

# Comprehensive Annual Financial Report

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*City of Jacksonville Beach, Florida*

Fiscal Year ended September 30, 2017

**CITY OF JACKSONVILLE BEACH, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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, 2017**

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February 7, 2018

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

City of  
Jacksonville Beach  
  
City Hall  
11 North Third Street  
Jacksonville Beach  
FL 32250  
Phone: 904-247-6274

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, 2017.

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

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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there is a reasonable basis for rendering unmodified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City for the fiscal year ended September 30, 2017, and that the City's financial statements are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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



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

## **Profile of the Government**

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

The City has operated under the council-manager form of government since 1937. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing 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 23. 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 89.

## 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, 2016. This was the twenty-second 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, 2016. 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, CPA  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Jacksonville Beach  
Florida**

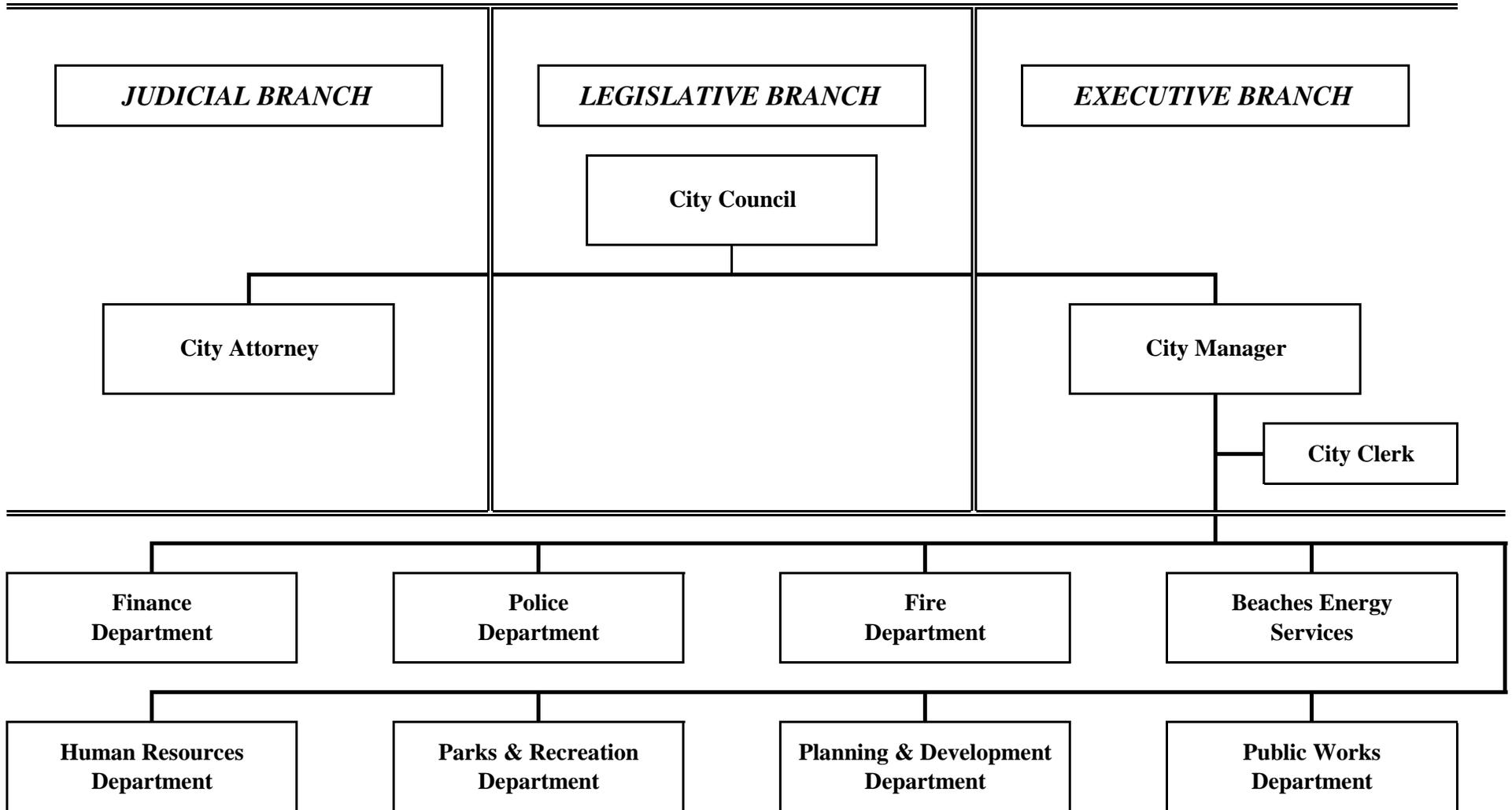
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF JACKSONVILLE BEACH**  
**Government Organization Chart**



CITY OF JACKSONVILLE BEACH, FLORIDA  
CITY OFFICIALS

LEGISLATIVE BRANCH

City Council:

Mayor

Seat 1, At-Large

Seat 2, At-Large

Seat 3, At-Large

Seat 4, District 1

Seat 5, District 2

Seat 6, District 3

Charlie Latham

Chris Hoffman

Phil Vogelsang

Keith Doherty

Bruce Thomason

Jeanell Wilson

Lee Buck

City Attorney

City Auditors

Susan Erdelyi

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

City Manager

Deputy City Manager

Chief Financial Officer

Police Chief

Fire Chief

Director of Beaches Energy Services

Director of Human Resources

Director of Parks and Recreation

Director of Planning and Development

Director of Public Works

City Clerk

George D. Forbes

Patricia P. Roberts

Karen W. Nelson, CPA

Patrick K. Dooley

David Whitmill

Allen Putnam

Ann Meuse

Jason Phitides

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, 2017, 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  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

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

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

**INDEPENDENT AUDITORS' REPORT**  
*(Continued)*

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the community redevelopment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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

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

**Other Matters (Concluded)**

*Other Information (Concluded)*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



February 7, 2018  
Tallahassee, Florida

MANAGEMENT'S DISCUSSION  
AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
**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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, on pages vi-viii of this report, and the financial statements beginning on page 17.

**FINANCIAL HIGHLIGHTS**

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$373,650,607 (net position). The City's total net position increased by \$14,769,117 or 4.1% over the year.
- Unrestricted net position totals \$76,891,926, which 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 \$31,653,138, a decrease of \$2,299,975 or 6.8% for the year. Total expenses were \$24,789,905, an increase of \$2,660,642 or 12.0% for the year.
- Revenues in the business-type activities totaled \$105,613,879, an increase of \$1,262,345 or 1.2% from the prior year. Total expenses and transfers out were \$97,707,995, an increase of \$1,518,269 or 1.6% for the year.
- The City was impacted by two major hurricanes during the fiscal year, Hurricane Matthew in October 2016, and Hurricane Irma in September 2017. The cost of debris cleanup alone was in excess of \$1 million after each storm. Historically the City's accounting policy has been to consider grant revenues earned and accrued simultaneously with the grant expenditures. Recent experience with delayed FEMA and Florida Emergency Management Division reimbursement processing has prompted the City to clarify the period of availability for reimbursement grant revenues to be 120 days. Reimbursement grant revenues related to Hurricane Matthew were recorded in 2017, and reimbursements for Hurricane Irma expenditures will be recognized in 2018.

**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, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2017**  
**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 73-82 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 83.

## **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 2017, the City's net position for governmental activities increased by \$6,863,233 or 5.2%. The increase in net position for business-type activities was \$7,905,884 or 3.5%.

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

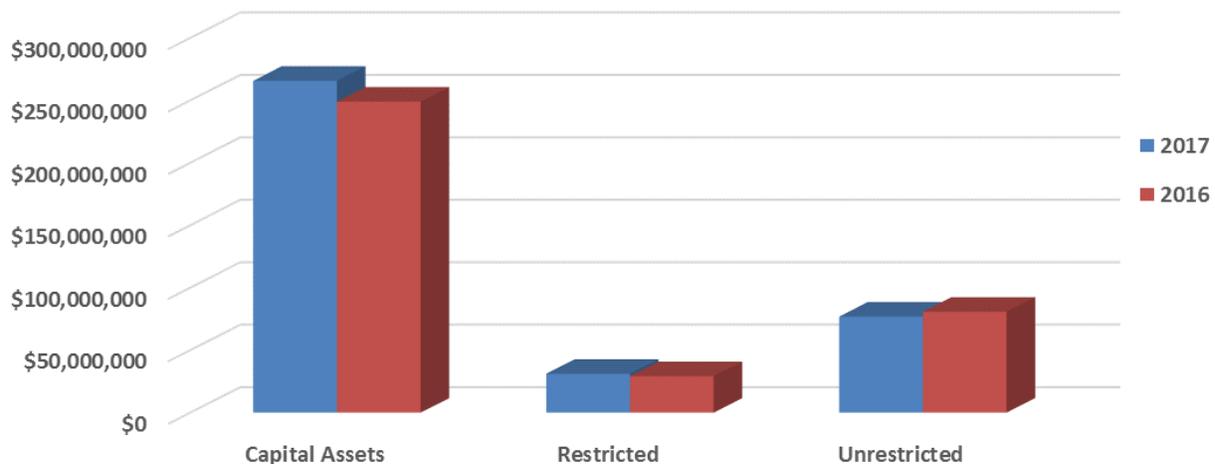
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$54,824,057	\$52,840,433	\$131,045,723	\$130,315,858	\$185,869,780	\$183,156,291
Capital Assets, Net	98,830,044	93,716,193	182,525,053	175,606,278	281,355,097	269,322,471
<b>Total Assets</b>	<b>153,654,101</b>	<b>146,556,626</b>	<b>313,570,776</b>	<b>305,922,136</b>	<b>467,224,877</b>	<b>452,478,762</b>
<b>Total Deferred Outflows of Resources</b>	<b>6,122,426</b>	<b>4,694,283</b>	<b>3,351,942</b>	<b>2,592,007</b>	<b>9,474,368</b>	<b>7,286,290</b>
Current Liabilities	2,389,324	2,377,245	55,794,797	52,826,291	58,184,121	55,203,536
Noncurrent Liabilities	18,597,012	17,636,153	24,677,093	27,571,137	43,274,105	45,207,290
<b>Total Liabilities</b>	<b>20,986,336</b>	<b>20,013,398</b>	<b>80,471,890</b>	<b>80,397,428</b>	<b>101,458,226</b>	<b>100,410,826</b>
<b>Total Deferred Inflows of Resources</b>	<b>887,631</b>	<b>198,184</b>	<b>702,781</b>	<b>274,552</b>	<b>1,590,412</b>	<b>472,736</b>
<b>Net Position:</b>						
Net Invested in						
Capital Assets	97,360,044	91,291,193	168,296,227	157,675,660	265,656,271	248,966,853
Restricted	29,102,410	27,183,762	2,000,000	2,000,000	31,102,410	29,183,762
Unrestricted	11,440,106	12,564,372	65,451,820	68,166,503	76,891,926	80,730,875
<b>Total Net Position</b>	<b>\$137,902,560</b>	<b>\$131,039,327</b>	<b>\$235,748,047</b>	<b>\$227,842,163</b>	<b>\$373,650,607</b>	<b>\$358,881,490</b>

By far, the largest portion of the City's net position (71.1%) 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 (8.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (20.6%) 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, 2017**  
**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.

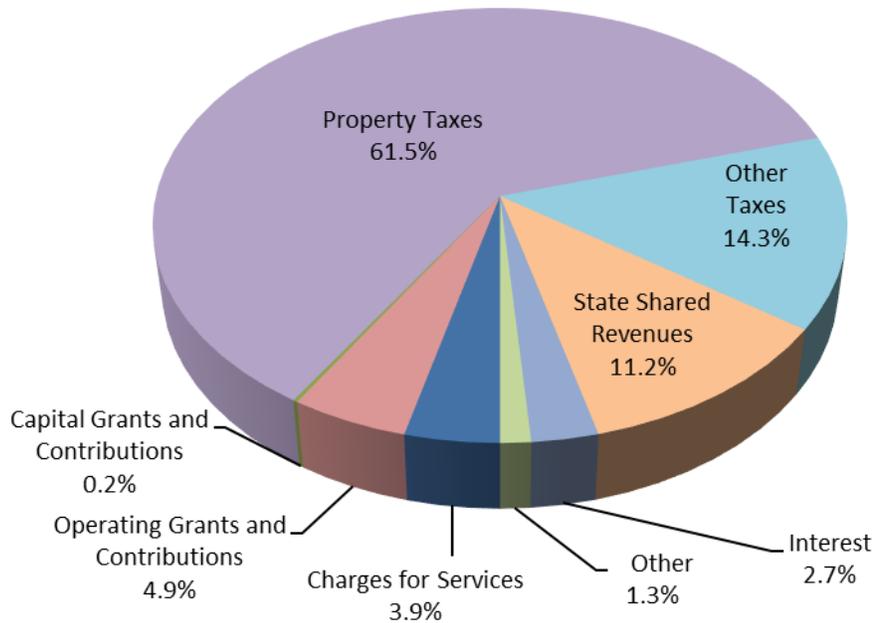
<b>City of Jacksonville Beach</b>						
<b>Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Program Revenues:</b>						
Charges for Services	\$1,141,151	\$1,248,909	\$102,843,128	\$102,586,320	\$103,984,279	\$103,835,229
Operating Grants and Contributions	1,424,306	1,105,992	1,518,177		2,942,483	1,105,992
Capital Grants and Contributions	52,233	53,564	661,152	489,894	713,385	543,458
<b>General Revenues:</b>						
Property Taxes	18,050,950	16,942,109			18,050,950	16,942,109
Other Taxes	4,218,005	4,305,129			4,218,005	4,305,129
State Shared Revenues	3,290,116	3,120,537			3,290,116	3,120,537
Other Intergovernmental Revenues	41,756	31,883			41,756	31,883
Interest	805,131	1,344,885	591,422	1,275,320	1,396,553	2,620,205
Miscellaneous	326,364	146,118			326,364	146,118
<b>Total Revenues</b>	<b>29,350,012</b>	<b>28,299,126</b>	<b>105,613,879</b>	<b>104,351,534</b>	<b>134,963,891</b>	<b>132,650,660</b>
<b>Program Expenses:</b>						
General Government	3,284,283	2,493,191			3,284,283	2,493,191
Law Enforcement	10,008,845	9,020,136			10,008,845	9,020,136
Fire Control	4,183,046	3,827,130			4,183,046	3,827,130
Building Inspections	531,696	510,092			531,696	510,092
Physical Environment	446,496	356,268			446,496	356,268
Road and Street	2,794,320	2,713,668			2,794,320	2,713,668
Parks and Recreation	3,502,497	3,134,179			3,502,497	3,134,179
Interest on Long-Term Debt	38,722	74,599			38,722	74,599
Electric			76,095,735	74,126,043	76,095,735	74,126,043
Water and Sewer			9,358,111	9,008,417	9,358,111	9,008,417
Stormwater			1,507,348	1,290,008	1,507,348	1,290,008
Sanitation			5,203,263	3,362,128	5,203,263	3,362,128
Golf Course			1,309,024	1,268,556	1,309,024	1,268,556
Leased Facilities			424,898	278,923	424,898	278,923
Natural Gas			1,506,490	1,201,664	1,506,490	1,201,664
<b>Total Expenses</b>	<b>24,789,905</b>	<b>22,129,263</b>	<b>95,404,869</b>	<b>90,535,739</b>	<b>120,194,774</b>	<b>112,665,002</b>
<b>Change in Net Position</b>						
Before Transfers	4,560,107	6,169,863	10,209,010	13,815,795	14,769,117	19,985,658
Net Transfers	2,303,126	5,653,987	(2,303,126)	(5,653,987)	-	-
<b>Change in Net Position</b>	<b>6,863,233</b>	<b>11,823,850</b>	<b>7,905,884</b>	<b>8,161,808</b>	<b>14,769,117</b>	<b>19,985,658</b>
<b>Net Position-Beginning of Year</b>	<b>131,039,327</b>	<b>119,215,477</b>	<b>227,842,163</b>	<b>219,680,355</b>	<b>358,881,490</b>	<b>338,895,832</b>
<b>Net Position-End of Year</b>	<b>\$137,902,560</b>	<b>\$131,039,327</b>	<b>\$235,748,047</b>	<b>\$227,842,163</b>	<b>\$373,650,607</b>	<b>\$358,881,490</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental activities.** Governmental activities for fiscal year 2017 increased the City's net position by \$4,560,107 (before transfers). For purposes of this discussion, interfund transfers from business-type funds to governmental funds are not included in revenues from activities.

