:				
General Government	1,500	1,500	2,172	(672)
Capital Outlay	170,000	170,000	4,681	165,319
(Total Expenditures)	<u>(171,500)</u>	<u>(171,500)</u>	<u>(6,853)</u>	<u>164,647</u>
Excess of Revenues Over Expenditures	881,000	881,000	1,189,919	308,919
Other Financing Sources (Uses)				
Transfers (out)	(477,720)	(877,720)	(877,720)	0
Net Change in Fund Balance	<u>\$ 403,280</u>	<u>\$ 3,280</u>	<u>\$ 312,199</u>	<u>\$ 308,919</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, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 144,489	\$ 144,489	\$ 138,875	\$ (5,614)
Total Revenues	<u>144,489</u>	<u>144,489</u>	<u>138,875</u>	<u>(5,614)</u>
Expenditures				
(Total Expenditures)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	144,489	144,489	138,875	(5,614)
Other Financing Sources (Uses)				
Transfers (out)	<u>(144,489)</u>	<u>(144,489)</u>	<u>(138,875)</u>	<u>5,614</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 RADIO COMMUNICATION FUND
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 14,000	\$ 14,000	\$ 27,492	\$ 13,492
Other Revenue	1,000	1,000	3,173	2,173
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>30,665</u>	<u>15,665</u>
Expenditures				
Current:				
Public Safety	15,530	15,530	5,464	10,066
(Total Expenditures)	<u>(15,530)</u>	<u>(15,530)</u>	<u>(5,464)</u>	<u>10,066</u>
Net Change in Fund Balance	<u>\$ (530)</u>	<u>\$ (530)</u>	<u>\$ 25,201</u>	<u>\$ 25,731</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
J.A.G. GRANT FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 85,539	\$ 85,539	\$ 65,701	\$ (19,838)
Total Revenues	<u>85,539</u>	<u>85,539</u>	<u>65,701</u>	<u>(19,838)</u>
Expenditures				
Current:				
Public Safety	15,539	15,539		15,539
(Total Expenditures)	<u>(15,539)</u>	<u>(15,539)</u>	<u>0</u>	<u>15,539</u>
Excess of Revenues Over Expenditures	70,000	70,000	65,701	(4,299)
Other Financing Sources (Uses)				
Transfers (out)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(65,701)</u>	<u>4,299</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
TREE PROTECTION FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 1,000	\$ 1,000		\$ (1,000)
Other Revenue	100	100	\$ 134	34
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>134</u>	<u>(966)</u>
Expenditures				
Current:				
Physical Environment	3,000	3,000	23	2,977
(Total Expenditures)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(23)</u>	<u>2,977</u>
Net Change in Fund Balance	<u>\$ (1,900)</u>	<u>\$ (1,900)</u>	<u>\$ 111</u>	<u>\$ 2,011</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 21,299	\$ 16,299
Other Revenue	1,000	1,000	13,394	12,394
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>34,693</u>	<u>28,693</u>
Expenditures				
Current:				
Public Safety	60,414	60,414	41,436	18,978
(Total Expenditures)	<u>(60,414)</u>	<u>(60,414)</u>	<u>(41,436)</u>	<u>18,978</u>
Net Change in Fund Balance	<u>\$ (54,414)</u>	<u>\$ (54,414)</u>	<u>\$ (6,743)</u>	<u>\$ 47,671</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, 2015
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	\$ 85,466	\$ 75,466
Other Revenue	7,000	7,000	11,305	4,305
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>96,771</u>	<u>79,771</u>
Expenditures				
Current:				
Public Safety	115,000	60,000	1,941	58,059
Capital Outlay		55,000	43,336	11,664
(Total Expenditures)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(45,277)</u>	<u>69,723</u>
Net Change in Fund Balance	<u>\$ (98,000)</u>	<u>\$ (98,000)</u>	<u>\$ 51,494</u>	<u>\$ 149,494</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, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Revenues	\$ 3,000	\$ 3,000	\$ 11,048	\$ 8,048
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>11,048</u>	<u>8,048</u>
Expenditures				
Debt Service:				
Principal	925,000	925,000	925,000	0
Interest and Fees	77,641	77,641	72,290	5,351
(Total Expenditures)	<u>(1,002,641)</u>	<u>(1,002,641)</u>	<u>(997,290)</u>	<u>5,351</u>
(Deficiency) of Revenues (Under) Expenditures	(999,641)	(999,641)	(986,242)	13,399
Other Financing Sources (Uses)				
Transfers in	477,720	477,720	477,720	0
Net Change in Fund Balance	<u>\$ (521,921)</u>	<u>\$ (521,921)</u>	<u>\$ (508,522)</u>	<u>\$ 13,399</u>

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Assets						
Current Assets						
Equity in Pooled Cash and Investments	\$ 3,674,321	\$ 4,812,237	\$ 351,815	\$ 898,836	\$ 2,662,188	\$ 12,399,397
Other Operating Cash			1,290			1,290
Receivables:						
Accounts, Net	154,340	379,622		6,506	231,519	771,987
Inventory			10,936			10,936
Prepaid Expenses			3,432	536		3,968
Total Current Assets	<u>3,828,661</u>	<u>5,191,859</u>	<u>367,473</u>	<u>905,878</u>	<u>2,893,707</u>	<u>13,187,578</u>
Noncurrent Assets						
Capital Assets:						
Land	1,057,992		388,980	28,000		1,474,972
Buildings and Improvements	23,183,777		1,977,219	783,805	4,433,832	30,378,633
Equipment	93,732	374,858	216,152	392,912		1,077,654
Construction in Progress	276,689					276,689
	<u>24,612,190</u>	<u>374,858</u>	<u>2,582,351</u>	<u>1,204,717</u>	<u>4,433,832</u>	<u>33,207,948</u>
(Accumulated Depreciation)	<u>(8,557,835)</u>	<u>(127,615)</u>	<u>(1,257,822)</u>	<u>(922,648)</u>	<u>(469,154)</u>	<u>(11,335,074)</u>
Total Noncurrent Assets	<u>16,054,355</u>	<u>247,243</u>	<u>1,324,529</u>	<u>282,069</u>	<u>3,964,678</u>	<u>21,872,874</u>
Total Assets	<u>19,883,016</u>	<u>5,439,102</u>	<u>1,692,002</u>	<u>1,187,947</u>	<u>6,858,385</u>	<u>35,060,452</u>
Deferred Outflows of Resources						
Pension Related	<u>13,317</u>	<u>19,282</u>	<u>47,441</u>			<u>80,040</u>