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

**Revenues by Source - Governmental Activities**

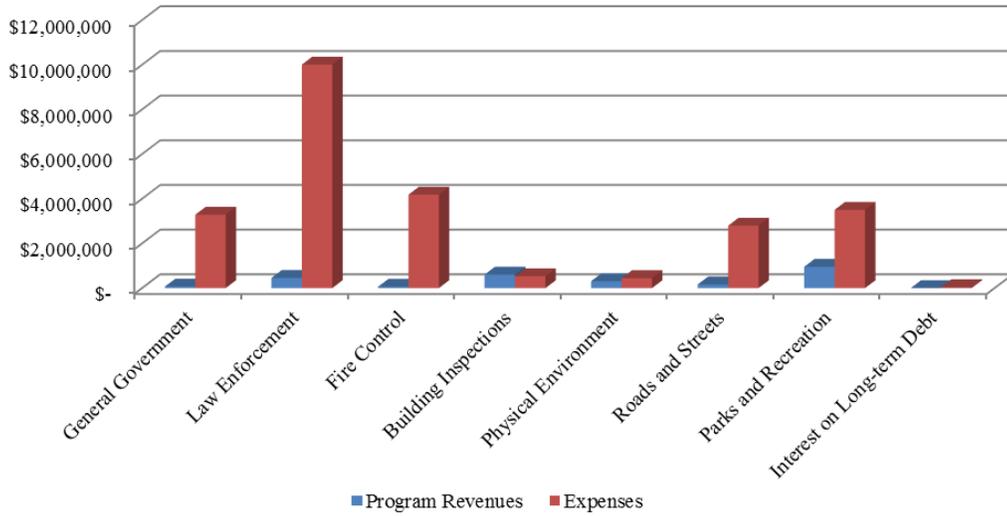


- Property taxes, which provided 61.5% of governmental revenues, increased by \$1,108,841 or 6.5% in fiscal year 2017, indicating continued recovery in the local economy.
- Revenues from other taxes, including infrastructure surtax, communication service tax, convention development tax, and fuel taxes decreased by \$87,124.
- Interest revenues decreased by \$539,754 due to a decrease in the rates of return paid on investments in the City's operating fund investment portfolio. The investment portfolio is managed by professional investment firms hired pursuant to the City's investment policy and monitored by a professional investment advisor.
- Total expenses for governmental activities increased by \$2,660,642 from the prior year. The increase is primarily attributable to Hurricanes Matthew and Irma preparation and recovery efforts as well as pay plan adjustments adopted at the beginning of the fiscal year. Storm related expenses include Public Safety efforts with mandatory evacuations and subsequent reentry; initial street clearing and flood control, as well as the overall management of the City's emergency operations center.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
 SEPTEMBER 30, 2017  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

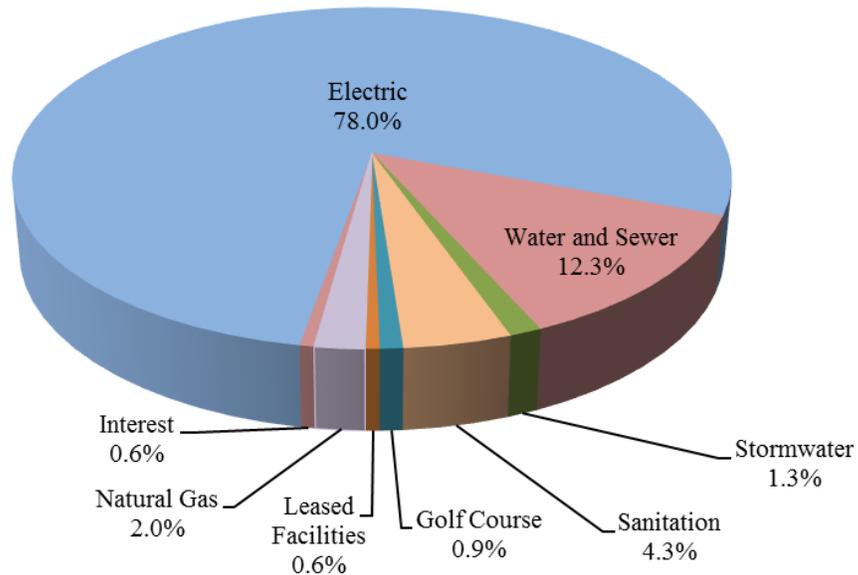
The following chart compares the program revenues from governmental activities to the related expenses. Please note that expenses precede revenues as governments seek to identify the needs of citizens and then raise the resources needed to meet those needs. The excess of expenses over program revenues 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 2017 increased the City’s net position by \$10,209,010 (before transfers). On the statement of activities, net revenues are reduced by transfers to the governmental funds of \$2,303,126 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**

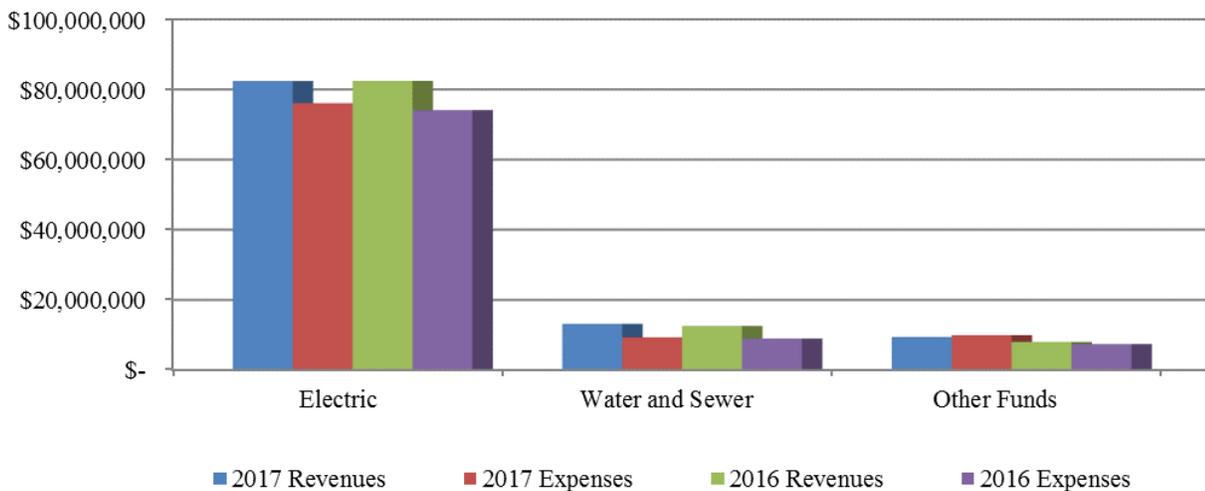


**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- Charges for services in the business-type activities increased by \$256,808 over the prior year. Of these program revenues, 78% comes from electric utility services and 12% from the water and sewer utility. Other charges for services include natural gas, sanitation, and golf course fees. The City lowered its electric utility rates charged to customers in 2017 due to a decrease in the cost of purchased power. Rates for water and sewer services are adjusted annually in accordance with the Consumer Price Index (CPI). The increases in water and sewer rates are necessary to pay for needed maintenance and improvements to the system.
- Total expenses for the business-type activities increased by \$4,869,130, due in part to costs associated with disaster recovery and restoration following Hurricanes Matthew and Irma. Storm-related costs include electric power restoration (\$890,000), debris removal (\$1.8 million), and overtime pay for employees activated for storm response. Changes to the City's pay plan and the LIUNA contract ratification adopted early in the fiscal year also contributed to the overall increase.
- Significant transfers out in business-type activities included a \$3,798,665 transfer from the electric enterprise fund and \$106,716 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 2016 and 2017. 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**



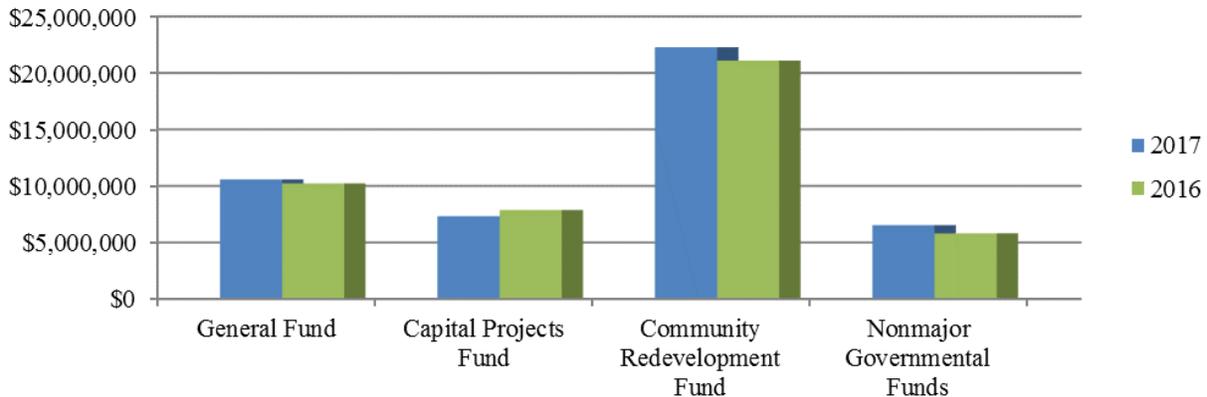
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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 CITY OF JACKSONVILLE BEACH, FLORIDA**

**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 2017, the City's governmental funds reported a combined ending fund balance of \$46,683,391, an increase of \$1,685,396 or 3.7% for the year. Of the total fund balance, \$28,742,406 is restricted for specific uses related to redevelopment, tourism, transportation improvements, capital projects, and law enforcement; \$5,548,787 is committed for revenue stabilization, cemetery improvements, and tree replacement; and \$12,392,198 is assigned for capital projects, debt service, and unanticipated events/emergencies.

**Fund Balances - Governmental Funds**



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

At the end of the fiscal year, the fund balance of the general fund was \$10,570,629, of which \$5,540,793 was committed for revenue stabilization and cemetery improvements. An additional \$5,029,759 was assigned to an unanticipated events/emergencies reserve account. The remaining \$77 was reserved for prepaid expenditures. The City uses current revenue sources to fund budgeted expenditures in the general fund. When evaluating the general fund's liquidity, it should be noted that the revenue stabilization reserve serves as a working capital reserve and the unanticipated events/emergencies account may be used to supplement operating revenues if approved by the City Council. Combined, the general fund balances represent 56.3% of general fund expenditures for 2017.

**Other major governmental funds.** Other major governmental funds include the capital projects fund and the community redevelopment fund. The capital projects fund is used to account for various capital projects, major equipment purchases, and major repairs and renovations. These expenditures are funded by transfers from other funds, debt, or grants. The fund balance at year-end in the capital projects fund was \$7,319,237, a decrease of \$554,895 or 7.0% for the year.

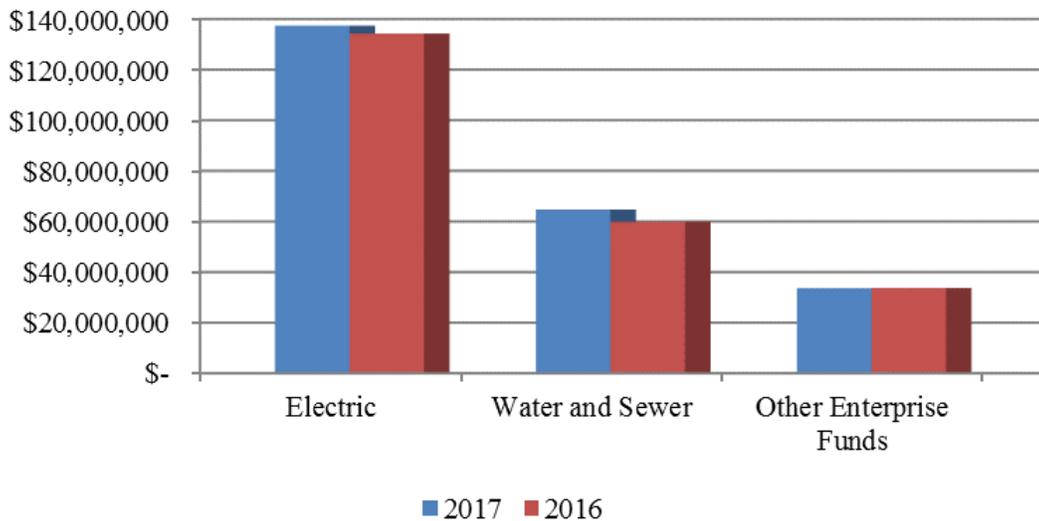
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The community redevelopment fund is used to account for expenses in the City's two redevelopment districts, which are funded by tax increment revenues. The ending fund balance in the redevelopment fund was \$22,266,199, an increase of \$1,170,023 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 2017, the City's enterprise funds reported a combined ending net position of \$235,748,047, an increase of \$7,905,884 or 3.5% 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 \$716,246 for expenditures and \$1,424,548 for transfers out. Major amendments are summarized in Note 3 of the notes to the financial statements.

Budget amendments were adopted anticipating using available fund balance or revenues in excess of the original budget projections. In 2017, the total fund balance of the City's general fund increased by \$349,791. Actual revenues were higher than final budgeted revenues by \$532,255 and actual expenditures were under budget by \$1,769,070 or 8.6%. Total expenditures came in under budget because the departments actively managed their individual budgets to ensure compliance with budgetary limits.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**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, 2017, totaled \$281,355,097 (net of accumulated depreciation). Capital assets include land, buildings, equipment, infrastructure, and construction in progress. The City's total investment in capital assets increased by \$12,032,626 or 4.5%.

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

The following table is a summary of the City's investment in capital assets for fiscal years 2016 and 2017:

<b>City of Jacksonville Beach</b>						
<b>Capital Assets</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 29,656,509	\$ 29,656,509	\$ 4,388,198	\$ 4,388,198	\$ 34,044,707	\$ 34,044,707
Buildings	35,537,612	33,789,155	315,528,355	302,924,627	351,065,967	336,713,782
Equipment	14,144,444	12,034,490	8,810,124	8,724,293	22,954,568	20,758,783
Infrastructure	61,097,188	59,539,816	-	-	61,097,188	59,539,816
Construction in Progress	15,085,662	12,385,517	11,086,468	8,456,297	26,172,130	20,841,814
	155,521,415	147,405,487	339,813,145	324,493,415	495,334,560	471,898,902
Less: Accumulated Depreciation	(56,691,371)	(53,689,294)	(157,288,092)	(148,887,137)	(213,979,463)	(202,576,431)
<b>Capital Assets, Net</b>	<b>\$ 98,830,044</b>	<b>\$ 93,716,193</b>	<b>\$182,525,053</b>	<b>\$175,606,278</b>	<b>\$281,355,097</b>	<b>\$269,322,471</b>

**Long-Term Debt.** At September 30, 2017, the City had total bonded debt outstanding of \$15,986,722. Total debt outstanding decreased by \$4,900,162 or 23.5% 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.

<b>City of Jacksonville Beach</b>						
<b>Outstanding Bonded Debt</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Capital Improvement Bonds	\$ 1,470,000	\$ 2,425,000	\$ -	\$ -	\$ 1,470,000	\$ 2,425,000
Utility System Bonds			14,345,000	18,145,000	14,345,000	18,145,000
Unamortized Premium			171,722	316,884	171,722	316,884
<b>Total</b>	<b>\$ 1,470,000</b>	<b>\$ 2,425,000</b>	<b>\$ 14,516,722</b>	<b>\$ 18,461,884</b>	<b>\$ 15,986,722</b>	<b>\$ 20,886,884</b>

The City had no outstanding general obligation debt at the close of fiscal year 2017. 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**  
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Additional information on the City's long-term debt is presented in Note 8 of the notes to the financial statements. As indicated in the debt information presented, the City should be debt free in the beginning of fiscal year 2021.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

The City's economy and demographics reflect statewide and national trends. Both state and local economic outlooks show continuing signs of continuing progress toward economic recovery. The City of Jacksonville Beach's property values increased by 7.1% and 2018 budget projections for some property, sales, and gas taxes have increased.

The 2018 annual budget increases the millage rate by .02 mills to 3.9947 mills. The total adopted budget is \$164,505,457 and the budget in the general fund is \$21,520,576, an increase of \$1,351,351 over the prior fiscal year. The most significant increase in the general fund budget is in salaries and benefits for public safety personnel.

Hurricane Matthew passed closely by our shores as a Category 3 storm in October 2016, followed by Hurricane Irma in September 2017. Both storms caused wind damage, flooding, and power outages. The City's dune walkovers and stormwater outfalls were heavily damaged and estimates for repairs exceed \$2 million. The cost of debris cleanup alone was in excess of \$1 million after each storm. Although we have applied for public assistance through FEMA, the City must bear the cost of cleanup and restoration prior to receiving any reimbursement monies. Because the City has been conservative in our spending and diligent about maintaining adequate reserves, we were able to react quickly to both storms without the added stress of worrying about how to fund the initial emergency services and ongoing repairs.

City Council approved an agreement to purchase an Enterprise Resource Planning (ERP) system from Tyler Technologies in November 2016. Implementation of the Tyler Munis software began in fiscal year 2017 and is estimated to take at least 2 years. The total cost for the software and implementation is approximately \$2.2 million and includes finance, human resources, payroll, purchasing, employee self-service, and utility billing functions. The Tyler Munis system does not include planning and development or enterprise asset management functionality. The City will issue a solicitation within the next 12 to 24 months to procure additional software to provide these functions. Funding for this project is available in the General Capital Projects Fund.

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

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

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Due to concerns about the adequacy of water and sewer rates to pay for improvements needed to maintain the system, the City engaged a rate consultant in 2012 to prepare a revenue sufficiency analysis. At the recommendation of the consultants, the City implemented a series of three annual rate increases for FY 2012 through FY 2014 and a CPI rate increase factor beginning in FY 2015. These increases should enable the City to fund most of its capital improvement plan for water and sewer projects over the next few years, barring unforeseen new state and federal mandates.

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

We feel strongly that with careful planning and due diligence we can overcome the challenges that will affect our financial position and operations while meeting our budget objectives each year. The budget objectives for FY 2018 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](http://www.jacksonvillebeach.org).



## **BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 51,899,805	\$ 97,764,359	\$ 149,664,164
Other Cash and Investments	5,425	3,028,942	3,034,367
Accounts Receivable, Net	173,342	16,913,294	17,086,636
Assessments Receivable, Net	39,632	952	40,584
Due from Other Governments	1,606,509	1,518,177	3,124,686
Inventories		1,902,686	1,902,686
Prepaid Items	1,099,344	87,765	1,187,109
Restricted Assets:			
Equity in Pooled Cash and Investments		9,829,548	9,829,548
Capital Assets:			
Nondepreciable	44,742,171	15,474,666	60,216,837
Depreciable, Net	54,087,873	167,050,387	221,138,260
<b>Total Assets</b>	<b>153,654,101</b>	<b>313,570,776</b>	<b>467,224,877</b>
<b>Deferred Outflows of Resources</b>			
Unamortized Refunding Loss		287,896	287,896
Pension Related	6,122,426	3,064,046	9,186,472
<b>Total Deferred Outflows of Resources</b>	<b>6,122,426</b>	<b>3,351,942</b>	<b>9,474,368</b>
<b>Liabilities</b>			
Accounts Payable	749,720	7,252,831	8,002,551
Accrued Interest		263,730	263,730
Other Accrued Liabilities	1,096,196	899,818	1,996,014
Power Costs Recovered in Advance		41,706,900	41,706,900
Due to Other Governments	6,940		6,940
Deposits	16,252	5,634,554	5,650,806
Unearned Revenues	149,986	36,964	186,950
Self-insurance Claims Payable	370,230		370,230
Noncurrent Liabilities:			
Due Within One Year	1,658,121	4,318,397	5,976,518
Due in More Than One Year	16,938,891	20,358,696	37,297,587
<b>Total Liabilities</b>	<b>20,986,336</b>	<b>80,471,890</b>	<b>101,458,226</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	887,631	702,781	1,590,412
<b>Net Position</b>			
Net Investment in Capital Assets	97,360,044	168,296,227	265,656,271
Restricted for:			
Redevelopment	22,267,480		22,267,480
Tourism	916,780		916,780
Transportation Improvements	963,716		963,716
Capital Projects	4,233,300	2,000,000	6,233,300
Law Enforcement	721,134		721,134
Unrestricted	11,440,106	65,451,820	76,891,926
<b>Total Net Position</b>	<b>\$ 137,902,560</b>	<b>\$ 235,748,047</b>	<b>\$ 373,650,607</b>

See accompanying notes.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
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
<b>Governmental Activities</b>							
General Government	\$ 3,284,283	\$ 65,947			\$ (3,218,336)		\$ (3,218,336)
Law Enforcement	10,008,845	131,667	\$ 324,582		(9,552,596)		(9,552,596)
Fire Control	4,183,046		6,563	\$ 52,233	(4,124,250)		(4,124,250)
Building Inspections	531,696	604,421			72,725		72,725
Physical Environment	446,496	15,185	296,241		(135,070)		(135,070)
Roads and Streets	2,794,320	163,799			(2,630,521)		(2,630,521)
Parks and Recreation	3,502,497	160,132	796,920		(2,545,445)		(2,545,445)
Interest on Long-term Debt	38,722				(38,722)		(38,722)
<b>Total Governmental Activities</b>	<b>24,789,905</b>	<b>1,141,151</b>	<b>1,424,306</b>	<b>52,233</b>	<b>(22,172,215)</b>	<b>\$ 0</b>	<b>(22,172,215)</b>
<b>Business-type Activities</b>							
Electric	76,095,735	81,444,806	474,371	472,995		6,296,437	6,296,437
Water and Sewer	9,358,111	13,002,446		188,157		3,832,492	3,832,492
Stormwater	1,507,348	1,337,248				(170,100)	(170,100)
Sanitation	5,203,263	3,447,674	1,043,806			(711,783)	(711,783)
Golf Course	1,309,024	954,162				(354,862)	(354,862)
Leased Facilities	424,898	588,606				163,708	163,708
Natural Gas	1,506,490	2,068,186				561,696	561,696
<b>Total Business-type Activities</b>	<b>95,404,869</b>	<b>102,843,128</b>	<b>1,518,177</b>	<b>661,152</b>	<b>0</b>	<b>9,617,588</b>	<b>9,617,588</b>
<b>Total Primary Government</b>	<b>\$ 120,194,774</b>	<b>\$ 103,984,279</b>	<b>\$ 2,942,483</b>	<b>\$ 713,385</b>	<b>(22,172,215)</b>	<b>9,617,588</b>	<b>(12,554,627)</b>
<b>General Revenues</b>							
Taxes:							
					18,050,950		18,050,950
					5,280		5,280
					1,300,026		1,300,026
					1,080,151		1,080,151
					372,921		372,921
					806,576		806,576
					653,051		653,051
					3,290,116		3,290,116
					41,756		41,756
					805,131	591,422	1,396,553
					326,364		326,364
					2,303,126	(2,303,126)	0
					29,035,448	(1,711,704)	27,323,744
					6,863,233	7,905,884	14,769,117
					131,039,327	227,842,163	358,881,490
					<b>\$ 137,902,560</b>	<b>\$ 235,748,047</b>	<b>\$ 373,650,607</b>

See accompanying notes.