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2015
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	\$ 38,949	\$ 316,294	\$ 69,976	\$ 201	\$ 85,978	\$ 511,398
Power Costs Recovered in Advance					692,976	692,976
Other Accrued Liabilities	7,220	8,644	32,547	563	11,759	60,733
Unearned Revenues			41,285			41,285
Current Portion of Long-term Debt:						
Compensated Absences		6,376	16,433			22,809
Total Current Liabilities	<u>46,169</u>	<u>331,314</u>	<u>160,241</u>	<u>764</u>	<u>790,713</u>	<u>1,329,201</u>
Noncurrent Liabilities						
Accrued Compensated Absences		25,503	65,730			91,233
Other Postemployment Benefits	18,818		56,454			75,272
Net Pension Liability	77,859	112,734	277,373			467,966
Total Noncurrent Liabilities	<u>96,677</u>	<u>138,237</u>	<u>399,557</u>	<u>0</u>	<u>0</u>	<u>634,471</u>
Total Liabilities	<u>142,846</u>	<u>469,551</u>	<u>559,798</u>	<u>764</u>	<u>790,713</u>	<u>1,963,672</u>
Deferred Inflows of Resources						
Pension Related	<u>14,057</u>	<u>20,354</u>	<u>50,079</u>			<u>84,490</u>
Net Position						
Net Investment in Capital Assets	16,054,355	247,243	1,324,529	282,069	3,964,678	21,872,874
Unrestricted	3,685,075	4,721,236	(194,963)	905,114	2,102,994	11,219,456
Total Net Position	<u>\$ 19,739,430</u>	<u>\$ 4,968,479</u>	<u>\$ 1,129,566</u>	<u>\$ 1,187,183</u>	<u>\$ 6,067,672</u>	<u>\$ 33,092,330</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Operating Revenues						
Charges for Services	\$ 1,294,802	\$ 3,235,626	\$ 1,140,335		\$ 1,970,444	\$ 7,641,207
Other			390	\$ 476,548	47,529	524,467
Total Operating Revenues	<u>1,294,802</u>	<u>3,235,626</u>	<u>1,140,725</u>	<u>476,548</u>	<u>2,017,973</u>	<u>8,165,674</u>
Operating Expenses						
Purchased Power					931,059	931,059
Personal Services	142,174	205,787	624,138	7,527		979,626
Purchased Services	113,203	2,888,448	93,411	37,473	193,733	3,326,268
Repairs and Maintenance	12,959	14,802	136,646	160,959		325,366
Depreciation	755,811	51,295	97,689	20,335	116,164	1,041,294
Materials and Supplies	17,397	29,058	187,342		1,808	235,605
Other Expenses	154,531	131,080	331,906	39,055	107,835	764,407
(Total Operating Expenses)	<u>(1,196,075)</u>	<u>(3,320,470)</u>	<u>(1,471,132)</u>	<u>(265,349)</u>	<u>(1,350,599)</u>	<u>(7,603,625)</u>
Operating Income (Loss)	<u>98,727</u>	<u>(84,844)</u>	<u>(330,407)</u>	<u>211,199</u>	<u>667,374</u>	<u>562,049</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	74,398	105,014	6,151	19,248	41,032	245,843
Gain on Disposal of Capital Assets	5,333					5,333
Total Nonoperating Revenues (Expense)	<u>79,731</u>	<u>105,014</u>	<u>6,151</u>	<u>19,248</u>	<u>41,032</u>	<u>251,176</u>
Income (Loss) Before Contributions and Transfers	<u>178,458</u>	<u>20,170</u>	<u>(324,256)</u>	<u>230,447</u>	<u>708,406</u>	<u>813,225</u>
Capital Contributions						
Contributions from Other Funds	285,116					285,116
Developer Contributions	174,612					174,612
Total Capital Contributions	<u>459,728</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>459,728</u>
Transfers						
Transfers in			262,978			262,978
Transfers (out)				(260,000)	(263,646)	(523,646)
Total Transfers	<u>0</u>	<u>0</u>	<u>262,978</u>	<u>(260,000)</u>	<u>(263,646)</u>	<u>(260,668)</u>
Change in Net Position	638,186	20,170	(61,278)	(29,553)	444,760	1,012,285
Total Net Position, Beginning of Year (As Restated)	<u>19,101,244</u>	<u>4,948,309</u>	<u>1,190,844</u>	<u>1,216,736</u>	<u>5,622,912</u>	<u>32,080,045</u>
Total Net Position, End of Year	<u>\$ 19,739,430</u>	<u>\$ 4,968,479</u>	<u>\$ 1,129,566</u>	<u>\$ 1,187,183</u>	<u>\$ 6,067,672</u>	<u>\$ 33,092,330</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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	\$ 1,298,245	\$ 3,246,483	\$ 1,143,576	\$ 486,534	\$ 2,143,237	\$ 8,318,075
Cash Payments to Vendors for Goods and Services	(300,420)	(2,987,389)	(700,912)	(244,818)	(1,233,933)	(5,467,472)
Cash Payments to Employees for Services	(146,580)	(212,095)	(638,376)	(7,526)		(1,004,577)
Net Cash Provided by (Used in) Operating Activities	<u>851,245</u>	<u>46,999</u>	<u>(195,712)</u>	<u>234,190</u>	<u>909,304</u>	<u>1,846,026</u>
Cash Flows from Noncapital Financing Activities						
Transfers in			262,978			262,978
Transfers (out)				(260,000)	(263,646)	(523,646)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>262,978</u>	<u>(260,000)</u>	<u>(263,646)</u>	<u>(260,668)</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(204,896)		(28,128)		(220,573)	(453,597)
Proceeds from the Sale of Capital Assets	5,333					5,333
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(199,563)</u>	<u>0</u>	<u>(28,128)</u>	<u>0</u>	<u>(220,573)</u>	<u>(448,264)</u>
Cash Flows from Investing Activities						
Interest Received on Investments	74,398	105,014	6,151	19,248	41,032	245,843
Net Increase (Decrease) in Cash and Cash Equivalents	726,080	152,013	45,289	(6,562)	466,117	1,382,937
Cash and Cash Equivalents, Beginning of Year	<u>2,948,241</u>	<u>4,660,224</u>	<u>307,816</u>	<u>905,398</u>	<u>2,196,071</u>	<u>11,017,750</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,674,321</u></u>	<u><u>\$ 4,812,237</u></u>	<u><u>\$ 353,105</u></u>	<u><u>\$ 898,836</u></u>	<u><u>\$ 2,662,188</u></u>	<u><u>\$ 12,400,687</u></u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)**

<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Current Assets						
Equity in Pooled Cash and Investments	\$ 3,674,321	\$ 4,812,237	\$ 351,815	\$ 898,836	\$ 2,662,188	\$ 12,399,397
Other Operating Cash			1,290			1,290
Total	<u>\$ 3,674,321</u>	<u>\$ 4,812,237</u>	<u>\$ 353,105</u>	<u>\$ 898,836</u>	<u>\$ 2,662,188</u>	<u>\$ 12,400,687</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ 98,727	\$ (84,844)	\$ (330,407)	\$ 211,199	\$ 667,374	\$ 562,049
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	755,811	51,295	97,689	20,335	116,164	1,041,294
Power Costs Recovered in Advance (Returned)					127,074	127,074
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	3,443	10,857		9,986	(1,810)	22,476
Inventories			587			587
Prepaid Expenses			367	207		574
Accounts Payable and Other Accrued Liabilities	(2,330)	75,999	47,439	(7,537)	502	114,073
Accrued Compensated Absences		1,224	10,918			12,142
Unearned Revenues			2,851			2,851
Other Postemployment Benefits	796		(6,625)			(5,829)
Net Pension Liability and Pension Related Deferred Inflows and Outflows	(5,202)	(7,532)	(18,531)			(31,265)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 851,245</u>	<u>\$ 46,999</u>	<u>\$ (195,712)</u>	<u>\$ 234,190</u>	<u>\$ 909,304</u>	<u>\$ 1,846,026</u>
<u>Supplemental Disclosure of Noncash Activities</u>						
Contributed Assets	\$ 174,612					\$ 174,612
Capital Asset Transfers	285,116					285,116