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 10,787,516	\$ 7,586,609	\$ 23,180,048	\$ 6,512,226	\$ 48,066,399
Other Cash and Investments	5,425				5,425
Receivables:					
Accounts, Net	173,113				173,113
Assessments, Net	13,029		1,282	25,321	39,632
Interfund Receivables	28,525				28,525
Due from Other Governments	1,114,404			482,015	1,596,419
Prepaid Expenditures	77				77
<b>Total Assets</b>	<u>12,122,089</u>	<u>7,586,609</u>	<u>23,181,330</u>	<u>7,019,562</u>	<u>49,909,590</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	244,800	59,443	287,122	78,648	670,013
Other Accrued Liabilities	198,437	207,929	626,727	942	1,034,035
Due to Other Governments	6,940				6,940
Interfund Payables				28,525	28,525
Deposits	16,252				16,252
Unearned Revenue	149,986				149,986
<b>Total Liabilities</b>	<u>616,415</u>	<u>267,372</u>	<u>913,849</u>	<u>108,115</u>	<u>1,905,751</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	935,045	0	1,282	384,121	1,320,448
<b>Fund Balances</b>					
Nonspendable:					
Prepaid Expenditures	77				77
Restricted for:					
Redevelopment			22,266,199		22,266,199
Tourism Expenses				885,980	885,980
Transportation Improvements				829,716	829,716
Capital Projects				4,039,300	4,039,300
Law Enforcement				721,134	721,134
Committed for:					
Revenue Stabilization	5,380,144				5,380,144
Cemetery Improvements	160,649				160,649
Tree Replacement				7,994	7,994
Assigned for:					
Unanticipated Events/ Emergencies	5,029,759				5,029,759
Capital Projects		7,319,237		6,285	7,325,522
Debt Service				36,917	36,917
<b>Total Fund Balances</b>	<u>10,570,629</u>	<u>7,319,237</u>	<u>22,266,199</u>	<u>6,527,326</u>	<u>46,683,391</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 12,122,089</u>	<u>\$ 7,586,609</u>	<u>\$ 23,181,330</u>	<u>\$ 7,019,562</u>	<u>\$ 49,909,590</u>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Fund Balance - Total Governmental Funds** \$ 46,683,391

**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	\$ 154,583,506	
(Accumulated Depreciation)	<u>(55,913,579)</u>	98,669,927

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	4,936,860	
Deferred Inflows Related to Pensions	<u>(652,393)</u>	4,284,467

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end. 1,320,448

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

Revenue Bonds	(1,470,000)	
Accrued Other Postemployment Benefits	(1,675,275)	
Net Pension Liability	(9,550,434)	
Compensated Absences	<u>(2,587,416)</u>	(15,283,125)

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. 2,227,452

**Net Position of Governmental Activities** \$ 137,902,560

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>Community Redevelopment Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 10,337,504		\$ 9,468,928	\$ 2,466,723	\$ 22,273,155
Licenses and Permits	592,151				592,151
Intergovernmental	4,475,314			189,761	4,665,075
Charges for Services	363,544			18,792	382,336
Fines and Forfeitures	139,298			100,167	239,465
Interest and Other Revenue	489,928	\$ 155,999	380,181	100,477	1,126,585
<b>Total Revenues</b>	<b>16,397,739</b>	<b>155,999</b>	<b>9,849,109</b>	<b>2,875,920</b>	<b>29,278,767</b>
<b>Expenditures</b>					
Current:					
General Government	1,896,166	204,232	700,034		2,800,432
Public Safety	12,457,063		795,670	97,345	13,350,078
Physical Environment	69,622			11,407	81,029
Roads and Streets	1,592,585	45,668		131,163	1,769,416
Parks and Recreation	2,750,965			149,653	2,900,618
Debt Service:					
Principal				955,000	955,000
Interest and Fees				38,722	38,722
Capital Outlay		2,192,597	7,183,382	175,392	9,551,371
<b>(Total Expenditures)</b>	<b>(18,766,401)</b>	<b>(2,442,497)</b>	<b>(8,679,086)</b>	<b>(1,558,682)</b>	<b>(31,446,666)</b>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<b>(2,368,662)</b>	<b>(2,286,498)</b>	<b>1,170,023</b>	<b>1,317,238</b>	<b>(2,167,899)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,477,302	1,731,603		979,950	7,188,855
Transfers (out)	(1,758,849)			(1,576,711)	(3,335,560)
<b>Total Other Financing Sources (Uses)</b>	<b>2,718,453</b>	<b>1,731,603</b>	<b>0</b>	<b>(596,761)</b>	<b>3,853,295</b>
<b>Net Change in Fund Balances</b>	<b>349,791</b>	<b>(554,895)</b>	<b>1,170,023</b>	<b>720,477</b>	<b>1,685,396</b>
<b>Fund Balances, Beginning of Year</b>	<b>10,220,838</b>	<b>7,874,132</b>	<b>21,096,176</b>	<b>5,806,849</b>	<b>44,997,995</b>
<b>Fund Balances, End of Year</b>	<b>\$ 10,570,629</b>	<b>\$ 7,319,237</b>	<b>\$ 22,266,199</b>	<b>\$ 6,527,326</b>	<b>\$ 46,683,391</b>

See accompanying notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Net Change in Fund Balance - Total Governmental Funds** \$ 1,685,396

**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	\$ 9,729,046	
Transfer of Capital Assets	(788,411)	
Disposals	(35,638)	
(Current Year Depreciation)	<u>(3,218,163)</u>	5,686,834

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		955,000
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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	(268,684)	
Change in Net Pension Liability and Deferred Inflows and Outflows Related to Pensions	(1,148,326)	
Change in Other Postemployment Benefits	<u>(87,366)</u>	(1,504,376)

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.

3,993

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.

36,386

**Change in Net Position of Governmental Activities** \$ 6,863,233

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 10,426,490	\$ 10,426,490	\$ 10,337,504	\$ (88,986)
Licenses and Permits	577,250	577,250	592,151	14,901
Intergovernmental	3,940,994	3,940,994	4,475,314	534,320
Charges for Services	313,700	335,700	363,544	27,844
Fines and Forfeitures	170,500	170,500	139,298	(31,202)
Interest and Other Revenue	404,000	414,550	489,928	75,378
<b>Total Revenues</b>	<u>15,832,934</u>	<u>15,865,484</u>	<u>16,397,739</u>	<u>532,255</u>
<b>Expenditures</b>				
Executive and Legislative	789,656	793,142	752,076	41,066
Central Services	438,492	476,203	417,904	58,299
Planning and Development	832,231	895,947	780,053	115,894
Parks and Recreation	3,053,559	3,365,937	2,820,594	545,343
Public Works	1,559,457	1,707,665	1,592,585	115,080
Police	8,450,360	8,807,115	8,177,818	629,297
Fire	3,813,550	3,926,552	3,717,718	208,834
Nondepartmental	881,920	562,910	507,653	55,257
<b>(Total Expenditures)</b>	<u>(19,819,225)</u>	<u>(20,535,471)</u>	<u>(18,766,401)</u>	<u>1,769,070</u>
<b>(Deficiency) of Revenues (Under)</b>				
<b>Expenditures</b>	<u>(3,986,291)</u>	<u>(4,669,987)</u>	<u>(2,368,662)</u>	<u>2,301,325</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,390,125	4,401,570	4,477,302	75,732
Transfers (out)	(350,000)	(1,774,548)	(1,758,849)	15,699
<b>Total Other Financing Sources (Uses)</b>	<u>4,040,125</u>	<u>2,627,022</u>	<u>2,718,453</u>	<u>91,431</u>
<b>Net Change in Fund Balance</b>	<u>\$ 53,834</u>	<u>\$ (2,042,965)</u>	<u>\$ 349,791</u>	<u>\$ 2,392,756</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 9,446,930	\$ 9,446,930	\$ 9,468,928	\$ 21,998
Interest and Other Revenue	165,000	165,000	380,181	215,181
<b>Total Revenues</b>	<u>9,611,930</u>	<u>9,611,930</u>	<u>9,849,109</u>	<u>237,179</u>
<b>Expenditures</b>				
Current:				
General Government	779,505	967,158	700,034	267,124
Public Safety	1,054,539	1,186,554	795,670	390,884
Capital Outlay		29,813,474	7,183,382	22,630,092
<b>(Total Expenditures)</b>	<u>(1,834,044)</u>	<u>(31,967,186)</u>	<u>(8,679,086)</u>	<u>23,288,100</u>
<b>Net Change in Fund Balance</b>	<u>\$ 7,777,886</u>	<u>\$ (22,355,256)</u>	<u>\$ 1,170,023</u>	<u>\$ 23,525,279</u>

See accompanying notes.

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2017  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Assets</b>					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 69,405,330	\$ 16,493,314	\$ 11,865,715	\$ 97,764,359	\$ 3,833,406
Other Operating Cash			1,290	1,290	
Other Investments	1,816,591	1,211,061		3,027,652	
Receivables:					
Accounts, Net	14,552,506	1,576,027	784,761	16,913,294	229
Assessments, Net		952		952	
Due from Other Governments	474,371		1,043,806	1,518,177	10,090
Inventories	1,886,758		15,928	1,902,686	
Prepaid Expenses	84,790		2,975	87,765	1,099,267
Restricted Assets:					
Equity in Pooled Cash and Investments	8,427,406	1,402,142		9,829,548	
<b>Total Current Assets</b>	<b>96,647,752</b>	<b>20,683,496</b>	<b>13,714,475</b>	<b>131,045,723</b>	<b>4,942,992</b>
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,474,972	4,388,198	
Buildings and Improvements	193,958,897	89,727,827	31,841,631	315,528,355	36,194
Equipment	5,017,309	2,303,716	1,489,099	8,810,124	901,716
Construction in Progress	8,016,926	1,584,769	1,484,773	11,086,468	
	209,544,388	93,978,282	36,290,475	339,813,145	937,910
(Accumulated Depreciation)	(102,914,987)	(40,819,021)	(13,554,084)	(157,288,092)	(777,793)
<b>Total Capital Assets, Net of   Accumulated Depreciation</b>	<b>106,629,401</b>	<b>53,159,261</b>	<b>22,736,391</b>	<b>182,525,053</b>	<b>160,117</b>
<b>Total Noncurrent Assets</b>	<b>106,629,401</b>	<b>53,159,261</b>	<b>22,736,391</b>	<b>182,525,053</b>	<b>160,117</b>
<b>Total Assets</b>	<b>203,277,153</b>	<b>73,842,757</b>	<b>36,450,866</b>	<b>313,570,776</b>	<b>5,103,109</b>
<b>Deferred Outflows of Resources</b>					
Unamortized Refunding Loss	185,171	102,725		287,896	
Pension Related	1,858,323	859,704	346,019	3,064,046	1,185,566
<b>Total Deferred Outflows of Resources</b>	<b>2,043,494</b>	<b>962,429</b>	<b>346,019</b>	<b>3,351,942</b>	<b>1,185,566</b>

See accompanying notes.

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2017  
 CITY OF JACKSONVILLE BEACH, FLORIDA  
 (Concluded)**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 5,126,349	\$ 460,729	\$ 1,665,753	\$ 7,252,831	\$ 79,707
Power Costs Recovered in Advance	41,309,910		396,990	41,706,900	
Other Accrued Liabilities	507,509	349,689	42,620	899,818	62,161
Unearned Revenue			36,964	36,964	
Estimated Liability for Self-insured Losses					370,230
Current Portion of Long-term Debt:					
Compensated Absences	245,319	128,742	19,336	393,397	160,638
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,311,825	1,613,175		3,925,000	
Accrued Interest	155,378	108,352		263,730	
Customer Deposits	5,634,554			5,634,554	
<b>Total Current Liabilities</b>	<b>55,290,844</b>	<b>2,660,687</b>	<b>2,161,663</b>	<b>60,113,194</b>	<b>672,736</b>
Noncurrent Liabilities:					
Revenue Bonds Payable	6,238,524	4,353,198		10,591,722	
Accrued Compensated Absences	981,276	514,968	77,342	1,573,586	642,551
Other Postemployment Benefits	689,819	354,764	68,982	1,113,565	
Net Pension Liability	4,322,146	1,984,097	773,580	7,079,823	2,510,698
<b>Total Noncurrent Liabilities</b>	<b>12,231,765</b>	<b>7,207,027</b>	<b>919,904</b>	<b>20,358,696</b>	<b>3,153,249</b>
<b>Total Liabilities</b>	<b>67,522,609</b>	<b>9,867,714</b>	<b>3,081,567</b>	<b>80,471,890</b>	<b>3,825,985</b>
<b>Deferred Inflows of Resources</b>					
Pension Related	425,175	205,596	72,010	702,781	235,238
<b>Net Position</b>					
Net Investment in Capital Assets	98,264,223	47,295,613	22,736,391	168,296,227	160,117
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Unrestricted	37,608,640	16,936,263	10,906,917	65,451,820	2,067,335
<b>Total Net Position</b>	<b>\$ 137,372,863</b>	<b>\$ 64,731,876</b>	<b>\$ 33,643,308</b>	<b>\$ 235,748,047</b>	<b>\$ 2,227,452</b>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>		
<b>Operating Revenues</b>					
Charges for Services	\$ 80,894,386	\$ 12,903,428	\$ 7,746,430	\$ 101,544,244	\$ 11,498,068
Other	550,420	99,018	649,446	1,298,884	580
<b>Total Operating Revenues</b>	<u>81,444,806</u>	<u>13,002,446</u>	<u>8,395,876</u>	<u>102,843,128</u>	<u>11,498,648</u>
<b>Operating Expenses</b>					
Purchased Power	56,884,210		1,086,038	57,970,248	
Personal Services	5,561,519	2,983,023	1,072,209	9,616,751	4,239,767
Purchased Services	1,960,079	359,465	5,172,401	7,491,945	931,030
Repairs and Maintenance	393,918	664,873	340,284	1,399,075	294,499
Depreciation	5,311,453	2,630,467	1,227,992	9,169,912	57,505
Materials and Supplies	672,180	345,881	217,292	1,235,353	141,773
Other Expenses	4,587,150	2,112,306	804,924	7,504,380	5,538,164
<b>(Total Operating Expenses)</b>	<u>(75,370,509)</u>	<u>(9,096,015)</u>	<u>(9,921,140)</u>	<u>(94,387,664)</u>	<u>(11,202,738)</u>
<b>Operating Income</b>	<u>6,074,297</u>	<u>3,906,431</u>	<u>(1,525,264)</u>	<u>8,455,464</u>	<u>295,910</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Earnings	290,469	166,371	134,582	591,422	46,552
Interest Expense	(400,393)	(257,002)		(657,395)	
Intergovernmental Revenue	474,371		1,043,806	1,518,177	10,090
(Loss) Gain on Disposal of Capital Assets	(324,833)	(5,094)	(29,883)	(359,810)	10,610
<b>Total Nonoperating Revenues (Expenses)</b>	<u>39,614</u>	<u>(95,725)</u>	<u>1,148,505</u>	<u>1,092,394</u>	<u>67,252</u>
<b>Income Before Contributions and Transfers</b>	<u>6,113,911</u>	<u>3,810,706</u>	<u>(376,759)</u>	<u>9,547,858</u>	<u>363,162</u>
<b>Capital Contributions</b>					
Connection Fees	106,452	107,930		214,382	
Developer Contributions	366,543	80,227		446,770	
Contributions from Other Funds		909,646	492,363	1,402,009	
<b>Total Capital Contributions</b>	<u>472,995</u>	<u>1,097,803</u>	<u>492,363</u>	<u>2,063,161</u>	<u>0</u>
<b>Transfers</b>					
Transfers in	312,456	4,274	315,972	632,702	
Transfers (out)	(3,798,665)	(59,000)	(480,172)	(4,337,837)	(326,776)
<b>Total Transfers</b>	<u>(3,486,209)</u>	<u>(54,726)</u>	<u>(164,200)</u>	<u>(3,705,135)</u>	<u>(326,776)</u>
<b>Change in Net Position</b>	<u>3,100,697</u>	<u>4,853,783</u>	<u>(48,596)</u>	<u>7,905,884</u>	<u>36,386</u>
<b>Total Net Position, Beginning of Year</b>	<u>134,272,166</u>	<u>59,878,093</u>	<u>33,691,904</u>	<u>227,842,163</u>	<u>2,191,066</u>
<b>Total Net Position, End of Year</b>	<u>\$ 137,372,863</u>	<u>\$ 64,731,876</u>	<u>\$ 33,643,308</u>	<u>\$ 235,748,047</u>	<u>\$ 2,227,452</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Electric</b>	<b>Water and Sewer</b>	<b>Other Funds</b>	<b>Totals</b>	
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers and Users	\$ 82,868,043	\$ 12,966,984	\$ 7,027,755	\$ 102,862,782	\$ 11,751,656
Cash Payments to Vendors for Goods and Services	(64,459,848)	(2,864,318)	(6,865,475)	(74,189,641)	(6,751,530)
Cash Payments to Employees for Services Claims Paid	(5,202,273)	(2,894,693)	(1,043,743)	(9,140,709)	(4,131,999)
				0	(298,028)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>13,205,922</b>	<b>7,207,973</b>	<b>(881,463)</b>	<b>19,532,432</b>	<b>570,099</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers in	312,456	4,274	315,972	632,702	
Intergovernmental Revenue	474,371		1,043,806	1,518,177	10,090
Transfers (out)	(3,798,665)	(59,000)	(480,172)	(4,337,837)	(148,159)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(3,011,838)</b>	<b>(54,726)</b>	<b>879,606</b>	<b>(2,186,958)</b>	<b>(138,069)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of Capital Assets	(7,234,539)	(6,294,947)	(1,036,629)	(14,566,115)	(87,510)
Removal Costs	(33,605)			(33,605)	
Principal Paid on Revenue Bonds	(2,238,200)	(1,561,799)		(3,799,999)	
Interest Paid and Fiscal Charges	(374,125)	(261,063)		(635,188)	
Connection Fees	106,452	107,930		214,382	
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(9,774,017)</b>	<b>(8,009,879)</b>	<b>(1,036,629)</b>	<b>(18,820,525)</b>	<b>(87,510)</b>
<b>Cash Flows from Investing Activities</b>					
Interest Received on Investments	295,777	169,909	134,584	600,270	46,552
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>715,844</b>	<b>(686,723)</b>	<b>(903,902)</b>	<b>(874,781)</b>	<b>391,072</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>77,116,892</b>	<b>18,582,179</b>	<b>12,770,907</b>	<b>108,469,978</b>	<b>3,442,334</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 77,832,736</b>	<b>\$ 17,895,456</b>	<b>\$ 11,867,005</b>	<b>\$ 107,595,197</b>	<b>\$ 3,833,406</b>