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Assets			
Current Assets			
Equity in Pooled Cash and Investments	\$ 2,390,523	\$ 584,599	\$ 2,975,122
Accounts Receivable, Net	2,229	850	3,079
Prepaid Expenses	1,095,670		1,095,670
Total Current Assets	<u>3,488,422</u>	<u>585,449</u>	<u>4,073,871</u>
Noncurrent Assets			
Capital Assets:			
Buildings and Improvements		1,635,007	1,635,007
Equipment		2,059,643	2,059,643
	<u>0</u>	<u>3,694,650</u>	<u>3,694,650</u>
(Accumulated Depreciation)		(2,948,330)	(2,948,330)
Total Capital Assets, Net of Accumulated Depreciation	<u>0</u>	<u>746,320</u>	<u>746,320</u>
Total Assets	<u>3,488,422</u>	<u>1,331,769</u>	<u>4,820,191</u>
Deferred Outflows of Resources			
Pension Related	<u>0</u>	<u>298,657</u>	<u>298,657</u>
Liabilities			
Current Liabilities			
Accounts Payable	32,663	148,616	181,279
Other Accrued Liabilities	654	167,202	167,856
Estimated Liability for Self-insured Losses	543,048		543,048
Current Portion of Long-term Debt, Compensated Absences		169,925	169,925
Total Current Liabilities	<u>576,365</u>	<u>485,743</u>	<u>1,062,108</u>
Noncurrent Liabilities			
Accrued Compensated Absences		679,702	679,702
Net Pension Liability		1,746,150	1,746,150
Total Noncurrent Liabilities	<u>0</u>	<u>2,425,852</u>	<u>2,425,852</u>
Total Liabilities	<u>576,365</u>	<u>2,911,595</u>	<u>3,487,960</u>
Deferred Inflows of Resources			
Pension Related	<u>0</u>	<u>315,263</u>	<u>315,263</u>
Net Position			
Net Investment in Capital Assets		746,320	746,320
Unrestricted	2,912,057	(2,342,752)	569,305
Total Net Position (Deficit)	<u>\$ 2,912,057</u>	<u>\$ (1,596,432)</u>	<u>\$ 1,315,625</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Self-insurance Fund	Other Internal Service Fund	Totals
Operating Revenues			
Charges for Services	\$ 3,632,195	\$ 7,896,757	\$ 11,528,952
Other Revenue	17,775	2,269	20,044
Total Operating Revenues	<u>3,649,970</u>	<u>7,899,026</u>	<u>11,548,996</u>
Operating Expenses			
Personal Services	67,750	3,801,415	3,869,165
Purchased Services	152,849	868,051	1,020,900
Repairs and Maintenance		458,338	458,338
Depreciation		126,749	126,749
Materials and Supplies	425	338,595	339,020
Other Expenses	3,907,384	1,848,250	5,755,634
(Total Operating Expenses)	<u>(4,128,408)</u>	<u>(7,441,398)</u>	<u>(11,569,806)</u>
Operating Income (Loss)	<u>(478,438)</u>	<u>457,628</u>	<u>(20,810)</u>
Nonoperating Income (Expense)			
Investment Earnings	69,132		69,132
(Loss) on Disposal of Capital Assets		(21,246)	(21,246)
Total Nonoperating Income (Expense)	<u>69,132</u>	<u>(21,246)</u>	<u>47,886</u>
Income (Loss) Before Transfers	<u>(409,306)</u>	<u>436,382</u>	<u>27,076</u>
Transfers			
Transfers in		29,927	29,927
Transfers (out)		(77,000)	(77,000)
Total Transfers	<u>0</u>	<u>(47,073)</u>	<u>(47,073)</u>
Change in Net Position	(409,306)	389,309	(19,997)
Total Net Position (Deficit), Beginning of Year (As Restated)	<u>3,321,363</u>	<u>(1,985,741)</u>	<u>1,335,622</u>
Total Net Position (Deficit), End of Year	<u>\$ 2,912,057</u>	<u>\$ (1,596,432)</u>	<u>\$ 1,315,625</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 3,648,366	\$ 7,898,176	\$ 11,546,542
Cash Payments to Vendors for Goods and Services	(4,395,069)	(3,504,894)	(7,899,963)
Cash Payments to Employees for Services	(67,750)	(3,940,796)	(4,008,546)
Claims Paid	(367,671)		(367,671)
Net Cash Provided by (Used in) Operating Activities	<u>(1,182,124)</u>	<u>452,486</u>	<u>(729,638)</u>
Cash Flows from Noncapital Financing Activities			
Operating Transfers in		29,927	29,927
Operating Transfers (out)		(77,000)	(77,000)
Total Cash Flows from Noncapital Financing Activities	<u>0</u>	<u>(47,073)</u>	<u>(47,073)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets		(174,804)	(174,804)
Cash Flows from Investing Activities			
Interest Received on Investments	69,132	0	69,132
Net Increase (Decrease) in Cash and Cash Equivalents	(1,112,992)	230,609	(882,383)
Cash and Cash Equivalents, Beginning of Year	3,503,515	353,990	3,857,505
Cash and Cash Equivalents, End of Year	<u>\$ 2,390,523</u>	<u>\$ 584,599</u>	<u>\$ 2,975,122</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>			
Current Assets			
Equity in Pooled Cash and Investments	<u>\$ 2,390,523</u>	<u>\$ 584,599</u>	<u>\$ 2,975,122</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ (478,438)	\$ 457,628	\$ (20,810)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		126,749	126,749
Change in Estimated Liability for Self-insured Losses	324,897		324,897
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
A/R and Unbilled Revenue	(1,604)	(850)	(2,454)
Prepaid Expenses	(1,042,771)		(1,042,771)
Accounts Payable and Other Accrued Liabilities	15,792	8,340	24,132
Accrued Compensated Absences		(22,718)	(22,718)
Net Pension Liability and Pension Related Deferred Inflows and Outflows		(116,663)	(116,663)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,182,124)</u>	<u>\$ 452,486</u>	<u>\$ (729,638)</u>

**SCHEDULE OF COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND
SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District	Southend Redevelopment District	Totals
Assets			
Equity in Pooled Cash and Investments	\$ 12,704,768	\$ 5,135,884	\$ 17,840,652
Accounts, Net	55		55
Assessments, Net		1,180	1,180
Total Assets	<u>12,704,823</u>	<u>5,137,064</u>	<u>17,841,887</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	1,343	520	1,863
Other Accrued Liabilities	40,852	37,311	78,163
Unearned Revenues	55		55
Total Liabilities	<u>42,250</u>	<u>37,831</u>	<u>80,081</u>
Deferred Inflows of Resources			
Unavailable Revenues	<u>0</u>	<u>1,180</u>	<u>1,180</u>
Fund Balances			
Restricted for:			
Redevelopment	<u>12,662,573</u>	<u>5,098,053</u>	<u>17,760,626</u>
Total Fund Balances	<u>12,662,573</u>	<u>5,098,053</u>	<u>17,760,626</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,704,823</u>	<u>\$ 5,137,064</u>	<u>\$ 17,841,887</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District	Southend Redevelopment District	Totals
Revenues			
Taxes	\$ 5,062,043	\$ 3,310,445	\$ 8,372,488
Interest and Other Revenue	266,009	115,581	381,590
Total Revenues	<u>5,328,052</u>	<u>3,426,026</u>	<u>8,754,078</u>
Expenditures			
Current:			
General Government	198,145	102,966	301,111
Public Safety	768,306		768,306
Roads and Streets	2,805		2,805
Debt Service:			
Principal		620,800	620,800
Interest and Fees		44,511	44,511
Capital Outlay	763,170	1,385,305	2,148,475
(Total Expenditures)	<u>(1,732,426)</u>	<u>(2,153,582)</u>	<u>(3,886,008)</u>
Net Change in Fund Balances	3,595,626	1,272,444	4,868,070
Fund Balances, Beginning of Year	<u>9,066,947</u>	<u>3,825,609</u>	<u>12,892,556</u>
Fund Balances, End of Year	<u>\$ 12,662,573</u>	<u>\$ 5,098,053</u>	<u>\$ 17,760,626</u>

BOND COVENANT INFORMATION

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 96,216,764	\$ 93,403,759	\$ (2,813,005)
Other	248,429	184,151	(64,278)
Total Operating Revenues	<u>96,465,193</u>	<u>93,587,910</u>	<u>(2,877,283)</u>
Operating Expenses			
Purchased Power	64,070,483	59,230,198	4,840,285
Personal Services	8,497,868	6,600,221	1,897,647
Purchased Services	1,975,520	1,257,030	718,490
Repairs and Maintenance	1,513,231	1,193,899	319,332
Materials and Supplies	953,298	786,060	167,238
Other Expenses	6,891,106	5,677,131	1,213,975
(Total Operating Expenses)	<u>(83,901,506)</u>	<u>(74,744,539)</u>	<u>9,156,967</u>
Operating Income	<u>12,563,687</u>	<u>18,843,371</u>	<u>6,279,684</u>
Nonoperating Income (Expense)			
Investment Earnings	400,000	774,062	374,062
Interest Expense	(828,862)	(809,363)	19,499
Connection Fees	125,000	316,828	191,828
Gain on Disposal of Capital Assets	44,990	9,280	(35,710)
Capital Outlay	(12,655,403)	(7,285,336)	5,370,067
System Removal Costs		(104,659)	(104,659)
Debt Service Principal	(3,555,000)	(3,555,000)	0
Developer Contributions	86,000		(86,000)
Total Nonoperating Income (Expense)	<u>(16,383,275)</u>	<u>(10,654,188)</u>	<u>5,729,087</u>
Income Before Operating Transfers	<u>(3,819,588)</u>	<u>8,189,183</u>	<u>12,008,771</u>
Other Financing Sources (Uses)			
Transfers in	162,097	162,097	0
Transfers (out)	(3,670,124)	(3,670,124)	0
Total Other Financing Sources (Uses)	<u>(3,508,027)</u>	<u>(3,508,027)</u>	<u>0</u>
Net Income	<u>\$ (7,327,615)</u>	<u>\$ 4,681,156</u>	<u>\$ 12,008,771</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 7,969,127</u>
Adjustments	
Depreciation	8,120,532
Capital Outlay, Purchased	(7,285,336)
Capital Outlay, Developer Contributions	(370,405)
Contributions from Other Funds	(246,681)
Removal Costs	(104,659)
Debt Service, Principal	(3,555,000)
Amortization:	
Bond Premium	(227,009)
Loss on Refunding	380,587
(Total Adjustments)	<u>(3,287,971)</u>
Net Income - Budgetary Basis	<u>\$ 4,681,156</u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED
 UNDER UTILITY REVENUE BOND COVENANTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Utility Customers Connected and Active

	<u>2015</u>	<u>2014</u>
Electrical Customers		
Jacksonville Beach	15,991	14,199
Neptune Beach	3,956	3,925
Other	14,486	15,842
Total Electrical Customers	<u>34,433</u>	<u>33,966</u>
Water and Wastewater Customers		
Water	10,204	10,029
Wastewater	10,036	9,872
Total Water and Wastewater Customers	<u>20,240</u>	<u>19,901</u>

Insurance in Existence

Electrical Department

Buildings, Equipment, Transformers, Regulators, Substations, and Equipment	<u>\$ 60,207,376</u>	<u>\$ 55,715,258</u>
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Water Department

Buildings and Equipment	<u>\$ 37,281,455</u>	<u>\$ 34,075,392</u>
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General Liability

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

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

STATISTICAL SECTION (UNAUDITED)

Statistical Section (Unaudited)

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

Contents	Pages
Financial Trends Information These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	111
Revenue Capacity Information These schedules contain information to help the reader assess the City's local revenue source.	116
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.	120
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.	125
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.	127

Sources: Unless otherwise noted, the information in these schedules were obtained from the Comprehensive Annual Financial Reports for the relevant year.

FINANCIAL TRENDS INFORMATION

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 53,881,212	\$ 64,648,677	\$ 73,400,569	\$ 76,567,062	\$ 72,717,821	\$ 74,132,348	\$ 78,634,891	\$ 80,880,510	\$ 85,081,323	\$ 86,383,735
Restricted	10,774,562	13,621,430	11,541,695	13,288,522	9,884,908	11,180,126	12,516,772	15,266,981	18,203,910	23,230,058
Unrestricted	14,287,663	12,569,477	14,225,981	12,122,024	13,645,936	13,566,703	13,523,810	14,624,127	15,803,521	9,601,684
Total Governmental Activities Net Position	<u>78,943,437</u>	<u>90,839,584</u>	<u>99,168,245</u>	<u>101,977,608</u>	<u>96,248,665</u>	<u>98,879,177</u>	<u>104,675,473</u>	<u>110,771,618</u>	<u>119,088,754</u>	<u>119,215,477</u>
Business-type Activities										
Net Investment in Capital Assets	77,751,329	88,134,565	97,378,366	105,424,647	129,851,305	139,702,686	142,057,214	145,354,194	151,886,547	155,027,489
Restricted	2,466,144	2,522,999	2,582,388	2,587,835	2,571,810	2,751,550	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted	58,643,292	53,428,787	50,577,648	55,315,006	53,044,615	54,673,702	57,678,739	58,458,710	61,548,916	62,652,866
Total Business-type Activities Net Position	<u>138,860,765</u>	<u>144,086,351</u>	<u>150,538,402</u>	<u>163,327,488</u>	<u>185,467,730</u>	<u>197,127,938</u>	<u>201,735,953</u>	<u>205,812,904</u>	<u>215,435,463</u>	<u>219,680,355</u>
Primary Government										
Net Investment in Capital Assets	131,632,541	152,783,242	170,778,935	181,991,709	202,569,126	213,835,034	220,692,105	226,234,704	236,967,870	241,411,224
Restricted	13,240,706	16,144,429	14,124,083	15,876,357	12,456,718	13,931,676	14,516,772	17,266,981	20,203,910	25,230,058
Unrestricted	72,930,955	65,998,264	64,803,629	67,437,030	66,690,551	68,240,405	71,202,549	73,082,837	77,352,437	72,254,550
Total Primary Government Net Position	<u>\$ 217,804,202</u>	<u>\$ 234,925,935</u>	<u>\$ 249,706,647</u>	<u>\$ 265,305,096</u>	<u>\$ 281,716,395</u>	<u>\$ 296,007,115</u>	<u>\$ 306,411,426</u>	<u>\$ 316,584,522</u>	<u>\$ 334,524,217</u>	<u>\$ 338,895,832</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 2,947,878	\$ 2,851,952	\$ 3,072,996	\$ 3,002,929	\$ 2,773,496	\$ 2,851,860	\$ 2,141,571	\$ 2,695,018	\$ 2,481,148	\$ 3,327,768
Law Enforcement	6,786,133	7,561,290	7,993,757	8,373,116	8,551,929	8,527,985	8,604,107	8,597,705	8,644,124	6,158,188
Fire Control	3,024,034	3,207,739	3,480,364	3,336,130	3,540,877	3,612,558	3,796,759	3,788,360	3,697,834	1,972,069
Building Inspections	808,782	564,002	582,524	554,407	448,328	459,024	427,941	440,927	436,897	498,870
Physical Environment	282,946	351,125	348,893	25,401	367,166	365,433	380,328	355,032	356,947	356,095
Roads and Streets	2,579,906	2,642,995	2,993,898	2,419,751	5,531,743	2,644,514	3,548,624	3,073,673	2,937,071	3,936,380
Economic Environment	108,574	108,574	0	0	0	0	0	0	0	0
Human Services	64,798	52,967	72,908	102,705	81,754	20,000	20,000	10,296	0	0
Parks and Recreation	2,689,134	2,782,834	2,767,921	3,432,407	2,920,198	2,963,644	2,945,435	2,645,363	2,840,920	3,141,474
Interest on Long-term Debt	616,590	843,849	799,470	714,233	626,709	535,930	393,170	224,307	167,258	116,801
Total Governmental Activities Expenses	19,908,775	20,967,327	22,112,731	21,961,079	24,842,200	21,980,948	22,257,935	21,830,681	21,562,199	19,507,645
Business-type Activities:										
Electric	80,297,092	80,022,090	91,773,891	94,504,462	92,079,658	79,898,012	75,056,538	79,640,256	78,915,218	74,983,356
Water and Sewer	7,929,875	8,447,018	8,736,166	8,130,979	8,567,596	8,662,357	8,327,251	10,267,198	8,919,844	8,835,376
Stormwater	1,045,624	1,151,344	1,102,946	1,141,190	1,202,504	1,293,782	1,291,954	1,376,128	1,307,367	1,190,742
Sanitation	2,072,581	2,691,311	3,184,459	3,078,358	3,040,014	3,011,321	3,150,288	3,197,294	3,201,492	3,320,470
Golf Course	1,567,269	1,733,805	1,677,223	1,646,381	1,675,714	1,537,817	1,391,476	1,381,008	1,346,173	1,471,132
Leased Facilities	190,490	409,283	341,061	473,711	369,927	376,748	271,007	280,629	267,406	265,349
Natural Gas	0	0	0	1,323	99,804	897,732	1,187,673	1,359,485	1,529,129	1,350,599
Total Business-type Activities Expenses	93,102,931	94,454,851	106,815,746	108,976,404	107,035,217	95,677,769	90,676,187	97,501,998	95,486,629	91,417,024
Total Primary Government Expenses	113,011,706	115,422,178	128,928,477	130,937,483	131,877,417	117,658,717	112,934,122	119,332,679	117,048,828	110,924,669
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	380,185	364,698	344,011	353,199	334,774	54,617	53,182	66,802	74,677	77,737
Law Enforcement	276,969	286,226	264,479	697,090	207,411	145,164	156,311	163,486	169,424	187,102
Building Inspections	963,930	616,215	521,039	323,726	347,700	257,693	267,879	372,025	563,934	656,045
Physical Environment	42,036	36,608	52,656	40,667	52,029	23,866	14,791	8,619	3,758	15,238
Roads and Streets	5,040	5,720	3,560	3,120	25,085	129,850	229,084	217,998	177,144	200,975
Parks and Recreation	79,209	61,855	66,325	129,393	75,389	104,251	107,867	107,199	126,804	125,443
Operating Grants and Contributions	1,188,167	1,217,927	1,196,752	1,261,790	1,190,906	1,403,135	1,022,748	1,553,819	1,165,743	1,149,520
Capital Grants and Contributions	370,093	2,805,273	3,168,120	606,676	1,427,044	1,901,182	1,344,895	142,918	863,473	328,049
Total Governmental Activities										
Program Revenues	3,305,629	5,394,522	5,616,942	3,415,661	3,660,338	4,019,758	3,196,757	2,632,866	3,144,957	2,740,109