See accompanying notes.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>	<u>Totals</u>	<b>Activities - Internal Service Funds</b>
<b><u>Included on the Accompanying Balance Sheet Under the Following Captions</u></b>					
<b>Current Assets</b>					
Equity in Pooled Cash and Investments	\$ 69,405,330	\$ 16,493,314	\$ 11,865,715	\$ 97,764,359	\$ 3,833,406
Other Operating Cash			1,290	1,290	
<b>Restricted Assets</b>					
Equity in Pooled Cash and Investments	8,427,406	1,402,142		9,829,548	
<b>Total</b>	<b><u>\$ 77,832,736</u></b>	<b><u>\$ 17,895,456</u></b>	<b><u>\$ 11,867,005</u></b>	<b><u>\$ 107,595,197</u></b>	<b><u>\$ 3,833,406</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>					
Operating Income (Loss)	\$ 6,074,297	\$ 3,906,431	\$ (1,525,264)	\$ 8,455,464	\$ 295,910
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,311,453	2,630,467	1,227,992	9,169,912	57,505
Power Costs Recovered in Advance (Returned)	2,249,094		(268,249)	1,980,845	
Change in Estimated Liability for Self-insured Losses				0	(90,724)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	(404,835)	(35,429)	(56,092)	(496,356)	263,098
Assessments Receivable		(33)		(33)	
Due from Other Governments	(474,371)		(1,043,806)	(1,518,177)	(10,090)
Inventories	395,830		1,116	396,946	
Prepaid Expenses	3,607		521	4,128	2,963
Accounts Payable and Other Accrued Liabilities	(361,748)	618,207	753,827	1,010,286	(56,331)
Unearned Revenues			26	26	
Customer Deposits	53,349			53,349	
Accrued Compensated Absences	150,075	59,868	12,311	222,254	30,231
Other Postemployment Benefits	74,504	(22,365)	(10,414)	41,725	
Net Pension Liability and Pension Related Deferred Inflows and Outflows	134,667	50,827	26,569	212,063	77,537
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 13,205,922</u></b>	<b><u>\$ 7,207,973</u></b>	<b><u>\$ (881,463)</u></b>	<b><u>\$ 19,532,432</u></b>	<b><u>\$ 570,099</u></b>
<b><u>Supplemental Disclosure of Noncash Activities</u></b>					
Change in Fair Value of Investments	\$ (5,308)	\$ (3,538)		\$ (8,846)	
Amortization of Bond Discount (Premium)	(85,501)	(59,662)		(145,163)	
Amortization of Loss on Refunding	156,533	86,837		243,370	
Contributed Assets	366,543	80,227		446,770	
Capital Assets Transferred in		909,646	\$ 492,363	1,402,009	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET POSITION  
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Assets**

Cash and Cash Equivalents	\$ 1,580,363
Accrued Interest	158,749
Due from Other Governments	8,432
Investments:	
Equities, Including Mutual Funds	57,330,875
Corporate Bonds	16,086,390
U.S. Government Obligations/Agencies	7,360,914
Real Estate	4,616,460
Total Investments	<u>85,394,639</u>
<b>Total Assets</b>	<u><u>87,142,183</u></u>

**Liabilities**

Accounts Payable	9,012
Other Accrued Liabilities	867
<b>Total Liabilities</b>	<u><u>9,879</u></u>

**Net Position**

Restricted for Pensions	<u><u>\$ 87,132,304</u></u>
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See accompanying notes.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

**Additions**

Contributions:	
Employee	\$ 1,540,696
Employer	2,390,051
State of Florida	408,852
Total Contributions	<u>4,339,599</u>

Investment Income:	
Investment Earnings	9,721,095
(Investment Expenses)	(203,478)
Net Investment Income	<u>9,517,617</u>

<b>Total Additions</b>	<u>13,857,216</u>
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**Deductions**

Benefits	6,526,695
Refunds of Contributions	192,008
Administrative Expense	<u>257,408</u>

<b>(Total Deductions)</b>	<u>(6,976,111)</u>
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<b>Change in Net Position</b>	6,881,105
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<b>Net Position, Beginning of Year</b>	<u>80,251,199</u>
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<b>Net Position, End of Year</b>	<u><u>\$ 87,132,304</u></u>
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See accompanying notes.



## **NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**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, except for grant revenues which are considered available if collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, accrued compensated absences, and expenditures related to claims and judgments, are recorded only when payment is due. Other postemployment benefits are accrued in governmental funds only if funded.

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
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, 2017  
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, maintenance facility, and self-insurance. The internal service funds are included in governmental activities for government-wide reporting purposes, and the excess revenue or expenses for the funds are allocated to the appropriate functional activity.
- **Pension Trust Funds**—account for the activities of the general employees' pension, police officers' pension and firefighters' pension plans, which accumulate resources for defined benefit payments to qualified employees.

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

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

**D. Assets and Liabilities**

■ **Cash and Investments**

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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

■ **Cash and Investments (Concluded)**

- **Restricted Cash and Investments**—represent equity in pooled cash and investments and separately identified investments which are restricted as to use. Bond covenants require certain enterprise funds to establish and maintain prescribed amounts of resources (consisting of cash and investments) that can be used only for specific purposes.

Investments are valued at fair value unless the investment qualifies as an external investment pool under guidance in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. These investments are valued at amortized cost.

- **Receivables**—All receivables are reported at their gross value, and where appropriate are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts at September 30, 2017, is \$213,933. 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, 2017, are unbilled amounts totaling \$7,974,393. 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, 2017, 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, 2017**  
**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 2017.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

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

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

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

The employee must:

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

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

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
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, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

**E. Fund Balances (Concluded)**

■ **Classifications—(Concluded)**

● **Assigned—(Concluded)**

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

- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned. There are no unassigned fund balances as of September 30, 2017.

■ **Flow Assumption**

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

**Note 2 - Property Tax Calendar**

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

Details of the tax calendar are presented below:

<b>Lien Date</b>	January 1, 2016
<b>Levy Date</b>	October 1, 2016

**Installment Payments**

First Installment	No Later Than June 30, 2016
Second Installment	No Later Than September 30, 2016
Third Installment	No Later Than December 31, 2016
Fourth Installment	No Later Than March 31, 2017

**Regular Payments**

Discount Periods	November 2016 Through February 2017
No Discount Period	After March 1, 2017
Delinquent Date	April 1, 2017

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**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 Rolled Forward</u>	<u>Supplemental Appropriations</u>	<u>Amended Budget</u>
General Fund	\$ 20,169,225	\$ 217,948	\$ 1,922,846	\$ 22,310,019
Special Revenue Funds	4,442,751	11,090,287	19,244,410	34,777,448
Debt Service Funds	1,000,804			1,000,804

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

**Budgets (Concluded)**

Supplementary budgetary appropriations for the general fund include the following:

- \$351,571 for costs associated with Hurricane Matthew recovery
- \$202,451 for pay plan adjustments
- \$54,264 for October 2016 Sea and Sky event costs incurred
- (\$303,431) for reduction in unanticipated budget to partially offset mid-year budget adjustments
- \$20,000 for professional tennis services contract
- \$31,716 for additional hours for Carver Center Recreation Leader to be a full-time position
- \$11,445 for Justice Assistance Grant award
- \$15,000 for additional overtime in the Fire Department
- \$207,280 for costs associated with Hurricane Irma recovery
- (\$75,579) for reduction in unanticipated budget to partially offset year-end budget adjustments
- \$36,122 for accrued sick and vacation leave payout to Building Codes Inspector upon his retirement
- \$39,457 for accrued sick and vacation leave payout to Parks Maintenance Superintendent upon his retirement
- \$22,000 for extension of professional tennis services contract
- \$250,000 for transfer to golf course to provide cash flow for operations
- \$250,000 for transfer to capital projects fund for partial funding of dune restoration projects
- \$200,000 for transfer to capital projects fund for partial funding of dune walkover projects
- \$500,000 for transfer to capital projects fund for partial funding of future business software applications
- \$100,000 for transfer to capital projects fund for partial funding for future radio system replacement
- \$10,550 for other adjustments

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

- \$14,515 for costs associated with Hurricane Matthew recovery
- \$11,445 for Justice Assistance Grant award
- \$27,888 for costs associated with Hurricane Irma recovery
- \$552,023 for purchase and extended maintenance of comprehensive video monitoring and recording system
- \$14,760 for additional consultant services for the Downtown Action Plan – Implementation and Management Plan
- \$28,699 for engineering design and construction document production for three replacement ADA
- \$81,022 to perform drainage improvement study in the Ocean Terrace area
- \$8,338 for aquatics engineering design and construction documents production for the splash pad modification
- \$440,936 for stormwater repairs identified during the cleaning and televising of the underground piping components of the South Beach master stormwater system
- \$524,856 for purchase and installation of an artificial turf surface at the South Beach Park sports complex
- \$7,500 for purchase of a new police patrol and narcotics detection dog
- \$39,509 for purchase of a new marked K-9 vehicle
- \$11,564,986 to commit funds for construction of future Downtown Redevelopment projects
- \$5,927,045 to adjust funds committed for future Southend Redevelopment projects
- \$888 for other adjustments

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 4 - Deposits and Investments**

**Other Disclosures**

There was a deficit in net position in the Other Internal Service fund totaling (\$1,050,725). This deficit primarily resulted from the recording of the Net Pension Liability described in Note 12.

**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 \$159,493,712 in governmental and business-type funds and \$664,251 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$6,715 in petty cash and \$3,027,652 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, 2017, the carrying amount of the City's deposits held in QPDs was \$16,189,131 and the bank balance was \$16,723,291.

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 \$979,726 and the amount of deposits held in the pension trust funds was \$916,112.

**Investments**

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2017:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

**Investments (Continued)**

Investment Type	S&P Credit Rating	Fair Value	Investment Maturities			
			Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. Govt Obligations	AA+	\$ 46,509,465	\$ 7,642,978	\$ 38,591,662	\$ 274,825	
Federal Agency Securities:						
Federal Farm Credit Bank	AA+	8,138,334	3,658,294	4,480,040		
Federal Home Loan Bank	AA+	5,723,410	804,718	4,918,692		
Federal Home Loan Mortgage Corporation	AA+	5,922,531	1,036,855	4,376,570	386,146	\$ 122,960
Federal National Mortgage Association	AA+	7,916,702	1,260,447	3,154,026	1,336,169	2,166,060
Government National Mortgage Association	AA+	417,983				417,983
Maryland Community Development Association	AA+	60,170				60,170
National Credit Union Association	AA+	232,720		232,720		
Overseas Private Investment Corporation	AA+	1,433,012		1,433,012		
Coporate ABSs	AAA	5,429,533	26,161	4,655,430	434,081	313,861
Coporate ABSs	AA+	393,169			24,734	368,435
Coporate ABSs	Aaa (Moody's)	3,153,148	86,842	2,943,054		123,252
Corporate Bonds	AAA	672,012		672,012		
Corporate Bonds	AA+	2,303,637		2,303,637		
Corporate Bonds	AA	590,969	549,984	40,985		
Corporate Bonds	AA-	6,443,983	940,486	5,503,497		
Corporate Bonds	A+	8,419,837	1,651,028	6,768,809		
Corporate Bonds	A	12,799,276	3,407,776	9,391,500		
Corporate Bonds	A-	9,793,709	1,959,475	7,476,649	357,585	
Corporate Bonds	BBB+	5,352,598	1,204,750	4,147,848		
Corporate Bonds	Aaa (Moody's)	350,124		350,124		
Corporate Bonds	A2 (Moody's)	50,000	50,000			
Municipal Bonds	AAA	671,779		671,779		
Municipal Bonds	AA+	461,132	50,737	410,395		
Municipal Bonds	AA	46,226	46,226			
Municipal Bonds	AA-	414,851	120,019	294,832		
Municipal Bonds	Aa2 (Moody's)	109,989	109,989			
Florida State Board of Administration:						
Florida PRIME	AAAm	333,204	333,204			
Florida Municipal Investment Trust:						
Short-term Bond Portfolio (0-2 Years)	AAA (Fitch)	11,873,255	11,873,255			
<b>Total</b>		<b>\$ 146,016,758</b>	<b>\$ 36,813,224</b>	<b>\$ 102,817,273</b>	<b>\$ 2,813,540</b>	<b>\$ 3,572,721</b>

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2017:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Equities	\$ 57,330,875	\$ 57,330,875			
U.S. Government Securities	2,895,412	199,804	\$ 1,520,457		\$ 1,175,151
Federal Agency Securities:					
Federal Home Loan Mortgage Corporation	1,091,992	2,845	14,911	\$ 14,762	1,059,474
Federal National Mortgage Association	3,373,510	639	43,164	378,497	2,951,210
Corporate Bonds	16,086,390		4,363,169	11,723,221	
Real Estate	4,616,460	4,616,460			
<b>Total</b>	<b>\$ 85,394,639</b>	<b>\$ 62,150,623</b>	<b>\$ 5,941,701</b>	<b>\$ 12,116,480</b>	<b>\$ 5,185,835</b>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

**Investments (Concluded)**

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

<u>Investment Type</u>	<u>Moody's Credit Rating</u>	<u>Percent of Total</u>
U.S. Government Securities	Aaa	3.39%
Federal Agency Securities	Aaa	5.23%
Corporate Bonds	A1	3.77%
Corporate Bonds	A2	3.90%
Corporate Bonds	A3	6.56%
Corporate Bonds	Aa1	0.72%
Corporate Bonds	Aa2	0.30%
Corporate Bonds	Aa3	0.40%
Corporate Bonds	Baa1	2.71%
Corporate Bonds	Baa2	0.49%

**Authorized Investments**

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

- Safety of principal is the foremost objective of the investment program.
- Provide sufficient liquidity to allow for quick conversion of investments to cash easily and rapidly without loss of principal to meet operating, payroll, and capital requirements.
- The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.
- Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold.

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

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Continued)

Note 4 - Deposits and Investments (Continued)

**Authorized Investments (Concluded)**

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

**Risk Disclosure**

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

- **Interest Rate Risk**—the City's fixed rate investments are generally tied to bond reserve requirements and are intended to be held until the funds are needed, at maturity. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's pension funds limit their risk by averaging investment maturities at approximately five to seven years.
- **Custodial Credit Risk**—for an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City generally utilizes third-party custodians to help manage custodial credit risk.
- **Concentration of Credit Risk**—the investment policy for the operating funds of the City define what percentage of the total investment portfolio may be invested in each type of investment vehicle. The City's policy states that these percentages may be further restricted based on market conditions, risk, and diversification investment strategies. The pension funds' investment policies and practices require investments to be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. No more than 10% of an individual investment manager's total fixed income portfolio may be invested in securities of a single issuer (5% in the case of a corporate issuer). No more than 10% of plan assets may be in foreign securities.

**Fair Value Measurements**

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

**Fair Value Measurements (Continued)**

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

The City's investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value in the hierarchy described above. The fair value measurements for the City's operating investments are as follows at September 30, 2017:

<b>Investments by Fair Value Level</b>	<b>Amount</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
U.S. Government Obligations	\$ 46,509,465	\$ 45,273,111	\$ 1,236,354	
Federal Agency Securities:				
Federal Home Loan Bank	5,723,410	5,431,475	291,935	
Federal Home Loan Mortgage Corporation	5,922,531	3,986,330	1,936,201	
Federal Farm Credit Bank	8,138,334	8,138,334		
Federal National Mortgage Association	7,916,702	2,398,183	5,518,519	
Government National Mortgage Association	417,983		417,983	
Maryland Community Development Administration	60,170		60,170	
National Credit Union Association	232,720	232,720		
Overseas Private Investment Corporation	1,433,012	100,540	1,332,472	
Corporate ABSs	8,975,850		8,975,850	
Corporate Bonds	46,776,145		46,776,145	
Municipal Bonds	1,703,977		1,703,977	
<b>Total Investments by Fair Value Level</b>	<b>\$ 133,810,299</b>	<b>\$ 65,560,693</b>	<b>\$ 68,249,606</b>	<b>\$ 0</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>	<b>Amount</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Florida Municipal Investment Trust:				
Short-term Bond Portfolio (0-2 Years)	\$ 11,873,255	\$ 0	Twice per month	5 business days
<b>Investments Measured at Amortized Cost</b>	<b>Amount</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Florida State Board of Administration:				
Florida PRIME	\$ 333,204	\$ 0	None	Daily
<b>Total Investments</b>	<b>\$ 146,016,758</b>			

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

**Fair Value Measurements (Concluded)**

The fair value measurements for the City's pension trust fund investments are as follows at September 30, 2017:

<b>Investments by Fair Value Level</b>	<b>Amount</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Equities	\$ 57,330,875	\$ 57,330,875		
U.S. Government Securities	2,895,412	2,895,412		
Federal Agency Securities:				
Federal Home Loan Mortgage Corporation	1,091,992		\$ 1,091,992	
Federal National Mortgage Association	3,373,510		3,373,510	
Corporate Bonds	16,086,390		16,086,390	
<b>Total Investments Measured at Fair Value</b>	<b>\$ 80,778,179</b>	<b>\$ 60,226,287</b>	<b>\$ 20,551,892</b>	<b>\$ 0</b>

<b>Investments Measured at the Net Asset Value (NAV)</b>	<b>Amount</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Real Estate Fund	\$ 4,616,460	\$ 0	Quarterly	45 days
<b>Total Investments</b>	<b>\$ 85,394,639</b>			

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

**Note 5 - Interfund Receivables and Payables**

Interfund receivables/payables represent primarily loans to cover other funds' deficits in pooled cash and investments. At September 30, 2017, the balance in these accounts consists of the following:

	<b>Receivable</b>	<b>Payable</b>
<b>General Fund</b>	\$ 28,525	
<b>Special Revenue Funds</b>		
Justice Assistance Grant		\$ 15,377
Community Development Block Grant		13,148
<b>Total</b>	<b>\$ 28,525</b>	<b>\$ 28,525</b>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 6 - Transfers In/Out**

Interfund transfers during the year ended September 30, 2017, consisted of the following:

	<u>Transfers In</u>							<u>Total</u>
	<u>General Fund</u>	<u>General Capital Projects</u>	<u>Other Governmental</u>	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Enterprise</u>	<u>Governmental Activities</u>	
<b>Transfers Out</b>								
General Fund		\$ 1,438,603 (2)			\$ 4,274 (3)	\$ 315,972 (1),(3)		\$ 1,758,849
Other Governmental	\$ 581,761 (3)	15,000 (2)	\$ 979,950 (4)					1,576,711
Electric Fund	3,693,665 (5)	105,000 (2)						3,798,665
Water and Sewer		59,000 (2)						59,000
Other Enterprise	106,716 (5)	61,000 (2)		\$ 312,456 (6)				480,172
Internal Service	95,160 (7)	53,000 (2)					\$ 178,616 (7)	326,776
<b>Total Transfers Out</b>	<u>\$ 4,477,302</u>	<u>\$ 1,731,603</u>	<u>\$ 979,950</u>	<u>\$ 312,456</u>	<u>\$ 4,274</u>	<u>\$ 315,972</u>	<u>\$ 178,616</u>	<u>\$ 8,000,173</u>

**Transfer Purpose**

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

**Note 7 - Capital Assets**

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 29,656,509			\$ 29,656,509
Construction in Progress	12,385,517	\$ 7,178,330	\$ (4,478,185)	15,085,662
Total Capital Assets Not Being Depreciated	42,042,026	7,178,330	(4,478,185)	44,742,171
Capital Assets Being Depreciated:				
Buildings and Improvements	33,789,155	1,748,457		35,537,612
Equipment	12,034,490	2,342,961	(233,007)	14,144,444
Road Network	31,339,967	1,611,705	(70,318)	32,881,354
Other Infrastructure Networks	28,199,849	32,063	(16,078)	28,215,834
Total Capital Assets Being Depreciated	105,363,461	5,735,186	(319,403)	110,779,244
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,740,014)	(1,091,296)		(15,831,310)
Equipment	(9,200,824)	(989,624)	219,957	(9,970,491)
Road Network	(11,175,105)	(405,729)	37,816	(11,543,018)
Other Infrastructure Networks	(18,573,351)	(789,019)	15,818	(19,346,552)
Total Accumulated Depreciation	(53,689,294)	(3,275,668)	273,591	(56,691,371)
Total Being Depreciated, Net	51,674,167	2,459,518	(45,812)	54,087,873
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 93,716,193</u>	<u>\$ 9,637,848</u>	<u>\$ (4,523,997)</u>	<u>\$ 98,830,044</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 4,388,198			\$ 4,388,198
Construction in Progress	8,456,297	\$ 2,713,201	\$ (83,030)	11,086,468
Total Capital Assets Not Being Depreciated	<u>12,844,495</u>	<u>2,713,201</u>	<u>(83,030)</u>	<u>15,474,666</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	302,924,627	13,284,348	(680,620)	315,528,355
Equipment	8,724,293	515,447	(429,616)	8,810,124
Total Capital Assets Being Depreciated	<u>311,648,920</u>	<u>13,799,795</u>	<u>(1,110,236)</u>	<u>324,338,479</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(143,126,705)	(8,319,306)	347,936	(151,098,075)
Equipment	(5,760,432)	(850,606)	421,021	(6,190,017)
Total Accumulated Depreciation	<u>(148,887,137)</u>	<u>(9,169,912)</u>	<u>768,957</u>	<u>(157,288,092)</u>
Total Being Depreciated, Net	<u>162,761,783</u>	<u>4,629,883</u>	<u>(341,279)</u>	<u>167,050,387</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 175,606,278</u>	<u>\$ 7,343,084</u>	<u>\$ (424,309)</u>	<u>\$ 182,525,053</u>

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

**Governmental Activities**

General Government	\$ 741,027
Law Enforcement	470,577
Fire Control	142,363
Building Inspections	4,681
Physical Environment	365,467
Roads and Streets	961,892
Parks and Recreation	532,156
Internal Service Funds	57,505
<b>Total Depreciation Expense - Governmental Activities</b>	<u>\$ 3,275,668</u>

**Business-type Activities**

Electric	\$ 5,311,453
Water and Sewer	2,630,467
Stormwater	779,784
Sanitation	51,580
Golf Courses	95,580
Leased Facilities	175,773
Natural Gas	125,275
<b>Total Depreciation Expense - Business-type Activities</b>	<u>\$ 9,169,912</u>

**Note 8 - Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2017:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

	Balance September 30, 2016	Additions	Other Reductions	Balance September 30, 2017	Due Within One Year
<b>Governmental Activities</b>					
Revenue Bonds	\$ 2,425,000		\$ (955,000)	\$ 1,470,000	\$ 980,000
Accrued Compensated Absences	3,235,567	\$ 1,287,017	(1,131,979)	3,390,605	678,121
Accrued Other Postemployment Benefits	1,587,909	87,366		1,675,275	
Net Pension Liability	10,387,677	1,673,455		12,061,132	
<b>Total Governmental Activities</b>	<u>17,636,153</u>	<u>3,047,838</u>	<u>(2,086,979)</u>	<u>18,597,012</u>	<u>1,658,121</u>
<b>Business-type Activities</b>					
Revenue Bonds - Par	18,145,000		(3,800,000)	14,345,000	3,925,000
Unamortized Premium	316,884		(145,162)	171,722	
Revenue Bonds, Net	18,461,884	0	(3,945,162)	14,516,722	3,925,000
Accrued Compensated Absences	1,744,729	823,725	(601,471)	1,966,983	393,397
Accrued Other Postemployment Benefits	1,071,840	41,725		1,113,565	
Net Pension Liability	6,292,684	787,139		7,079,823	
<b>Total Business-type Activities</b>	<u>27,571,137</u>	<u>1,652,589</u>	<u>(4,546,633)</u>	<u>24,677,093</u>	<u>4,318,397</u>
<b>Total Long-term Obligations</b>	<u>\$ 45,207,290</u>	<u>\$ 4,700,427</u>	<u>\$ (6,633,612)</u>	<u>\$ 43,274,105</u>	<u>\$ 5,976,518</u>

Bonds and notes outstanding at September 30, 2017, consist of the following for governmental activities:

	Note	Maturity	Originally Issued	Outstanding Amount	Interest Rate
<b>Governmental Activities</b>					
Revenue Bonds:					
2012 Series, Infrastructure					
Sales Surtax	1	2019	\$ 6,495,000	\$ 1,470,000	1.73%

1. Refunded 2006 and 2007 Infrastructure Sales Surtax Bonds (originally for modifications to the City's wastewater treatment facilities, and other authorized projects).

Bonds outstanding at September 30, 2017, consist of the following for business-type activities:

	Note	Maturity	Originally Issued	Outstanding Amount	Interest Rate
<b>Business-type Activities</b>					
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 8,449,205	2.0-4.0%
Water and Sewer Fund	1	2020	<u>15,324,135</u>	<u>5,895,795</u>	2.0-4.0%
<b>Total Business-type Activities</b>			<u>\$ 37,285,000</u>	<u>\$ 14,345,000</u>	

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

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

**Electric and Water and Sewer Funds**

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

**Electric and Water and Sewer Reserve Accounts**

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

**Renewal and Replacement Accounts**

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

Annual debt service requirements as of September 30, 2017, are as follows:

<b>Governmental Activities</b>			
<b>Fiscal Year</b>	<b>Revenue Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2018	\$ 980,000	\$ 21,224	\$ 1,001,224
2019	490,000	4,227	494,227
<b>Total</b>	<b>\$ 1,470,000</b>	<b>\$ 25,451</b>	<b>\$ 1,495,451</b>

<b>Business-type Activities</b>			
<b>Fiscal Year</b>	<b>Revenue Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2018	\$ 3,925,000	\$ 498,220	\$ 4,423,220
2019	4,060,000	366,925	4,426,925
2020	4,210,000	213,100	4,423,100
2021	2,150,000	43,000	2,193,000
<b>Total</b>	<b>\$ 14,345,000</b>	<b>\$ 1,121,245</b>	<b>\$ 15,466,245</b>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

Interest paid and incurred in the governmental activities totaled \$37,803 for the year ended September 30, 2017. Interest costs incurred in the business-type activities (excluding amortization) totaled \$634,688 for the same period.

**Pledged Revenue**

Pledged revenues on the City's outstanding debt for the year ended September 30, 2017, 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>
<b>Governmental Activities</b>						
Infrastructure Sales Surtax Bonds, Series 2012	Infrastructure Surtax	\$ 1,303,941	\$ 992,803	66.22%	\$ 1,495,451	2019
<b>Business-type Activities</b>						
Series 2010, Utility Revenue Bonds	Net Electric Utility Revenue	11,700,007	2,612,031	16.67%	9,109,619	2021
Series 2010, Utility Revenue Bonds	Net Water and Sewer Utility Revenue	6,811,199	1,791,421	24.12%	6,356,626	2021

**Note 9 - Restricted Assets**

The following table indicates the balances at September 30, 2017, for all restricted assets in the proprietary fund types:

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Total Enterprise</u>
Sinking Funds:			
Principal	\$ 1,139,715	\$ 795,285	\$ 1,935,000
Interest	153,136	106,857	259,993
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	<u>5,634,555</u>		<u>5,634,555</u>
<b>Total Restricted Assets</b>	<u>\$ 8,427,406</u>	<u>\$ 1,402,142</u>	<u>\$ 9,829,548</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, 2017**  
**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 2017 under this contract was \$3,845,682. The City's St. Lucie Power Supply and Sales contracts with FMPA extend through the later of: (1) the date on which related bond principal or other obligations are fully retired; (2) the date the St. Lucie Project is fully decommissioned or otherwise disposed of; or (3) the date all obligations of FMPA under its participation agreement with FPL have been fully satisfied.

**The All-Requirements Project**

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

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

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

The electric system's load in excess of that served from the St. Lucie Project is provided for by FMPA under the All Requirements Project. The City's contract with FMPA extends through October 1, 2046. The City's highest system peak load for fiscal 2017 was in July 2017, at 173.54 MW. Total expense to the City under the All Requirements Project for 2017 was \$52,594,374.

**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 2017, under this contract was \$402,093, which is net of the FMPA contribution of \$200,400.

**Note 11 - Power Costs Recovered in Advance**

The City uses a power true-up recomputed monthly in its electric rates. At September 30, 2017, the City was over-recovered from customers by \$41,309,910. Of this amount, \$14,492,485 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$26,817,425 is expected to be returned to customers in future years. At September 30, 2016, the City was over-recovered by \$39,060,816.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**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, 2017, the City was over-recovered from customers by \$396,990. This amount will be returned to customers in future years. At September 30, 2016, the City was over-recovered by \$665,239.

**Note 12 - Retirement Systems**

**Plan Descriptions**

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

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

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

Each plan is considered a single-employer, defined benefit pension plan. Each of the plans present separate financial statements, and are included as part (reporting as pension trust funds) of the City's financial reporting entity since they are not "legally separate." The plans issue publicly available financial reports that include financial statements and required supplementary information. The GERS is administered by the Board of Trustees comprised of two members of City Council selected by the City Council, two members of the GERS elected by the membership, and a fifth member elected by the other four board members. The PORS and FFRS are both administered by a separate Board of Trustees comprised of two residents of the City appointed by City Council, two members of the PORS and FFRS elected by the membership respectively, and a fifth member elected by the other four board members. The reports may be obtained by writing to the Payroll/Benefits Administrator, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida, 32250, or by calling (904) 247-6264.

**Membership**

As of October 1, 2016, employee membership data related to the pension plans were:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
Inactive Plan Members or Their Beneficiaries				
Currently Receiving Benefits (Including DROP Participants)	187	39	24	250
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	13	4	0	17
Active Plan Members	<u>231</u>	<u>62</u>	<u>30</u>	<u>323</u>
<b>Total</b>	<u><u>431</u></u>	<u><u>105</u></u>	<u><u>54</u></u>	<u><u>590</u></u>

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
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 firefighters categories of employees, respectively.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 12 - Retirement Systems (Continued)**

**Benefits (Concluded)**

Pension provisions include death benefits when the death is non-duty-related, whereby the surviving spouse is entitled to receive annually an amount equal to 100% of the employee's normal retirement benefit as long as the employee has attained 10 or more years of service. When the death is duty-related, the ten-year service requirement is waived. The surviving spouse is entitled to receive 100% of the employee's normal retirement benefit, with a minimum benefit of 35% of their final average compensation.

**Contributions**

For the year ended September 30, 2017, plan participants were required to pay 7.95% of their annual compensation to their respective pension plan. The payments are deducted from the employees' wages or salary and remitted by the City to the respective plan at the end of each pay period. If an employee leaves the employment of the City before he or she is vested, the accumulated contributions plus earned interest are refunded to the employee or the employee's designated beneficiary. If an employee leaves the employment of the City after becoming vested, but before attaining retirement age, the employee or the employee's designated beneficiary has the option of being refunded the accumulated contributions plus earned interest or keeping the funds in the plan and receiving benefits under the plan upon reaching retirement age.

The City makes periodic contributions totaling a minimum of 100% of the annual actuarially determined amount to the pension plan. In addition to the employer contribution, the Police Officers' and Firefighters' pension plans receive a distribution of casualty premium tax monies from the State of Florida pursuant to Chapters 175 and 185, Florida Statutes. The on-behalf payments received from the State of Florida (totaling \$408,852) were received for the period ending September 30, 2017, and were recognized as revenues and expenses in the General Fund and were used to reduce the City's contribution to the Police Officers' and Firefighters' pension plans.

For the period ended September 30, 2017, the actuarially determined contribution amount was to be \$2,771,224, including estimated contributions from the State of Florida. The City's actual contribution was \$2,798,903, including actual contributions from the State of Florida. These contributions were determined pursuant to an actuarial valuation dated October 1, 2015.

There were no contributions due to the plans by the City at September 30, 2017.

**Investment Policy**

The following are the three Boards' adopted asset allocation policy as of September 30, 2017:

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**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 plans' fiduciary net position.

**Rate of Return**

For the years ended September 30, 2017 and 2016, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.57% and 8.15%, 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 DROP was established in 1998. This program allows participants eligible for regular retirement to continue employment for a maximum of three years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. Investment income is allocated to this reserve based on rates determined by the Pension Boards. This program was closed to new entrants as of November 25, 2013 for the General Employees' plan, June 23, 2014 for Police Officers' plan, and July 21, 2014 for the Firefighters' plan. As of September 30, 2017, there were no DROP balances for any plan.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 12 - Retirement Systems (Continued)**

**Fund Balance Reserves (Concluded)**

**Schedule of Pension Plan Net Position as of September 30, 2017**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Totals</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 818,309	\$ 438,238	\$ 323,816	\$ 1,580,363
Accrued Interest	97,201	39,508	22,040	158,749
Due from Other Governments			8,432	8,432
Investments:				
Equities, Including Mutual Funds	34,676,571	14,589,522	8,064,782	57,330,875
Corporate Bonds	9,849,629	4,003,444	2,233,317	16,086,390
U.S. Government Obligations/Agencies	4,507,056	1,831,922	1,021,936	7,360,914
Real Estate Fund	2,826,639	1,148,905	640,916	4,616,460
<b>Total Investments</b>	<u>51,859,895</u>	<u>21,573,793</u>	<u>11,960,951</u>	<u>85,394,639</u>
<b>Total Assets</b>	<u>52,775,405</u>	<u>22,051,539</u>	<u>12,315,239</u>	<u>87,142,183</u>
<b>Liabilities</b>				
Accounts Payable	3,004	3,004	3,004	9,012
Other Accrued Liabilities	546	194	127	867
<b>Total Liabilities</b>	<u>3,550</u>	<u>3,198</u>	<u>3,131</u>	<u>9,879</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 52,771,855</u>	<u>\$ 22,048,341</u>	<u>\$ 12,312,108</u>	<u>\$ 87,132,304</u>

**Schedule of the Change in Pension Plan Net Position as of September 30, 2017**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Totals</u>
<b>Additions</b>				
<b>Contributions</b>				
Employee	\$ 1,018,627	\$ 353,277	\$ 168,792	\$ 1,540,696
Employer	1,591,545	460,548	337,958	2,390,051
State of Florida		245,435	163,417	408,852
<b>Total Contributions</b>	<u>2,610,172</u>	<u>1,059,260</u>	<u>670,167</u>	<u>4,339,599</u>
<b>Investment Income</b>				
Investment Earnings	5,952,029	2,418,579	1,350,487	9,721,095
(Investment Expenses)	(124,450)	(50,636)	(28,392)	(203,478)
<b>Net Investment Income</b>	<u>5,827,579</u>	<u>2,367,943</u>	<u>1,322,095</u>	<u>9,517,617</u>
<b>Total Additions</b>	<u>8,437,751</u>	<u>3,427,203</u>	<u>1,992,262</u>	<u>13,857,216</u>
<b>Deductions</b>				
Benefits	4,599,574	1,176,786	750,335	6,526,695
Refunds of Contributions	97,989	94,019		192,008
Administrative Expense	105,804	80,293	71,311	257,408
<b>(Total Deductions)</b>	<u>(4,803,367)</u>	<u>(1,351,098)</u>	<u>(821,646)</u>	<u>(6,976,111)</u>
<b>Change in Net Position</b>	3,634,384	2,076,105	1,170,616	6,881,105
<b>Net Position, Beginning of Year</b>	<u>49,137,471</u>	<u>19,972,236</u>	<u>11,141,492</u>	<u>80,251,199</u>
<b>Net Position, End of Year</b>	<u>\$ 52,771,855</u>	<u>\$ 22,048,341</u>	<u>\$ 12,312,108</u>	<u>\$ 87,132,304</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 12 - Retirement Systems (Continued)**

**Basis of Accounting – Pension Trust Funds**

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

**Measurement Date**

As permitted by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2016, one year prior to the reporting date.

**Net Pension Liability**

The components of the net pension liability for each plan as of September 30, 2016, (measurement date) and for the year then ended, were as follows:

*General Employees' Pension Plan*

	(a)	(b)	(a) - (b)
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balance, Beginning of Year</b>	\$ 59,020,162	\$ 47,301,861	\$ 11,718,301
Service Cost	1,207,176		1,207,176
Interest	4,606,558		4,606,558
Differences Between Expected and Actual Experience	(1,228,033)		(1,228,033)
Changes of Assumptions	2,784,150		2,784,150
Contributions - Employer		1,321,320	(1,321,320)
Contributions - Employee		927,251	(927,251)
Net Investment Income		3,782,591	(3,782,591)
Benefit Payments Including Refunds of Employee Contributions	(4,083,557)	(4,083,557)	0
Administrative Expenses		(111,995)	111,995
Net Changes	<u>3,286,294</u>	<u>1,835,610</u>	<u>1,450,684</u>
<b>Balance, End of Year</b>	<u>\$ 62,306,456</u>	<u>\$ 49,137,471</u>	<u>\$ 13,168,985</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 12 - Retirement Systems (Continued)**

**Net Pension Liability (Concluded)**

*Police Officers' Pension Plan*

	(a) <b>Total Pension Liability</b>	(b) <b>Plan Fiduciary Net Position</b>	(a) - (b) <b>Net Pension Liability</b>
<b>Balance, Beginning of Year</b>	\$ 21,668,731	\$ 18,751,766	\$ 2,916,965
Service Cost	608,970		608,970
Interest	1,709,163		1,709,163
Differences Between Expected and Actual Experience	(393,421)		(393,421)
Changes of Assumptions	776,974		776,974
Contributions - Employer and State		662,694	(662,694)
Contributions - Employee		343,112	(343,112)
Net Investment Income		1,498,725	(1,498,725)
Benefit Payments Including Refunds of Employee Contributions	(1,217,357)	(1,217,357)	0
Administrative Expenses		(66,704)	66,704
Net Changes	1,484,329	1,220,470	263,859
<b>Balance, End of Year</b>	<b>\$ 23,153,060</b>	<b>\$ 19,972,236</b>	<b>\$ 3,180,824</b>

*Firefighters' Pension Plan*

	(a) <b>Total Pension Liability</b>	(b) <b>Plan Fiduciary Net Position</b>	(a) - (b) <b>Net Pension Liability</b>
<b>Balance, Beginning of Year</b>	\$ 12,744,918	\$ 10,699,823	\$ 2,045,095
Service Cost	281,750		281,750
Interest	993,524		993,524
Differences Between Expected and Actual Experience	33,751		33,751
Changes of Assumptions	812,177		812,177
Contributions - Employer and State		422,041	(422,041)
Contributions - Employee		160,567	(160,567)
Net Investment Income		814,331	(814,331)
Benefit Payments Including Refunds of Employee Contributions	(933,482)	(933,482)	0
Administrative Expenses		(62,635)	62,635
Other		40,847	(40,847)
Net Changes	1,187,720	441,669	746,051
<b>Balance, End of Year</b>	<b>\$ 13,932,638</b>	<b>\$ 11,141,492</b>	<b>\$ 2,791,146</b>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 12 - Retirement Systems (Continued)**

**Actuarial Assumptions**

The total pension liability was based on an actuarial valuation as of October 1, 2015, and a measurement date of October 1, 2016, 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	3.0%
Salary Increases	3.7% - 7.3% (Including Inflation)
Investment Rate of Return	8.0%

Mortality rates were based on the House Bill 1309 which mandated the use of the Florida Retirement System (FRS) mortality tables. The RP-2000 table and projection scale BB produce life expectancies that are longer for males and females. This table was first used for the October 1, 2016 valuation.