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues (Concluded)										
Business-type Activities:										
Charges for Services:										
Electric	\$ 88,556,273	\$ 85,003,991	\$ 99,402,126	\$ 102,109,894	\$ 99,335,420	\$ 87,488,045	\$ 79,918,545	\$ 87,349,935	\$ 86,218,701	\$ 81,912,342
Water and Sewer	7,613,195	7,877,881	8,114,095	8,285,652	8,799,017	9,025,798	9,285,736	10,167,014	10,793,248	11,675,568
Stormwater	1,160,866	1,187,770	1,223,464	1,240,510	1,242,265	1,232,483	1,249,882	1,262,661	1,273,921	1,294,802
Sanitation	3,014,376	3,056,234	3,180,523	3,156,520	3,146,460	3,091,891	3,116,899	3,177,369	3,218,670	3,235,626
Golf Course	1,683,338	1,656,950	1,596,557	1,254,826	1,336,243	1,359,474	1,388,195	1,314,521	1,271,338	1,140,725
Leased Facilities	515,700	415,581	494,476	498,717	541,785	570,920	551,647	611,679	621,022	476,548
Natural Gas	0	0	0	0	89,255	1,114,296	1,579,134	1,729,246	2,100,135	2,017,973
Operating Grants and Contributions	0	0	299,832	(265,331)	306,715	0	196,737	6,713	0	0
Capital Grants and Contributions	947,321	1,772,041	1,169,269	2,988,839	6,430,278	1,888,820	996,393	620,087	3,154,807	861,845
Total Business-type Activities	103,491,069	100,970,448	115,480,342	119,269,627	121,227,438	105,771,727	98,283,168	106,239,225	108,651,842	102,615,429
Total Primary Government Program Revenues	106,796,698	106,364,970	121,097,284	122,685,288	124,887,776	109,791,485	101,479,925	108,872,091	111,796,799	105,355,538
Net (Expense) Revenue										
Governmental Activities	(16,603,146)	(15,572,805)	(16,495,789)	(18,545,418)	(21,181,862)	(17,961,190)	(19,061,178)	(19,197,815)	(18,417,242)	(16,767,536)
Business-type Activities	10,388,138	6,515,597	8,664,596	10,293,223	14,192,221	10,093,958	7,606,981	8,737,227	13,165,213	11,198,405
Total Primary Government Net Expense	(6,215,008)	(9,057,208)	(7,831,193)	(8,252,195)	(6,989,641)	(7,867,232)	(11,454,197)	(10,460,588)	(5,252,029)	(5,569,131)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	12,025,449	14,098,914	15,325,208	16,020,874	15,625,045	15,969,619	14,412,386	14,029,971	15,137,151	15,906,918
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	1,150,436	1,109,323	1,062,472	973,627	944,140	975,611	997,077	1,055,321	1,112,859	1,195,504
Communication Service Tax	1,470,286	1,363,762	1,416,442	1,385,211	1,275,419	1,074,935	1,221,709	1,472,566	1,158,559	1,109,765
Convention Development Tax	203,508	179,442	235,080	208,957	220,694	221,509	224,402	283,358	298,019	344,940
Fuel Taxes	839,717	806,961	783,579	725,730	747,903	742,603	708,396	709,816	719,143	765,325
Other Taxes	0	0	0	0	273,107	252,578	611,181	628,673	718,854	702,174
State-shared Revenues	3,174,993	2,985,674	2,617,563	2,470,415	2,434,706	2,535,819	2,537,879	2,697,673	2,830,039	3,022,878
Other Intergovernmental Revenues	31,653	39,876	38,334	33,964	35,033	33,681	33,504	0	64,142	32,343
Interest	1,687,137	2,820,596	1,811,187	1,030,966	663,193	373,674	656,852	152,872	511,269	947,694
Miscellaneous	1,837	26,747	225,061	4,736	21,916	185,037	254,892	217,694	148,707	245,617
Net Transfers	3,950,278	3,809,957	3,505,525	(1,908,495)	(7,152,937)	(930,957)	3,757,807	4,355,039	4,030,356	3,236,898
Total Governmental Activities	24,540,574	27,246,532	27,025,731	20,951,265	15,093,499	21,439,389	25,421,365	25,608,263	26,734,378	27,515,336
Business-type Activities:										
Interest	2,123,457	2,477,537	1,267,824	606,533	795,084	610,607	758,841	55,453	487,702	1,019,905
Miscellaneous	21,817	42,409	25,156	(19,165)	0	0	0	0	0	0
Net Transfers	(3,950,278)	(3,809,957)	(3,505,525)	1,908,495	7,152,937	930,957	(3,757,807)	(4,355,039)	(4,030,356)	(3,236,898)
Total Business-type Activities	(1,805,004)	(1,290,011)	(2,212,545)	2,495,863	7,948,021	1,541,564	(2,998,966)	(4,299,586)	(3,542,654)	(2,216,993)
Total Primary Government	22,735,570	25,956,521	24,813,186	23,447,128	23,041,520	22,980,953	22,422,399	21,308,677	23,191,724	25,298,343
Change in Net Position										
Governmental Activities	7,937,428	11,673,727	10,529,942	2,405,847	(6,088,363)	3,478,199	5,796,296	6,410,448	8,317,136	10,747,800
Business-type Activities	8,583,134	5,225,586	6,452,051	12,789,086	22,140,242	11,635,522	4,608,015	4,437,641	9,622,559	8,981,412
Total Primary Government	\$ 16,520,562	\$ 16,899,313	\$ 16,981,993	\$ 15,194,933	\$ 16,051,879	\$ 15,113,721	\$ 10,404,311	\$ 10,848,089	\$ 17,939,695	\$ 19,729,212