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, 2016, are summarized below:

<u>Asset Class</u>	<u>Long-term Expected Rate of Return (Excluding Inflation)</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%
Real Estate	4.5%
Cash	0%

**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 were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The single discount rate reflects the long-term expected rate of return on pension plan investments including inflation.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 12 - Retirement Systems (Continued)**

**Discount Rate (Concluded)**

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

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

	<b>1% Decrease 7.00%</b>	<b>Current Discount Rate 8.00%</b>	<b>1% Increase 9.00%</b>
<b>General Employees' Pension Plan:</b>	\$ 19,592,616	\$ 13,168,985	\$ 7,672,217
<b>Police Officers' Pension Plan:</b>	\$ 5,748,319	\$ 3,180,824	\$ 992,307
<b>Firefighters' Pension Plan:</b>	\$ 4,479,203	\$ 2,791,146	\$ 1,373,307

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

For the year ended September 30, 2017, the City recognized pension expense as follows:

General Employees' Pension Plan	\$ 2,036,414
Police Officers' Pension Plan	861,579
Firefighters' Pension Plan	<u>638,882</u>
<b>Total</b>	<u>\$ 3,536,875</u>

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

	<b>General Employees'</b>	<b>Police Officers'</b>	<b>Firefighters'</b>	<b>Total</b>
Contributions Made After the Measurement Date	\$ 1,591,545	\$ 460,548	\$ 337,959	\$ 2,390,052
Differences Between Expected and Actual Experience		28,414	70,015	98,429
Changes in Assumptions	2,189,539	648,684	641,311	3,479,534
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,953,719</u>	<u>786,416</u>	<u>478,322</u>	<u>3,218,457</u>
<b>Total</b>	<u>\$ 5,734,803</u>	<u>\$ 1,924,062</u>	<u>\$ 1,527,607</u>	<u>\$ 9,186,472</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
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*(Continued)*

**Note 12 - Retirement Systems (Concluded)**

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

**Deferred Inflows of Resources**

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
Differences Between Expected and Actual Experience	\$ 1,261,951	\$ 328,461		\$ 1,590,412
<b>Total</b>	<u>\$ 1,261,951</u>	<u>\$ 328,461</u>	<u>\$ 0</u>	<u>\$ 1,590,412</u>

Contributions made after the measurement date (shown above) will be recognized in the fiscal year ending September 30, 2018.

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

<u>Year Ending September 30,</u>	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>	<u>Total</u>
2018	\$ 744,206	\$ 308,864	\$ 343,466	\$ 1,396,536
2019	801,108	308,864	343,309	1,453,281
2020	1,124,505	387,184	363,465	1,875,154
2021	211,488	63,237	139,408	414,133
2022		63,330		63,330
Thereafter		3,574		3,574
<b>Total</b>	<u>\$ 2,881,307</u>	<u>\$ 1,135,053</u>	<u>\$ 1,189,648</u>	<u>\$ 5,206,008</u>

**Note 13 - Interlocal Agreement**

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

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

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

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

**Note 13 - Interlocal Agreement (Concluded)**

	<u>Atlantic Beach Tie-in to Discharge Point</u>	<u>Neptune Beach Tie-in to Atlantic Beach Tie-in</u>
Atlantic Beach, Florida	45.0%	00.0%
Jacksonville Beach, Florida	41.3%	75.0%
Neptune Beach, Florida	13.7%	25.0%
<b>Total</b>	<u>100.0%</u>	<u>100.0%</u>

The City contributed \$218,173 to the interlocal agreement during 2017. As of September 30, 2017, the City had no commitment related to outfall repairs and maintenance and the interlocal agreement had no outstanding debt. There are no separate financial statements prepared for the interlocal agreement. The City records its capital assets related to the interlocal agreement in the water/sewer enterprise fund.

**Note 14 - Commitments, Contingencies, and Encumbrances**

**Grants**

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

**Litigation**

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

**Construction Commitments**

As of September 30, 2017, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	<u>Expended as of September 30, 2017</u>	<u>Remaining Commitment</u>
Downtown Improvements – Phase III – Project I	\$ 3,530,429	\$ 2,875,104
Downtown Improvements – Phase III – Project II	1,004,108	115,284
Downtown Parking Lot North 2 <sup>nd</sup> Street and Storage Building	705,493	159,275
South Beach Parkway Irrigation Imp.	733,228	451,525
South Beach Infrastructure Concept B	856,885	57,147
South Beach SW Pipe Cleaning	380,968	213,619
Skate Park at SB Park	1,487,235	43,851
A1A Water Main Replacement	193,596	695
Water Main Replacement	328,578	388,354
Ocean Forest Storm Water Imp.	1,401,985	31,459
4 <sup>th</sup> Street Sewers and Water Mains	171,456	33,764
Rehab Lift Station #2	52,539	57,461

**Encumbrances**

Significant encumbrances included in governmental fund balances are as follows:

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

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

**Encumbrances (Concluded)**

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund		\$ 403,501
General Capital Projects Fund		1,541,261
Community Redevelopment Fund	\$ 4,355,955	
Other Governmental Funds	137,020	
<b>Total</b>	<u>\$ 4,492,975</u>	<u>\$ 1,944,762</u>

**Note 15 - Risk Management**

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

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

During 2017, the City purchased commercial insurance against losses for the following types of risk:

- Real and personal property damage, including flood damage
- General and automobile liability
- Commercial crime
- Police professional liability
- Health

Substantially all risk management activities are accounted for by the City within its internal service fund. Total expenses for risk management services (including claims and commercial insurance) were \$3,902,633 in 2017 and \$3,670,349 in 2016.

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

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

**Note 15 - Risk Management (Concluded)**

The internal service fund is charging other funds of the City for risk management services based on costs incurred of the program. For 2017, interdepartmental charges and other earnings were more than actual costs by \$14,663. For 2016, interdepartmental charges and other earnings were more than actual costs by \$351,457. The self-insurance fund has unrestricted net position of \$3,278,177 at September 30, 2017.

There were no significant reductions in insurance coverage from 2016 to 2017.

The estimated liability for self-insured losses of \$370,230 accrued in the self-insurance fund at September 30, 2017, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the self-insurance fund's estimated liability were as follows for September 30:

	<b>2017</b>	<b>2016</b>
<b>Beginning Balance</b>	\$ 460,954	\$ 543,048
Current Year Claims and Changes in Estimates	207,304	105,897
(Claim Payments)	(298,028)	(187,991)
<b>Ending Balance</b>	<b>\$ 370,230</b>	<b>\$ 460,954</b>

**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 to carry out a community redevelopment program for the City. The Jacksonville Beach program consists of a variety of redevelopment activities in two districts: Downtown and Southend.

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 3<sup>rd</sup> Street (SR A1A) between 2<sup>nd</sup> Avenue South and 6<sup>th</sup> 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 1<sup>st</sup> Street from Beach Boulevard to 6<sup>th</sup> Avenue North and construction of new restroom facilities in the 2<sup>nd</sup> Avenue North street end. Phase II was completed in fiscal year 2015, with a total cost of \$5.6 million.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

**Note 16 - Community Redevelopment Agency (Continued)**

Phase III of the Downtown Vision Plan is divided into sub-phases A, B, and C. Phase III-A included the reconstruction of North 1<sup>st</sup> Street between 4<sup>th</sup> Avenue North and 6<sup>th</sup> Avenue North; and 5<sup>th</sup> Avenue North between 1<sup>st</sup> Street and 3<sup>rd</sup> 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 13<sup>th</sup> Avenue South. Project 2 of Phase III-C, providing street and infrastructure improvements between 11<sup>th</sup> and 13<sup>th</sup> Avenues South, will commence in early 2018, with a construction cost of approximately \$8.5 million.

Work was completed in 2017 on a new public surface parking lot and a 2,500 square foot Police CAPE equipment storage building on CRA-owned vacant land located in the Downtown district on the west side of 2<sup>nd</sup> Street North, between 3<sup>rd</sup> and 4<sup>th</sup> Avenues North. The new parking lot provides 92 parking spaces, including designated motorcycle and low speed vehicle spaces.

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

Phase I of the South Beach Capital Improvements Program (CIP) included infrastructure improvements in an area known as Jacksonville Beach Heights. This \$3.32 million project was included in the initial set of projects identified in a capital improvement study completed in 2011. Phase II involves the installation of a reuse water irrigation system and re-landscaping of South Beach Parkway and Jacksonville Drive. Also included in Phase II is a major project that is currently underway to repair stormwater and drainage piping and to reconstruct a stormwater retention facility in the area between Marsh Landing Parkway and South Beach Parkway.

Phase III of the South Beach CIP included the construction of traffic safety and congestion management improvements on South Beach Parkway between Jacksonville Drive and Butler Boulevard. That roadway project was completed in 2017.

Also completed in the Southend Redevelopment District was a new skate park (\$1.5 million) located in South Beach Park on South Beach Parkway. For 2018, projects focus on upgrade and maintenance of the recreational facilities in South Beach Park, including a new synthetic turf playing field (\$525,000), additions to the *Splash Pad* interactive water feature (\$138,500) to accommodate younger children, and replacement of the exercise equipment at the nine “fitness stations” (\$108,000) situated along the park’s walking/jogging trail.

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.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**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 2017:

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
<b>Revenues and Transfers in</b>			
Ad Valorem Taxes	\$ 5,701,752	\$ 3,767,176	\$ 9,468,928
Interest and Other	255,406	124,775	380,181
<b>Total Revenues and Transfers in</b>	<u>5,957,158</u>	<u>3,891,951</u>	<u>9,849,109</u>
<b>Expenditures</b>			
General Government	585,406	114,628	700,034
Public Safety	858,624		858,624
Capital Projects:			
Downtown Infrastructure Improvements	3,765,841		3,765,841
Southend Infrastructure Improvements		3,354,587	3,354,587
<b>(Total Expenditures)</b>	<u>(5,209,871)</u>	<u>(3,469,215)</u>	<u>(8,679,086)</u>
<b>Excess of Revenues and Transfers in Over Expenditures</b>	<u>\$ 747,287</u>	<u>\$ 422,736</u>	<u>\$ 1,170,023</u>

**Note 17 - Lease Revenue**

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Buildings	\$ 632,274	\$ 465,262	\$ 167,012
Improvements	34,216	29,728	4,488
<b>Total</b>	<u>\$ 666,490</u>	<u>\$ 494,990</u>	<u>\$ 171,500</u>

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**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 disability, early, or normal retirement provisions of the applicable retirement plan (GERS, PORS, or FFRS). Eligibility requirements for retirement under the City's three retirement systems may be obtained by writing to the Payroll/Benefits Administrator, City of Jacksonville Beach, 11 North Third Street, Jacksonville Beach, Florida 32250, or by calling (904) 247-6264. According to the Substantive Plan, retired police officers, firefighters, and general employees, as well as their dependents, are permitted to remain covered under the City's medical plans as long as they pay the premium charged by the insurance company for the plan and coverage elected. 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, 2016, the date of the last OPEB actuarial valuation date, there were 280 active participants and 17 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 \$2,788,840 and is reflected as a liability in the statement of net position (\$1,113,565 governmental, \$1,675,275 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, 2017:

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Continued)*

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

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

	<u>2017</u>	<u>2016</u>
Normal Cost	\$ 158,498	\$ 175,898
Amortization of Unfunded Actuarial Accrued Liability	161,789	180,319
<b>Annual Required Contribution (ARC)</b>	<u>\$ 320,287</u>	<u>\$ 356,217</u>
<b>Net OPEB Obligation, Beginning of Year</b>	<u>\$ 2,659,749</u>	<u>\$ 2,521,596</u>
Annual Required Contribution	320,287	356,217
Interest on Net OPEB Obligation	93,889	100,864
Adjustment to ARC	(132,987)	(114,618)
Annual OPEB Cost	<u>281,189</u>	<u>342,463</u>
Employer Contribution Toward the OPEB Cost	<u>(152,098)</u>	<u>(204,310)</u>
<b>Net OPEB Obligation, End of Year</b>	<u>\$ 2,788,840</u>	<u>\$ 2,659,749</u>

The schedule of employer contributions is as follows:

<u>Year Ended</u> <u>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>
2015	\$ 325,365	\$ 173,725	53.39%	\$ 2,521,596
2016	342,463	204,310	59.66%	2,659,749
2017	281,189	152,098	54.09%	2,788,840

**Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2016, the most recent valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Pavroll</u>	<u>UAAL as a Percentage of Covered Pavroll</u>
10/1/2012	\$ 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%
10/1/2016	0	3,180,124	3,180,124	0.00%	13,997,660	22.72%

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.

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

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

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

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

**Actuarial Methods and Assumptions**

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

Actuarial methods and assumptions include the following:

Actuarial Valuation Date:	October 1, 2016
Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll, Closed
Amortization Period:	20 Years
Asset Valuation Method:	Unfunded
Investment Rate of Return*:	3.53%
Projected Salary Increases*:	4.5% - 12.1%
Payroll Growth Assumptions:	3.53%
Health Care Trend Rate:	7.25% Initial Trend Rate Dropping to 4.52% Ultimate Trend Rate After 24 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  
GENERAL EMPLOYEES  
CITY OF JACKSONVILLE BEACH, FLORIDA  
PENSION TRUST FUNDS**

<b>Reporting Date:</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>Measurement Date:</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,207,176	\$ 1,111,657	\$ 1,129,366
Interest on the Total Pension Liability	4,606,558	4,491,011	4,443,924
Difference Between Expected and Actual Experience	(1,228,033)		(825,827)
Assumption Changes (1)	2,784,150		
Benefit Payments	(3,929,634)	(4,052,263)	(3,669,967)
Refunds	(153,923)	(276,366)	(301,455)
<b>Net Change in Total Pension Liability</b>	<b>3,286,294</b>	<b>1,274,039</b>	<b>776,041</b>
<b>Total Pension Liability-Beginning</b>	<b>59,020,162</b>	<b>57,746,123</b>	<b>56,970,082</b>
<b>Total Pension Liability-Ending (a)</b>	<b>62,306,456</b>	<b>59,020,162</b>	<b>57,746,123</b>
<b>Plan Fiduciary Net Position</b>			
Employer and State Contributions	1,321,320	1,387,165	1,216,994
Employee Contributions	927,251	853,057	771,553
Pension Plan Net Investment Income	3,782,591	(153,496)	4,697,264
Benefit Payments	(3,929,634)	(4,052,263)	(3,669,967)
Refunds	(153,923)	(276,366)	(301,456)
Pension Plan Administrative Expense	(111,995)	(92,050)	(102,358)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,835,610</b>	<b>(2,333,953)</b>	<b>2,612,030</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>47,301,861</b>	<b>49,635,814</b>	<b>47,023,784</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>49,137,471</b>	<b>47,301,861</b>	<b>49,635,814</b>
<b>Net Pension Liability-Ending (a) – (b)</b>	<b>\$ 13,168,985</b>	<b>\$ 11,718,301</b>	<b>\$ 8,110,309</b>
<b>Plan Fiduciary Net Position as Percentage of Total Pension Liability</b>	<b>78.86%</b>	<b>80.15%</b>	<b>85.96%</b>
<b>Covered Employee Payroll</b>	<b>\$ 11,663,535</b>	<b>\$ 10,730,277</b>	<b>\$ 10,622,900</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>112.91%</b>	<b>109.21%</b>	<b>76.35%</b>

**Notes to Schedule:**

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

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

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

<b>Reporting Date:</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>Measurement Date:</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 608,970	\$ 583,329	\$ 517,788
Interest on the Total Pension Liability	1,709,163	1,632,596	1,568,728
Benefit Changes (1)			(2,590,277)
Difference Between Expected and Actual Experience	(393,421)		54,979
Assumption Changes (2)	776,974		
Benefit Payments	(1,211,452)	(1,263,089)	(1,275,228)
Refunds	(5,905)	(62,865)	(150,660)
<b>Net Change in Total Pension Liability</b>	<b>1,484,329</b>	<b>889,971</b>	<b>(1,874,670)</b>
<b>Total Pension Liability-Beginning</b>	<b>21,668,731</b>	<b>20,778,760</b>	<b>22,653,430</b>
<b>Total Pension Liability-Ending (a)</b>	<b>23,153,060</b>	<b>21,668,731</b>	<b>20,778,760</b>
<b>Plan Fiduciary Net Position</b>			
Employer and State Contributions	662,694	562,835	530,453
Employee Contributions	343,112	328,665	263,978
Pension Plan Net Investment Income	1,498,725	(59,565)	1,819,901
Benefit Payments	(1,211,452)	(1,263,089)	(1,275,228)
Refunds	(5,905)	(62,865)	(150,660)
Pension Plan Administrative Expense	(66,704)	(71,518)	(81,366)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,220,470</b>	<b>(565,537)</b>	<b>1,107,078</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>18,751,766</b>	<b>19,317,303</b>	<b>18,210,225</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>19,972,236</b>	<b>18,751,766</b>	<b>19,317,303</b>
<b>Net Pension Liability-Ending (a) – (b)</b>	<b>\$ 3,180,824</b>	<b>\$ 2,916,965</b>	<b>\$ 1,461,457</b>
<b>Plan Fiduciary Net Position as Percentage of Total Pension Liability</b>	<b>86.26%</b>	<b>86.54%</b>	<b>92.97%</b>
<b>Covered Employee Payroll</b>	<b>\$ 4,315,874</b>	<b>\$ 4,134,151</b>	<b>\$ 3,945,943</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>73.70%</b>	<b>70.56%</b>	<b>37.04%</b>