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Pre-GASB 54:										
Reserved	\$ 231,530	\$ 116,148	\$ 190,292	\$ 140,701	\$ 114,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	6,484,046	6,652,414	7,266,918	7,879,457	8,258,521	0	0	0	0	0
Post-GASB 54:										
Nonspendable	0	0	0	0	0	18,000	41,640	41,640	0	0
Committed	0	0	0	0	0	4,529,922	4,447,636	4,755,631	4,922,833	5,069,431
Assigned	0	0	0	0	0	3,723,744	4,607,248	4,243,808	4,560,255	4,312,870
Total General Fund	\$ 6,715,576	\$ 6,768,562	\$ 7,457,210	\$ 8,020,158	\$ 8,372,963	\$ 8,271,666	\$ 9,096,524	\$ 9,041,079	\$ 9,483,088	\$ 9,382,301
All Other Governmental Funds										
Pre-GASB 54:										
Reserved	\$ 12,129,093	\$ 23,030,084	\$ 20,332,022	\$ 18,906,029	\$ 15,246,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, Reported in:										
Special Revenue Funds	525,474	315,996	538,436	313,426	808,007	0	0	0	0	0
Debt Service Funds	86,105	99,026	50,777	50,146	54,227	0	0	0	0	0
Capital Projects Fund	3,452,300	4,155,813	5,219,459	3,989,455	4,507,823	0	0	0	0	0
Post-GASB 54:										
Restricted	0	0	0	0	0	14,163,932	15,417,977	14,965,981	17,824,995	22,860,797
Committed	0	0	0	0	0	12,756	6,548	6,549	5,955	6,066
Assigned	0	0	0	0	0	5,850,337	4,737,290	6,087,493	6,612,462	6,637,001
Total All Other Governmental Funds	\$ 16,192,972	\$ 27,600,919	\$ 26,140,694	\$ 23,259,056	\$ 20,616,434	\$ 20,027,025	\$ 20,161,815	\$ 21,060,023	\$ 24,443,412	\$ 29,503,864

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 15,646,176	\$ 17,592,682	\$ 18,835,061	\$ 19,342,679	\$ 19,109,588	\$ 19,241,635	\$ 18,192,431	\$ 18,144,485	\$ 19,178,564	\$ 20,021,606
Licenses and Permits	894,925	671,728	608,246	618,240	229,564	261,309	367,855	559,485	568,985	682,161
Intergovernmental	6,275,595	6,325,289	4,215,103	4,750,430	5,687,676	3,970,159	3,719,817	3,808,754	3,930,997	4,079,434
Charges for Services	433,984	227,186	257,255	181,526	289,680	763,837	696,313	465,176	388,582	356,036
Fines and Forfeitures	422,586	452,653	743,505	298,613	510,579	234,427	701,853	277,193	305,076	332,099
Interest and Other Revenue	2,003,352	2,943,256	2,058,022	1,227,435	836,043	479,251	891,669	411,091	717,985	1,173,919
Total Revenues	25,676,618	28,212,794	26,717,192	26,418,923	26,663,130	24,950,618	24,569,938	23,666,184	25,090,189	26,645,255
Expenditures										
Current:										
General Government	2,500,821	2,485,052	2,585,363	2,570,445	2,257,807	2,294,556	2,141,672	2,078,157	2,413,022	2,862,341
Public Safety	10,452,658	10,950,523	11,455,467	11,847,147	12,125,856	12,232,634	12,397,347	12,431,333	11,993,522	12,649,752
Physical Environment	4,840	24,986	12,435	25,401	507,257	21,756	36,651	11,355	13,270	11,417
Roads and Streets	2,206,594	2,409,065	2,508,986	1,761,805	2,484,625	1,879,617	2,640,093	1,855,298	1,799,476	2,886,824
Human Services	64,798	52,967	72,908	102,705	81,754	20,000	20,000	10,296	0	0
Parks and Recreation	2,798,019	2,786,423	2,583,648	2,668,329	2,525,052	2,541,479	2,436,193	2,461,887	2,419,924	2,739,420
Debt Service:										
Principal	2,424,904	3,860,469	2,346,929	2,471,321	2,567,041	2,665,155	2,484,674	2,243,579	1,865,466	1,545,800
Interest	616,590	843,849	799,470	714,236	626,709	535,930	393,170	224,307	167,258	116,801
Capital Outlay	7,603,666	7,421,006	8,804,664	5,905,526	6,730,724	3,527,703	4,797,283	5,953,542	4,508,926	2,689,003
(Total Expenditures)	(28,672,890)	(30,834,340)	(31,169,870)	(28,066,915)	(29,906,825)	(25,718,830)	(27,347,083)	(27,269,754)	(25,180,864)	(25,501,358)
(Deficiency) of Revenues										
(Under) Expenditures	(2,996,272)	(2,621,546)	(4,452,678)	(1,647,992)	(3,243,695)	(768,212)	(2,777,145)	(3,603,570)	(90,675)	1,143,897
Other Financing Sources (Uses)										
Proceeds from Borrowing	0	10,000,000	0	0	0	0	6,495,000	0	0	0
Principal - Current Refundings	0	0	0	0	0	0	(6,495,000)	0	0	0
Transfers in	10,094,602	9,145,906	7,441,787	6,660,953	6,683,933	6,898,043	5,730,018	6,948,406	6,930,317	7,550,022
Transfers (out)	(4,743,247)	(5,063,427)	(3,760,686)	(7,490,490)	(5,730,055)	(6,795,851)	(1,993,225)	(2,502,073)	(3,014,244)	(3,734,254)
Total Other Financing Sources (Uses)	5,351,355	14,082,479	3,681,101	(829,537)	953,878	102,192	3,736,793	4,446,333	3,916,073	3,815,768
Net Change in Fund Balance	\$ 2,355,083	\$ 11,460,933	\$ (771,577)	\$ (2,477,529)	\$ (2,289,817)	\$ (666,020)	\$ 959,648	\$ 842,763	\$ 3,825,398	\$ 4,959,665
Debt Service as a % of Noncapital Expenditures*	15.3%	21.2%	14.5%	14.7%	14.4%	14.9%	13.0%	11.9%	10.0%	7.5%

* 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				
2006	\$ 2,280,438,617	\$ 84,593,400	\$ 2,365,032,017	\$ 1,015,979,952	\$ 3,381,011,969	3.9071	69.95%
2007	2,606,024,508	90,973,052	2,696,997,560	1,148,720,832	3,845,718,392	3.9071	70.13%
2008	3,089,463,181	90,297,385	3,179,760,566	1,268,800,772	4,448,561,338	3.6556	71.48%
2009	3,123,832,280	74,861,428	3,198,693,708	1,305,647,708	4,504,341,416	3.6940	71.01%
2010	2,972,830,597	75,403,738	3,048,234,335	1,249,263,603	4,297,497,938	3.8180	70.93%
2011	2,729,906,452	70,349,911	2,800,256,363	1,072,136,657	3,872,393,020	4.0947	72.31%
2012	2,466,653,081	61,937,314	2,528,590,395	909,443,385	3,438,033,780	4.0947	73.55%
2013	2,403,105,199	64,283,151	2,467,388,350	862,135,188	3,329,523,538	4.0947	74.11%
2014	2,428,035,702	63,450,619	2,491,486,321	865,057,320	3,356,543,641	4.0947	74.23%
2015	2,600,643,517	66,537,759	2,667,181,276	1,109,561,873	3,776,743,149	3.9947	70.62%

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		
2006	3.9071	0.0385	0.4620	8.4250	6.3593	19.1919
2007	3.9071	0.0385	0.4620	8.0420	6.3493	18.7989
2008	3.6556	0.0345	0.4158	7.7550	5.1934	17.0543
2009	3.6940	0.0345	0.4158	7.5610	5.1934	16.8987
2010	3.8180	0.0345	0.4158	7.5820	5.4480	17.2983
2011	4.0947	0.0345	0.4158	7.8440	6.7446	19.1336
2012	4.0947	0.0345	0.3313	7.5530	6.7446	18.7581
2013	4.0947	0.0345	0.3313	7.6000	6.7446	18.8051
2014	4.0947	0.0345	0.3283	7.3880	8.1512	19.9967
2015	3.9947	0.0345	0.3164	7.3050	8.1512	19.8018