**Notes to Schedule:**

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

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

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

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

<b>Reporting Date:</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>Measurement Date:</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 281,750	\$ 245,288	\$ 246,636
Interest on the Total Pension Liability	993,524	951,607	912,823
Benefit Changes			(1,652,165)
Difference Between Expected and Actual Experience	33,751	117,343	
Assumption Changes	812,177		
Benefit Payments	(933,482)	(683,521)	(664,459)
Refunds			
<b>Net Change in Total Pension Liability</b>	<b>1,187,720</b>	<b>630,717</b>	<b>(1,157,165)</b>
<b>Total Pension Liability-Beginning</b>	<b>12,744,918</b>	<b>12,114,201</b>	<b>13,271,366</b>
<b>Total Pension Liability-Ending (a)</b>	<b>13,932,638</b>	<b>12,744,918</b>	<b>12,114,201</b>
<b>Plan Fiduciary Net Position</b>			
Employer and State Contributions	422,041	389,997	457,932
Employee Contributions	160,567	146,951	122,590
Pension Plan Net Investment Income	814,331	(33,549)	1,010,160
Benefit Payments	(933,482)	(683,521)	(664,459)
Refunds			
Pension Plan Administrative Expense	(62,635)	(66,361)	(77,810)
Other	40,847		
<b>Net Change in Plan Fiduciary Net Position</b>	<b>441,669</b>	<b>(246,483)</b>	<b>848,413</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>10,699,823</b>	<b>10,946,306</b>	<b>10,097,893</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>11,141,492</b>	<b>10,699,823</b>	<b>10,946,306</b>
<b>Net Pension Liability-Ending (a) – (b)</b>	<b>\$ 2,791,146</b>	<b>\$ 2,045,095</b>	<b>\$ 1,167,895</b>
<b>Plan Fiduciary Net Position as Percentage</b>			
<b>of Total Pension Liability</b>	<b>79.97%</b>	<b>83.95%</b>	<b>90.36%</b>
<b>Covered Employee Payroll</b>	<b>\$ 2,019,711</b>	<b>\$ 1,848,440</b>	<b>\$ 1,867,968</b>
<b>Net Pension Liability as a Percentage</b>			
<b>of Covered Employee Payroll</b>	<b>138.20%</b>	<b>110.64%</b>	<b>62.52%</b>

**Notes to Schedule:**

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

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

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

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

	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 1,591,545	\$ 1,321,320	\$ 1,387,165	\$ 1,205,756
Contributions in Relation to the Actuarially Determined Contribution	1,591,545	1,321,320	1,387,165	1,216,994
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,238)</u>
Covered-employee Payroll	\$ 12,812,918	\$ 11,663,535	\$ 10,730,277	\$ 10,622,900
Contributions as a Percentage of Covered Employee Payroll	12.42%	11.33%	12.93%	11.46%

**Notes to Schedule of Contributions**

Valuation Date	October 1, 2015 for period ended September 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	5 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	3.5% wage inflation, 3.0% price inflation
Investment Rate of Return	8.0%
Projected Salary Increases	3.5% to 7.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The 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, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Actuarially Determined Contribution	\$ 678,304	\$ 633,555	\$ 511,049	\$ 490,666
Contributions in Relation to the Actuarially Determined Contribution	705,983	662,694	562,835	530,453
Contribution Deficiency (Excess)	<u>\$ (27,679)</u>	<u>\$ (29,139)</u>	<u>\$ (51,786)</u>	<u>\$ (39,787)</u>
Covered-employee Payroll	\$ 4,443,736	\$ 4,315,874	\$ 4,134,151	\$ 3,945,943
Contributions as a Percentage of Covered Employee Payroll	15.89%	15.35%	13.61%	13.44%

**Notes to Schedule of Contributions**

Valuation Date	October 1, 2015 for period ended September 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	5 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	3.5% wage inflation, 3.0% price inflation
Investment Rate of Return	8.0%
Projected Salary Increases	3.5% to 7.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The 1994 Group Annuity Mortality Tables, set back 0 years for men and 0 years for women. This table was first used for the October 1, 2002 valuation. No margin for future mortality improvements is included in these tables.

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

	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Actuarially Determined Contribution	\$ 501,375	\$ 422,041	\$ 368,361	\$ 408,279
Contributions in Relation to the Actuarially Determined Contribution	<u>501,375</u>	<u>422,041</u>	<u>389,997</u>	<u>457,932</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,636)</u>	<u>\$ (49,653)</u>
 Covered-employee Payroll	 \$ 2,123,170	 \$ 2,019,711	 \$ 1,848,440	 \$ 1,867,968
Contributions as a Percentage of Covered Employee Payroll	23.61%	20.90%	21.10%	24.51%

**Notes to Schedule of Contributions**

Valuation Date	October 1, 2015 for period ended September 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	5 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	3.5% wage inflation, 3.0% price inflation
Investment Rate of Return	8.0%
Projected Salary Increases	3.7% to 7.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The 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**

<b>Fiscal Year Ended September 30,</b>	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>
2017	12.11%	12.11%	12.11%
2016	8.15%	8.15%	8.15%
2015	-0.35%	-0.35%	-0.35%
2014	10.22%	10.22%	10.22%
2013	11.97%	11.97%	11.97%
2012	16.52%	16.52%	16.52%
2011	-0.17%	-0.17%	-0.17%
2010	8.16%	8.16%	8.16%
2009	5.45%	5.45%	5.45%
2008	-10.88%	-10.88%	-10.88%

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

<b>Actuarial Valuation Date 10/1</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL) Entry Age</b>	<b>(b-a) Unfunded AAL (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>(b-a)/(c) UAAL as a Percentage of Covered Payroll</b>
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%
2016	0	3,180,124	3,180,124	0.00%	13,997,660	22.72%

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

<b>Period Ended</b>	<b>Annual OPEB Cost</b>	<b>Estimated Amount Contributed</b>	<b>Percentage Contribution</b>	<b>Estimated Net OPEB Obligation</b>
9/30/2009	\$ 564,436	\$ 189,576	33.59%	\$ 957,434
9/30/2010	588,520	220,927	37.54%	1,325,027
9/30/2011	486,818	226,152	46.46%	1,585,693
9/30/2012	509,057	230,321	45.24%	1,864,429
9/30/2013	476,381	212,648	44.64%	2,128,162
9/30/2014	497,797	256,004	51.43%	2,369,956
9/30/2015	325,365	173,725	53.39%	2,521,596
9/30/2016	342,463	204,310	59.66%	2,659,748
9/30/2017	281,189	152,098	54.09%	2,788,840

**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, 2016
Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percent - Closed
Remaining Amortization Period:	20 Years
Actuarial Assumptions:	
Investment Return**	3.53%
Projected Salary Increases**	4.5%-12.1%
Payroll Growth Rate	3.53%
Health-care Cost Trend Rates	7.25% initial trend rate dropping to 4.69% ultimate trend rate after 24 years

\*\*Includes Inflation Rate of 2.5%



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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds				
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund	Community Development Block Grant Fund
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 806,949	\$ 21,100	\$ 886,428	\$ 1,251,967	
Special Assessments Receivable			22,942	2,379	
Due from Other Governments	125,490		134,000	194,000	\$ 13,148
<b>Total Assets</b>	<u>932,439</u>	<u>21,100</u>	<u>1,043,370</u>	<u>1,448,346</u>	<u>13,148</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	15,659	992	56,594		
Other Accrued Liabilities			118		
Interfund Payables					13,148
<b>Total Liabilities</b>	<u>15,659</u>	<u>992</u>	<u>56,712</u>	<u>0</u>	<u>13,148</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	30,800	0	156,942	196,379	0
<b>Fund Balances</b>					
Restricted for:					
Tourism Expenses	885,980				
Transportation Improvements			829,716		
Capital Projects				1,251,967	
Law Enforcement		20,108			
Committed for:					
Tree Replacement					
Assigned for:					
Capital Projects					
Debt Service					
<b>Total Fund Balances</b>	<u>885,980</u>	<u>20,108</u>	<u>829,716</u>	<u>1,251,967</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 932,439</u>	<u>\$ 21,100</u>	<u>\$ 1,043,370</u>	<u>\$ 1,448,346</u>	<u>\$ 13,148</u>

	<b>Special Revenue Funds</b>				
	<b>Radio Communications Fund</b>	<b>J.A.G. Grant Fund</b>	<b>Tree Protection Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Equitable Sharing Trust Fund</b>
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 180,945		\$ 7,994	\$ 69,356	\$ 452,838
Special Assessments Receivable					
Due from Other Governments		\$ 15,377			
<b>Total Assets</b>	<u>180,945</u>	<u>15,377</u>	<u>7,994</u>	<u>69,356</u>	<u>452,838</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable				1,338	
Other Accrued Liabilities				775	
Interfund Payables		15,377			
<b>Total Liabilities</b>	<u>0</u>	<u>15,377</u>	<u>0</u>	<u>2,113</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Restricted for:					
Tourism Expenses					
Transportation Improvements					
Capital Projects					
Law Enforcement	180,945			67,243	452,838
Committed for:					
Tree Replacement			7,994		
Assigned for:					
Capital Projects					
Debt Service					
<b>Total Fund Balances</b>	<u>180,945</u>	<u>0</u>	<u>7,994</u>	<u>67,243</u>	<u>452,838</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 180,945</u>	<u>\$ 15,377</u>	<u>\$ 7,994</u>	<u>\$ 69,356</u>	<u>\$ 452,838</u>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Concluded)**

	Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure		
		Tax Capital Projects Fund	Dog Park Fund	
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 36,917	\$ 2,787,333	\$ 10,399	\$ 6,512,226
Special Assessments Receivable				25,321
Due from Other Governments				482,015
<b>Total Assets</b>	<u>36,917</u>	<u>2,787,333</u>	<u>10,399</u>	<u>7,019,562</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable			4,065	78,648
Other Accrued Liabilities			49	942
Interfund Payables				28,525
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>4,114</u>	<u>108,115</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>384,121</u>
<b>Fund Balances</b>				
Restricted for:				
Tourism Expenses				885,980
Transportation Improvements				829,716
Capital Projects		2,787,333		4,039,300
Law Enforcement				721,134
Committed for:				
Tree Replacement				7,994
Assigned for:				
Capital Projects			6,285	6,285
Debt Service	36,917			36,917
<b>Total Fund Balances</b>	<u>36,917</u>	<u>2,787,333</u>	<u>6,285</u>	<u>6,527,326</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 36,917</u>	<u>\$ 2,787,333</u>	<u>\$ 10,399</u>	<u>\$ 7,019,562</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds				
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund	Community Development Block Grant Fund
<b>Revenues</b>					
Taxes	\$ 369,921		\$ 804,576	\$ 1,292,226	
Intergovernmental					\$ 137,528
Charges for Services			3,560		
Fines and Forfeitures		\$ 13,132			
Other Revenue	11,745	212	14,330	11,715	
<b>Total Revenues</b>	<u>381,666</u>	<u>13,344</u>	<u>822,466</u>	<u>1,303,941</u>	<u>137,528</u>
<b>Expenditures</b>					
Current:					
Public Safety		30,877			
Physical Environment					
Roads and Streets			131,163		
Parks and Recreation	139,621				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay			4,250		
<b>(Total Expenditures)</b>	<u>(139,621)</u>	<u>(30,877)</u>	<u>(135,413)</u>	<u>0</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>242,045</u>	<u>(17,533)</u>	<u>687,053</u>	<u>1,303,941</u>	<u>137,528</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in					
Transfers (out)	(20,000)		(372,000)	(979,950)	(137,528)
<b>Total Other Financing Sources (Uses)</b>	<u>(20,000)</u>	<u>0</u>	<u>(372,000)</u>	<u>(979,950)</u>	<u>(137,528)</u>
<b>Net Change in Fund Balance</b>	222,045	(17,533)	315,053	323,991	0
<b>Fund Balances, Beginning of Year</b>	<u>663,935</u>	<u>37,641</u>	<u>514,663</u>	<u>927,976</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 885,980</u>	<u>\$ 20,108</u>	<u>\$ 829,716</u>	<u>\$ 1,251,967</u>	<u>\$ 0</u>

	<b>Special Revenue Funds</b>				
	<b>Radio Communication Fund</b>	<b>J.A.G. Grant Fund</b>	<b>Tree Protection Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Equitable Sharing Trust Fund</b>
<b>Revenues</b>					
Taxes					
Intergovernmental		\$ 52,233			
Charges for Services					
Fines and Forfeitures	\$ 19,273		\$ 1,530	\$ 42,769	\$ 23,463
Other Revenue	2,704		422	11,819	5,319
<b>Total Revenues</b>	<u>21,977</u>	<u>52,233</u>	<u>1,952</u>	<u>54,588</u>	<u>28,782</u>
<b>Expenditures</b>					
Current:					
Public Safety	9,113			38,170	19,185
Physical Environment			152		
Roads and Streets					
Parks and Recreation					
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay	21,200			7,500	142,442
<b>(Total Expenditures)</b>	<u>(30,313)</u>	<u>0</u>	<u>(152)</u>	<u>(45,670)</u>	<u>(161,627)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(8,336)</u>	<u>52,233</u>	<u>1,800</u>	<u>8,918</u>	<u>(132,845)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in					
Transfers (out)		(52,233)			
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(52,233)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	(8,336)	0	1,800	8,918	(132,845)
<b>Fund Balances, Beginning of Year</b>	<u>189,281</u>	<u>0</u>	<u>6,194</u>	<u>58,325</u>	<u>585,683</u>
<b>Fund Balances, End of Year</b>	<u>\$ 180,945</u>	<u>\$ 0</u>	<u>\$ 7,994</u>	<u>\$ 67,243</u>	<u>\$ 452,838</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Concluded)**

	Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Infrastructure Surtax Bonds	Infrastructure Tax Capital Projects Fund	Dog Park Fund	
<b>Revenues</b>				
Taxes				\$ 2,466,723
Intergovernmental				189,761
Charges for Services			\$ 15,232	18,792
Fines and Forfeitures				100,167
Other Revenue	\$ 6,042	\$ 35,737	432	100,477
<b>Total Revenues</b>	<u>6,042</u>	<u>35,737</u>	<u>15,664</u>	<u>2,875,920</u>
<b>Expenditures</b>				
Current:				
Public Safety				97,345
Physical Environment		11,255		11,407
Roads and Streets				131,163
Parks and Recreation			10,032	149,653
Debt Service:				
Principal	955,000			955,000
Interest and Fees	38,722			38,722
Capital Outlay				175,392
<b>(Total Expenditures)</b>	<u>(993,722)</u>	<u>(11,255)</u>	<u>(10,032)</u>	<u>(1,558,682)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(987,680)</u>	<u>24,482</u>	<u>5,632</u>	<u>1,317,238</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	979,950			979,950
Transfers (out)			(15,000)	(1,576,711)
<b>Total Other Financing Sources (Uses)</b>	<u>979,950</u>	<u>0</u>	<u>(15,000)</u>	<u>(596,761)</u>
<b>Net Change in Fund Balance</b>	(7,730)	24,482	(9,368)	720,477
<b>Fund Balances, Beginning of Year</b>	<u>44,647</u>	<u>2,762,851</u>	<u>15,653</u>	<u>5,806,849</u>
<b>Fund Balances, End of Year</b>	<u>\$ 36,917</u>	<u>\$ 2,787,333</u>	<u>\$ 6,285</u>	<u>\$ 6,527,326</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 295,000	\$ 295,000	\$ 369,921	\$ 74,921
Other Revenue	3,500	3,500	11,745	8,245
<b>Total Revenues</b>	<u>298,500</u>	<u>298,500</u>	<u>381,666</u>	<u>83,166</u>
<b>Expenditures</b>				
Current:				
Parks and Recreation	176,678	176,678	139,621	37,057
<b>(Total Expenditures)</b>	<u>(176,678)</u>	<u>(176,678)</u>	<u>(139,621)</u>	<u>37,057</u>
<b>Excess of Revenues Over Expenditures</b>	121,822	121,822	242,045	120,223
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(20,000)	(20,000)	(20,000)	0
<b>Net Change in Fund Balance</b>	<u>\$ 101,822</u>	<u>\$ 101,822</u>	<u>\$ 222,045</u>	<u>\$ 120,223</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, 2017  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 6,000	\$ 6,000	\$ 13,132	\$ 7,132
Other Revenue	1,500	1,500	212	(1,288)
<b>Total Revenues</b>	<u>7,500</u>	<u>7,500</u>	<u>13,344</u>	<u>5,844</u>
<b>Expenditures</b>				
Current:				
Public Safety	60,000	60,000	30,877	29,123
<b>(Total Expenditures)</b>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(30,877)</u>	<u>29,123</u>
<b>Net Change in Fund Balance</b>	<u>\$ (52,500)</u>	<u>\$ (52,500)</u>	<u>\$ (17,533)</u>	<u>\$ 34,967</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 775,000	\$ 775,000	\$ 804,576	\$ 29,576
Charges for Services			3,560	3,560
Other Revenue	3,238	3,238	14,330	11,092
<b>Total Revenues</b>	<u>778,238</u>	<u>778,238</u>	<u>822,466</u>	<u>44,228</u>
<b>Expenditures</b>				
Current:				
Roads and Streets	354,571	386,040	131,163	254,877
Capital Outlay		31,251	4,250	27,001
<b>(Total Expenditures)</b>	<u>(354,571)</u>	<u>(417,291)</u>	<u>(135,413)</u>	<u>281,878</u>
<b>Excess of Revenues Over Expenditures</b>	423,667	360,947	687,053	326,106
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(372,000)</u>	<u>(372,000)</u>	<u>(372,000)</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>\$ 51,667</u>	<u>\$ (11,053)</u>	<u>\$ 315,053</u>	<u>\$ 326,106</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,160,000	\$ 1,160,000	\$ 1,292,226	\$ 132,226
Other Revenue	5,000	5,000	11,715	6,715
<b>Total Revenues</b>	<u>1,165,000</u>	<u>1,165,000</u>	<u>1,303,941</u>	<u>138,941</u>
<b>Expenditures</b>				
Current:				
General Government	1,500	1,500		1,500
Capital Outlay	195,000	195,000		195,000
<b>(Total Expenditures)</b>	<u>(196,500)</u>	<u>(196,500)</u>	<u>0</u>	<u>196,500</u>
<b>Excess of Revenues Over Expenditures</b>	968,500	968,500	1,303,941	335,441
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(979,950)</u>	<u>(979,950)</u>	<u>(979,950)</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>\$ (11,450)</u>	<u>\$ (11,450)</u>	<u>\$ 323,991</u>	<u>\$ 335,441</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, 2017  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 145,511	\$ 145,511	\$ 137,528	\$ (7,983)
<b>Total Revenues</b>	<u>145,511</u>	<u>145,511</u>	<u>137,528</u>	<u>(7,983)</u>
<b>Expenditures</b>				
<b>(Total Expenditures)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Revenues Over Expenditures</b>	145,511	145,511	137,528	(7,983)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(145,511)</u>	<u>(145,511)</u>	<u>(137,528)</u>	<u>7,983</u>
<b>Net Change in Fund Balance</b>	<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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 27,000	\$ 27,000	\$ 19,273	\$ (7,727)
Other Revenue	1,500	1,500	2,704	1,204
<b>Total Revenues</b>	<u>28,500</u>	<u>28,500</u>	<u>21,977</u>	<u>(6,523)</u>
<b>Expenditures</b>				
Current:				
Public Safety	10,000	10,000	9,113	887
Capital Outlay		27,888	21,200	6,688
<b>(Total Expenditures)</b>	<u>(10,000)</u>	<u>(37,888)</u>	<u>(30,313)</u>	<u>7,575</u>
<b>Net Change in Fund Balance</b>	<u>\$ 18,500</u>	<u>\$ (9,388)</u>	<u>\$ (8,336)</u>	<u>\$ 1,052</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 52,233	\$ 63,678	\$ 52,233	\$ (11,445)
<b>Total Revenues</b>	<u>52,233</u>	<u>63,678</u>	<u>52,233</u>	<u>(11,445)</u>
<b>Expenditures</b>				
<b>(Total Expenditures)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Revenues Over Expenditures</b>	52,233	63,678	52,233	(11,445)
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	<u>(52,233)</u>	<u>(63,678)</u>	<u>(52,233)</u>	<u>11,445</u>
<b>Net Change in Fund Balance</b>	<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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures			\$ 1,530	\$ 1,530
Other Revenue	\$ 100	\$ 100	422	322
<b>Total Revenues</b>	<u>100</u>	<u>100</u>	<u>1,952</u>	<u>1,852</u>
<b>Expenditures</b>				
Current:				
Physical Environment	3,000	3,000	152	2,848
<b>(Total Expenditures)</b>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(152)</u>	<u>2,848</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,900)</u>	<u>\$ (2,900)</u>	<u>\$ 1,800</u>	<u>\$ 4,700</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 42,769	\$ 37,769
Other Revenue	1,000	1,000	11,819	10,819
<b>Total Revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>54,588</u>	<u>48,588</u>
<b>Expenditures</b>				
Current:				
Public Safety	63,264	64,152	38,170	25,982
Capital Outlay		7,500	7,500	0
<b>(Total Expenditures)</b>	<u>(63,264)</u>	<u>(71,652)</u>	<u>(45,670)</u>	<u>25,982</u>
<b>Net Change in Fund Balance</b>	<u>\$ (57,264)</u>	<u>\$ (65,652)</u>	<u>\$ 8,918</u>	<u>\$ 74,570</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$ 10,000	\$ 10,000	\$ 23,463	\$ 13,463
Other Revenue	7,000	7,000	5,319	(1,681)
<b>Total Revenues</b>	<u>17,000</u>	<u>17,000</u>	<u>28,782</u>	<u>11,782</u>
<b>Expenditures</b>				
Current:				
Public Safety	26,000	51,400	19,185	32,215
Capital Outlay	149,000	214,714	142,442	72,272
<b>(Total Expenditures)</b>	<u>(175,000)</u>	<u>(266,114)</u>	<u>(161,627)</u>	<u>104,487</u>
<b>Net Change in Fund Balance</b>	<u>\$ (158,000)</u>	<u>\$ (249,114)</u>	<u>\$ (132,845)</u>	<u>\$ 116,269</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other Revenues	\$ 3,000	\$ 3,000	\$ 6,042	\$ 3,042
<b>Total Revenues</b>	<u>3,000</u>	<u>3,000</u>	<u>6,042</u>	<u>3,042</u>
<b>Expenditures</b>				
Debt Service:				
Principal	955,000	955,000	955,000	0
Interest and Fees	45,804	45,804	38,722	7,082
<b>(Total Expenditures)</b>	<u>(1,000,804)</u>	<u>(1,000,804)</u>	<u>(993,722)</u>	<u>7,082</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(997,804)	(997,804)	(987,680)	10,124
<b>Other Financing Sources (Uses)</b>				
Transfers in	979,950	979,950	979,950	0
<b>Net Change in Fund Balance</b>	<u>\$ (17,854)</u>	<u>\$ (17,854)</u>	<u>\$ (7,730)</u>	<u>\$ 10,124</u>