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 2015 and Nine Years Ago

	2015			2006		
	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	\$ 29,201,180	1	1.12%			
Ocean Park Partnership, Ltd.	21,901,000	2	0.84%	\$ 10,993,700	8	0.48%
Courtyard Marriot	20,926,900	3	0.80%			
Hampton Inn Oceanfront	20,926,070	4	0.80%			
South Beach Regional Shopping Center	15,139,200	5	0.58%	15,044,800	2	0.66%
Pablo Plaza	13,489,100	6	0.52%	12,934,500	4	0.57%
Beach Marine	11,999,900	7	0.46%	11,980,860	6	0.53%
Marsh Landing Plaza	10,330,200	8	0.40%			
South Beach Parkway Shopping Center	10,025,600	9	0.39%	10,892,900	9	0.48%
Target	9,715,116	10	0.37%			
Oceans Edge				15,728,423	1	0.69%
Comfort Inn				14,942,056	3	0.66%
Holiday Inn				11,760,843	7	0.52%
WCI Communities, Inc.				12,075,000	5	0.53%
Acquillus II, LLC				9,662,400	10	0.42%
Total	<u>\$ 163,654,266</u>		<u>6.28%</u>	<u>\$ 126,015,482</u>		<u>5.54%</u>
Total Assessed Real Property Valuation from Schedule 5	<u>\$ 2,600,643,517</u>			<u>\$ 2,280,438,617</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>
2006	\$ 7,250,932	\$ 6,933,459	95.62%	\$ 25,983	\$ 6,959,442	95.98%
2007	7,966,508	7,554,503	94.83%	49,010	7,603,513	95.44%
2008	8,510,330	7,994,927	93.94%	77,060	8,071,987	94.85%
2009	8,369,112	7,972,842	95.27%	44,241	8,017,083	95.79%
2010	8,297,074	7,717,072	93.01%	59,334	7,776,406	93.72%
2011	8,226,648	7,614,044	92.55%	46,735	7,660,779	93.12%
2012	7,494,073	7,008,399	93.52%	54,150	7,062,549	94.24%
2013	7,365,825	6,886,688	93.50%	88,106	6,974,794	94.69%
2014	7,412,686	7,017,198	94.66%	54,624	7,071,822	95.40%
2015	7,756,009	7,351,558	94.79%	48,357	7,399,915	95.41%

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

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

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

DEBT CAPACITY INFORMATION

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

Fiscal Year	Governmental Activities				Business-type Activities					
	Redevelopment Bonds	Sales Tax Bonds	Infrastructure Sales Tax Bonds	Total Governmental	Electric Bonds	Outstanding Debt Per Electric Customer (1)	Water and Sewer Bonds	Outstanding Debt Per Water Customer (1)	Stormwater Bonds	Outstanding Debt Per Stormwater Customer (1)
2006	\$ 14,122,224	\$ 1,328,178	\$ 606,916	\$ 16,057,318	\$ 30,981,400	\$ 945	\$ 21,618,600	\$ 2,205	\$ 2,517,018	\$ 259
2007	12,466,848	0	9,730,000	22,196,848	29,302,750	887	20,447,250	2,096	2,127,835	222
2008	10,754,919	0	9,095,000	19,849,919	27,576,980	836	19,243,020	1,982	1,727,070	180
2009	8,983,595	0	8,395,000	17,378,595	25,807,035	823	18,007,965	1,879	1,314,165	137
2010	7,151,554	0	7,660,000	14,811,554	23,972,300	727	16,727,700	1,741	888,967	92
2011	5,256,399	0	6,890,000	12,146,399	20,956,620	632	14,623,380	1,517	451,040	47
2012	3,601,725	0	6,060,000	9,661,725	18,971,690	570	13,238,310	1,363	0	0
2013	2,233,146	0	5,185,000	7,418,146	17,573,746	524	12,262,835	1,243	0	0
2014	1,267,680	0	4,285,000	5,552,680	15,379,185	453	10,731,486	1,070	0	0
2015	646,880	0	3,360,000	4,006,880	13,151,582	382	9,177,080	899	0	0

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

- (1) Number of electric, water, and stormwater customers can be found on Schedule 17.
- (2) The Sales Tax bonds listed relate to the Golf Course.
- (3) 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	Business-type Activities (Concluded)			Total Debt	Percentage of Personal Income (3)	Total Debt Per Capita (3)
	Sales Tax Bonds (2)	Per Round of Golf	Total Business-type			
2006	\$ 135,798	\$ 2	\$ 55,252,816	\$ 71,310,134	8.85%	\$ 3,310
2007	0	0	51,877,835	74,074,683	8.65%	3,329
2008	0	0	48,547,070	68,396,989	7.62%	3,007
2009	0	0	45,129,165	62,507,760	7.07%	2,752
2010	0	0	41,588,967	56,400,521	6.24%	2,444
2011	0	0	36,031,040	48,177,439	5.64%	2,247
2012	0	0	32,210,000	41,871,725	4.74%	1,937
2013	0	0	29,836,581	37,254,727	N/A	1,716
2014	0	0	26,110,671	31,663,351	N/A	1,430
2015	0	0	22,328,662	26,335,542	N/A	1,155

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
2006	\$ 14,122,224	2.77%	\$ 1,328,178	\$ 62	\$ 606,916	\$ 28	\$ 16,057,318	\$ 745
2007	12,466,848	1.89%	0	0	9,730,000	437	22,196,848	997
2008	10,754,919	1.26%	0	0	9,095,000	400	19,849,919	873
2009	8,983,595	0.96%	0	0	8,395,000	370	17,378,595	765
2010	7,151,554	0.82%	0	0	7,660,000	332	14,811,554	642
2011	5,256,399	0.66%	0	0	6,890,000	321	12,146,399	567
2012	3,601,725	0.52%	0	0	6,060,000	280	9,661,725	447
2013	2,233,146	0.33%	0	0	5,185,000	239	7,418,146	342
2014	1,267,680	0.19%	0	0	4,285,000	194	5,552,680	251
2015	646,880	0.09%	0	0	3,360,000	147	4,006,880	176

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, 2015
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding (1)</u>	<u>Percentage (2)</u>	<u>Estimated Share</u> <u>of Overlapping</u> <u>Debt</u>
Debt Repaid with Property Taxes			
Duval County School Board	\$ 0		<u>\$ 0</u>
Subtotal, Overlapping Debt			0
City of Jacksonville Beach, Direct Debt			<u>4,006,880</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,006,880</u></u>

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

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

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

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

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

Fiscal Year	Electric, Water and Sewer Revenue Bonds					Debt Service Coverage
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		
				Principal	Interest	
2006	\$ 96,169,468	\$ (79,946,165)	\$ 16,223,303	\$ 2,780,000	\$ 2,053,160	3.36
2007	92,881,872	(80,035,936)	12,845,936	2,850,000	1,981,630	2.66
2008	107,516,221	(91,902,712)	15,613,509	2,930,000	1,903,020	3.23
2009	110,395,546	(93,872,454)	16,523,092	3,005,000	1,812,713	3.43
2010	108,134,437	(91,779,673)	16,354,764	3,115,000	1,715,503	3.39
2011	96,513,843	(80,364,222)	16,149,621	3,285,000	1,465,407	3.40
2012	89,204,281	(75,143,438)	14,060,843	3,370,000	1,126,637	3.13
2013	97,516,949	(79,894,096)	17,622,853	3,370,000	1,051,313	3.99
2014	97,011,949	(78,759,103)	18,252,846	3,460,000	966,588	4.12
2015	93,587,910	(74,744,539)	18,843,371	3,555,000	870,938	4.26

(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
2006	21,544	3.8%	\$ 37,387	\$ 805,465,528
2007	22,253	4.1%	38,462	855,894,886
2008	22,749	5.7%	39,473	897,971,277
2009	22,715	9.9%	38,937	884,453,955
2010	23,077	12.9%	39,140	903,233,780
2011	21,441	10.3%	39,858	854,595,378
2012	21,615	9.3%	40,905	884,161,575
2013	21,713	7.5%	N/A	N/A
2014	22,136	6.5%	N/A	N/A
2015	22,805	6.0%	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 2015 and Nine Years Ago

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Naval Station Mayport	9,000	1	N/A	15,000	1	N/A
Baptist Medical Center - Beaches	800	2	N/A	840	3	N/A
City of Jacksonville Beach	400	3	N/A	350	7	N/A
U.S. Coast Guard	300	4	N/A	300	9	N/A
Fleet Landing	280	5	N/A	280	10	N/A
Avante at Jax Beach	250	6	N/A			
One Ocean Resort Hotel and Spa	190	7	N/A			
North FL Home Healthcare, Inc.	150	8	N/A			
World Gym	150	9	N/A			
City of Atlantic Beach	120	10	N/A			
Duval County School Board				872	2	N/A
Ponte Vedra Inn and Club				680	4	N/A
PGA Tour				600	5	N/A
Sawgrass Marriott				550	6	N/A
St. Johns County Schools				371	8	N/A

Source: Jacksonville Chamber of Commerce

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

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

OPERATING INFORMATION

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	16	17	18	16	16	15	14	13	13	14
Finance*	28	32	32	32	33	33	33	33	33	38
Planning and Development	11	11	11	9	9	8	8	8	8	9
Electric	82	82	85	86	76	76	78	77	75	75
Central Services	11	6	4	4	4	4	4	4	4	0
Redevelopment**	0	0	0	0	0	0	0	0	0	1
Public Works	65	65	66	65	65	65	65	65	65	66
Human Resources	7	7	7	7	7	7	8	7	7	7
Parks and Recreation***	56	55	55	57	100	100	99	98	98	98
Grounds and Maintenance	25	24	24	22	20	9	8	8	7	7
Golf Course	19	19	19	19	19	27	26	26	25	25
Police	110	114	98	95	95	94	95	95	96	100
Fire Fighters	31	32	32	32	31	31	31	31	31	31
Total	461	464	451	444	475	469	469	465	462	471

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical Arrests	2,490	2,436	2,429	1,986	1,665	1,192	1,573	1,398	1,568	1,582
Parking Violations	3,636	2,127	1,955	2,456	2,726	3,085	3,267	2,331	2,200	2,640
Law Violations	9,174	8,408	7,620	6,362	6,898	3,520	2,292	3,152	5,004	2,322
Fire										
Emergency Incidents	2,876	3,034	3,196	2,975	2,947	3,161	3,063	3,104	3,040	3,195
Inspections (Total)	2,154	1,684	1,890	2,719	2,648	2,169	2,275	1,839	1,580	1,852
Other Public Works										
Street Resurfacing (Miles)	0.0	0.0	2.9	4.0	1.2	4.9	8.1	0.0	0.0	7.4
Electric										
Number of Active										
Electric Customers	32,773	33,038	32,976	31,351	32,996	33,147	33,303	33,535	33,966	34,433
Average Residential										
Monthly Consumption										
(Kilowatt Hours)	1,486	1,353	1,304	1,301	1,395	1,368	1,232	1,209	1,239	1,253
Water										
Number of Active										
Water Customers	9,806	9,756	9,709	9,585	9,610	9,642	9,711	9,865	10,029	10,204
Average Residential Monthly										
Consumption (Gallons)	4,620	4,743	4,267	4,245	4,373	4,530	4,029	4,014	4,038	3,083
Wastewater										
Number of Active Wastewater										
Customers	9,598	9,583	9,557	9,436	9,472	9,502	9,569	9,691	9,872	10,036
Storm Mains Cleaned (Feet)	26,839	35,623	28,408	65,550	73,670	36,297	33,010	23,821	23,530	33,153

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations (Including Satellite Stations)	2	2	2	2	2	2	2	2	1	1
Patrol Units	53	53	54	51	51	73	51	51	76	76
Fire Stations	2	2	2	2	2	2	1	1	2	2
Other Public Works										
Paved Roads (Miles)	85	87	88	88	89	89	77	77	89	89
Streetlights	5,701	5,198	5,262	5,229	5,376	5,385	5,659	5,659	5,513	5,493
Water										
Water Mains (Miles)	108	108	108	108	109	110	105	105	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	833	840	842	849	859	858	687	687	873	895
Wastewater										
Sanitary Sewer Mains (Gravity, in Miles)	83	84	84	84	85	85	83	83	85	85
Sanitary Sewer Mains (Force, in Miles)	16	16	17	16	16	18	16	16	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	35	36	36	38	38	38	34	34	38	38
Treatment Capacity (Thousands of Gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Parks and Recreation										
Acreage	80	84	84	84	84	84	34	34	86	86
Parks	12	10	10	10	10	10	9	9	11	11
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	7	7	8	8

SINGLE AUDIT SECTION

SINGLE AUDIT SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
CITY OF JACKSONVILLE BEACH, FLORIDA**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Award Amount</u>	<u>(Federal Expenditures)</u>
Federal Awards				
U.S. Department of Housing and Urban Development				
Passed Through City of Jacksonville				
Community Development Block Grant	14.218	3177-91	\$ 138,875	\$ 138,875
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0734	15,539	15,521
Passed through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-DUVA-7-R3-021	50,180	50,180
<i>Subtotal Expenditures - CFDA No. 16.738</i>			<u>65,719</u>	<u>65,701</u>
Federal Equitable Sharing Agreement	16.922	N/A	N/A	43,336
Total U.S. Department of Justice			<u>65,719</u>	<u>109,037</u>
U.S. Department of Homeland Security				
Fire Prevention and Safety Grant	97.044	EMW-2008-FP-00470	27,542	27,542
Total Federal Awards			<u>\$ 232,136</u>	<u>\$ 275,454</u>

**SCHEDULE OF EXPENDITURES OF GRANT FUNDS PER THE
CITY OF JACKSONVILLE'S ORDINANCE CODE CHAPTER 118.202(e)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
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 2014 - 2015 Grant No. 3177-91 - \$138,875

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
CAPE				
Salaries	\$ 43,568	\$ 43,568		
Benefits	14,548	14,548		
Total CAPE	<u>58,116</u>	<u>58,116</u>	<u>\$ 0</u>	<u>\$ 0</u>
CARVER				
Salaries	63,781	63,781		
Benefits	16,978	16,978		
Total CARVER	<u>80,759</u>	<u>80,759</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 138,875</u>	<u>\$ 138,875</u>	<u>\$ 0</u>	<u>\$ 0</u>

GOVERNMENTAL AUDITING SECTION

GOVERNMENTAL AUDITING SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 4, 2016.

Internal Control over Financial Reporting

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

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

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

Certified Public Accountants

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



February 4, 2016
Gainesville, Florida

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

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

We have examined the City of Jacksonville Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2015, 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, 2015.

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

Purvis, Gray and Company, LLP

February 4, 2016
Gainesville, Florida

Certified Public Accountants

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2015, and have issued our report thereon dated February 4, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated February 4, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1, *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations disclosed in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established in 1907 and incorporated in 1937, under the legal authority of the Laws of Florida 18623. In addition, the annual financial audit report for the City also includes the accounts and transactions of the entities noted below. The Jacksonville Beach Community Redevelopment Agency is considered a blended component unit and was established pursuant to Chapter 163 of the Florida Statutes. The three pension plans are not considered component units since they are not legally separate entities.

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

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

Financial Condition

Section 10.554(1)(i)5.a and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.(b) and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

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


February 4, 2016

Gainesville, Florida