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<b>Assets</b>						
<b>Current Assets</b>						
Equity in Pooled Cash and Investments	\$ 4,046,768	\$ 4,048,987	\$ 307,364	\$ 792,309	\$ 2,670,287	\$ 11,865,715
Other Operating Cash			1,290			1,290
Receivables:						
Accounts, Net	162,767	420,073	2,947	3,963	195,011	784,761
Inventory		1,043,806	15,928			1,059,734
Prepaid Expenses			2,543	432		2,975
<b>Total Current Assets</b>	<u>4,209,535</u>	<u>5,512,866</u>	<u>330,072</u>	<u>796,704</u>	<u>2,865,298</u>	<u>13,714,475</u>
<b>Noncurrent Assets</b>						
Capital Assets:						
Land	1,057,992		388,980	28,000		1,474,972
Buildings and Improvements	23,683,255		1,977,219	761,138	5,420,019	31,841,631
Equipment	97,113	376,571	256,789	758,626		1,489,099
Construction in Progress	1,484,773					1,484,773
	<u>26,323,133</u>	<u>376,571</u>	<u>2,622,988</u>	<u>1,547,764</u>	<u>5,420,019</u>	<u>36,290,475</u>
(Accumulated Depreciation)	<u>(10,111,674)</u>	<u>(230,490)</u>	<u>(1,450,381)</u>	<u>(1,045,184)</u>	<u>(716,355)</u>	<u>(13,554,084)</u>
<b>Total Noncurrent Assets</b>	<u>16,211,459</u>	<u>146,081</u>	<u>1,172,607</u>	<u>502,580</u>	<u>4,703,664</u>	<u>22,736,391</u>
<b>Total Assets</b>	<u>20,420,994</u>	<u>5,658,947</u>	<u>1,502,679</u>	<u>1,299,284</u>	<u>7,568,962</u>	<u>36,450,866</u>
<b>Deferred Outflows of Resources</b>						
Pension Related	<u>76,047</u>	<u>67,134</u>	<u>202,838</u>	<u>0</u>	<u>0</u>	<u>346,019</u>

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2017**  
**CITY OF JACKSONVILLE BEACH, FLORIDA**  
*(Concluded)*

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 92,043	\$ 1,092,558	\$ 27,557	\$ 69	\$ 453,526	\$ 1,665,753
Power Costs Recovered in Advance					396,990	396,990
Other Accrued Liabilities	4,406	4,043	15,073	1,128	17,970	42,620
Unearned Revenues			36,964			36,964
Current Portion of Long-term Debt:						
Compensated Absences		7,286	12,050			19,336
<b>Total Current Liabilities</b>	<u>96,449</u>	<u>1,103,887</u>	<u>91,644</u>	<u>1,197</u>	<u>868,486</u>	<u>2,161,663</u>
<b>Noncurrent Liabilities</b>						
Accrued Compensated Absences		29,143	48,199			77,342
Other Postemployment Benefits	19,709		49,273			68,982
Net Pension Liability	143,123	170,265	460,192			773,580
<b>Total Noncurrent Liabilities</b>	<u>162,832</u>	<u>199,408</u>	<u>557,664</u>	<u>0</u>	<u>0</u>	<u>919,904</u>
<b>Total Liabilities</b>	<u>259,281</u>	<u>1,303,295</u>	<u>649,308</u>	<u>1,197</u>	<u>868,486</u>	<u>3,081,567</u>
<b>Deferred Inflows of Resources</b>						
Pension Related	<u>12,632</u>	<u>19,154</u>	<u>40,224</u>	<u>0</u>	<u>0</u>	<u>72,010</u>
<b>Net Position</b>						
Net Investment in Capital Assets	16,211,459	146,081	1,172,607	502,580	4,703,664	22,736,391
Unrestricted	4,013,669	4,257,551	(156,622)	795,507	1,996,812	10,906,917
<b>Total Net Position</b>	<u>\$ 20,225,128</u>	<u>\$ 4,403,632</u>	<u>\$ 1,015,985</u>	<u>\$ 1,298,087</u>	<u>\$ 6,700,476</u>	<u>\$ 33,643,308</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<b>Operating Revenues</b>						
Charges for Services	\$ 1,337,248	\$ 3,447,674	\$ 953,574		\$ 2,007,934	\$ 7,746,430
Other			588	\$ 588,606	60,252	649,446
<b>Total Operating Revenues</b>	<u>1,337,248</u>	<u>3,447,674</u>	<u>954,162</u>	<u>588,606</u>	<u>2,068,186</u>	<u>8,395,876</u>
<b>Operating Expenses</b>						
Purchased Power					1,086,038	1,086,038
Personal Services	205,511	249,230	605,518	11,950		1,072,209
Purchased Services	176,504	4,721,665	78,592	6,165	189,475	5,172,401
Repairs and Maintenance	45,061	10,257	68,173	216,793		340,284
Depreciation	779,784	51,580	95,580	175,773	125,275	1,227,992
Materials and Supplies	17,602	26,878	169,047		3,765	217,292
Other Expenses	253,003	143,653	292,114	14,217	101,937	804,924
<b>(Total Operating Expenses)</b>	<u>(1,477,465)</u>	<u>(5,203,263)</u>	<u>(1,309,024)</u>	<u>(424,898)</u>	<u>(1,506,490)</u>	<u>(9,921,140)</u>
<b>Operating (Loss) Income</b>	<u>(140,217)</u>	<u>(1,755,589)</u>	<u>(354,862)</u>	<u>163,708</u>	<u>561,696</u>	<u>(1,525,264)</u>
<b>Nonoperating Revenues (Expenses)</b>						
Investment Earnings	51,739	46,997	1,858	4,370	29,618	134,582
Intergovernmental Revenue		1,043,806				1,043,806
(Loss) on Disposal of Capital Assets	(29,883)					(29,883)
<b>Total Nonoperating Revenues (Expense)</b>	<u>21,856</u>	<u>1,090,803</u>	<u>1,858</u>	<u>4,370</u>	<u>29,618</u>	<u>1,148,505</u>
<b>(Loss) Income Before Contributions and Transfers</b>	<u>(118,361)</u>	<u>(664,786)</u>	<u>(353,004)</u>	<u>168,078</u>	<u>591,314</u>	<u>(376,759)</u>
<b>Capital Contributions</b>						
Contributions from Other Funds	492,363	0	0	0	0	492,363
<b>Transfers</b>						
Transfers in	927	5,462	309,583			315,972
Transfers (out)				(61,000)	(419,172)	(480,172)
<b>Total Transfers</b>	<u>927</u>	<u>5,462</u>	<u>309,583</u>	<u>(61,000)</u>	<u>(419,172)</u>	<u>(164,200)</u>
<b>Change in Net Position</b>	374,929	(659,324)	(43,421)	107,078	172,142	(48,596)
<b>Total Net Position, Beginning of Year</b>	19,850,199	5,062,956	1,059,406	1,191,009	6,528,334	33,691,904
<b>Total Net Position, End of Year</b>	<u>\$ 20,225,128</u>	<u>\$ 4,403,632</u>	<u>\$ 1,015,985</u>	<u>\$ 1,298,087</u>	<u>\$ 6,700,476</u>	<u>\$ 33,643,308</u>

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers and Users	\$ 1,329,192	\$ 2,374,831	\$ 951,241	\$ 596,939	\$ 1,775,552	\$ 7,027,755
Cash Payments to Vendors for Goods and Services	(487,602)	(4,041,926)	(599,734)	(739,129)	(997,084)	(6,865,475)
Cash Payments to Employees for Services	(201,442)	(242,623)	(587,728)	(11,950)		(1,043,743)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>640,148</u>	<u>(1,909,718)</u>	<u>(236,221)</u>	<u>(154,140)</u>	<u>778,468</u>	<u>(881,463)</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	927	5,462	309,583			315,972
Intergovernmental Revenue		1,043,806				1,043,806
Transfers (out)				(61,000)	(419,172)	(480,172)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>927</u>	<u>1,049,268</u>	<u>309,583</u>	<u>(61,000)</u>	<u>(419,172)</u>	<u>879,606</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition of Capital Assets	(121,770)	(1,712)	(12,119)	(2)	(901,026)	(1,036,629)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(121,770)</u>	<u>(1,712)</u>	<u>(12,119)</u>	<u>(2)</u>	<u>(901,026)</u>	<u>(1,036,629)</u>
<b>Cash Flows from Investing Activities</b>						
Interest Received on Investments	51,739	46,997	1,858	4,372	29,618	134,584
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	571,044	(815,165)	63,101	(210,770)	(512,112)	(903,902)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,475,724</u>	<u>4,864,152</u>	<u>245,553</u>	<u>1,003,079</u>	<u>3,182,399</u>	<u>12,770,907</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,046,768</u>	<u>\$ 4,048,987</u>	<u>\$ 308,654</u>	<u>\$ 792,309</u>	<u>\$ 2,670,287</u>	<u>\$ 11,867,005</u>

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA  
(Concluded)**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<b><u>Included on the Accompanying Balance Sheet</u></b>						
<b><u>Under the Following Captions</u></b>						
<b>Current Assets</b>						
Equity in Pooled Cash and Investments	\$ 4,046,768	\$ 4,048,987	\$ 307,364	\$ 792,309	\$ 2,670,287	\$ 11,865,715
Other Operating Cash			1,290			1,290
<b>Total</b>	<b><u>\$ 4,046,768</u></b>	<b><u>\$ 4,048,987</u></b>	<b><u>\$ 308,654</u></b>	<b><u>\$ 792,309</u></b>	<b><u>\$ 2,670,287</u></b>	<b><u>\$ 11,867,005</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net</u></b>						
<b><u>Cash Provided by (Used in) Operating Activities</u></b>						
Operating Income (Loss)	\$ (140,217)	\$ (1,755,589)	\$ (354,862)	\$ 163,708	\$ 561,696	\$ (1,525,264)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	779,784	51,580	95,580	175,773	125,275	1,227,992
Power Costs Recovered in Advance (Returned)					(268,249)	(268,249)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue Due from Other Governments	(8,056)	(29,037)	(2,947)	8,333	(24,385)	(56,092)
Inventories			1,116			1,116
Prepaid Expenses			689	(168)		521
Accounts Payable and Other Accrued Liabilities	4,568	860,527	6,387	(501,786)	384,131	753,827
Unearned Revenues			26			26
Accrued Compensated Absences		2,964	9,347			12,311
Other Postemployment Benefits	(140)		(10,274)			(10,414)
Net Pension Liability and Pension Related Deferred Inflows and Outflows	4,209	3,643	18,717			26,569
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 640,148</u></b>	<b><u>\$ (1,909,718)</u></b>	<b><u>\$ (236,221)</u></b>	<b><u>\$ (154,140)</u></b>	<b><u>\$ 778,468</u></b>	<b><u>\$ (881,463)</u></b>

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Fund</u>	<u>Other Internal Service Fund</u>	<u>Totals</u>
<b>Assets</b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Investments	\$ 2,569,257	\$ 1,264,149	\$ 3,833,406
Accounts Receivable, Net	229		229
Prepaid Expenses	1,093,687	5,580	1,099,267
Due from Other Governments		10,090	10,090
<b>Total Current Assets</b>	<u>3,663,173</u>	<u>1,279,819</u>	<u>4,942,992</u>
<b>Noncurrent Assets</b>			
Capital Assets:			
Buildings and Improvements		36,194	36,194
Equipment		901,716	901,716
	<u>0</u>	<u>937,910</u>	<u>937,910</u>
(Accumulated Depreciation)		(777,793)	(777,793)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>0</u>	<u>160,117</u>	<u>160,117</u>
<b>Total Assets</b>	<u>3,663,173</u>	<u>1,439,936</u>	<u>5,103,109</u>
<b>Deferred Outflows of Resources</b>			
Pension Related	<u>0</u>	<u>1,185,566</u>	<u>1,185,566</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	12,627	67,080	79,707
Other Accrued Liabilities	2,139	60,022	62,161
Estimated Liability for Self-insured Losses	370,230		370,230
Current Portion of Long-term Debt, Compensated Absences		160,638	160,638
<b>Total Current Liabilities</b>	<u>384,996</u>	<u>287,740</u>	<u>672,736</u>
<b>Noncurrent Liabilities</b>			
Accrued Compensated Absences		642,551	642,551
Net Pension Liability		2,510,698	2,510,698
<b>Total Noncurrent Liabilities</b>	<u>0</u>	<u>3,153,249</u>	<u>3,153,249</u>
<b>Total Liabilities</b>	<u>384,996</u>	<u>3,440,989</u>	<u>3,825,985</u>
<b>Deferred Inflows of Resources</b>			
Pension Related	<u>0</u>	<u>235,238</u>	<u>235,238</u>
<b>Net Position</b>			
Net Investment in Capital Assets		160,117	160,117
Unrestricted	3,278,177	(1,210,842)	2,067,335
<b>Total Net Position (Deficit)</b>	<u>\$ 3,278,177</u>	<u>\$ (1,050,725)</u>	<u>\$ 2,227,452</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Self-insurance Fund</b>	<b>Other Internal Service Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 3,870,744	\$ 7,627,324	\$ 11,498,068
Other Revenue		580	580
<b>Total Operating Revenues</b>	<u>3,870,744</u>	<u>7,627,904</u>	<u>11,498,648</u>
<b>Operating Expenses</b>			
Personal Services	108,884	4,130,883	4,239,767
Purchased Services	159,416	771,614	931,030
Repairs and Maintenance		294,499	294,499
Depreciation		57,505	57,505
Materials and Supplies		141,773	141,773
Other Expenses	3,634,333	1,903,831	5,538,164
<b>(Total Operating Expenses)</b>	<u>(3,902,633)</u>	<u>(7,300,105)</u>	<u>(11,202,738)</u>
<b>Operating (Loss) Income</b>	<u>(31,889)</u>	<u>327,799</u>	<u>295,910</u>
<b>Nonoperating Income (Expense)</b>			
Investment Earnings	46,552		46,552
Intergovernmental Revenue		10,090	10,090
Gain on Disposal of Capital Assets		10,610	10,610
<b>Total Nonoperating Income (Expense)</b>	<u>46,552</u>	<u>20,700</u>	<u>67,252</u>
<b>Income Before Transfers</b>	<u>14,663</u>	<u>348,499</u>	<u>363,162</u>
<b>Transfers</b>			
Transfers (out)		(326,776)	(326,776)
<b>Total Transfers</b>	<u>0</u>	<u>(326,776)</u>	<u>(326,776)</u>
<b>Change in Net Position</b>	14,663	21,723	36,386
<b>Total Net Position (Deficit), Beginning of Year</b>	<u>3,263,514</u>	<u>(1,072,448)</u>	<u>2,191,066</u>
<b>Total Net Position (Deficit), End of Year</b>	<u>\$ 3,278,177</u>	<u>\$ (1,050,725)</u>	<u>\$ 2,227,452</u>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Self-insurance Fund</b>	<b>Other Internal Service Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers and Users	\$ 4,133,842	\$ 7,617,814	\$ 11,751,656
Cash Payments to Vendors for Goods and Services	(3,572,446)	(3,179,084)	(6,751,530)
Cash Payments to Employees for Services	(108,884)	(4,023,115)	(4,131,999)
Claims Paid	(298,028)		(298,028)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>154,484</b>	<b>415,615</b>	<b>570,099</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Intergovernmental Revenue		10,090	10,090
Transfers (out)		(148,159)	(148,159)
<b>Total Cash Flows from Noncapital Financing Activities</b>	<b>0</b>	<b>(138,069)</b>	<b>(138,069)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	0	(87,510)	(87,510)
<b>Cash Flows from Investing Activities</b>			
Interest Received on Investments	46,552	0	46,552
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>201,036</b>	<b>190,036</b>	<b>391,072</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,368,221</b>	<b>1,074,113</b>	<b>3,442,334</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,569,257</b>	<b>\$ 1,264,149</b>	<b>\$ 3,833,406</b>
<b><u>Included on the Accompanying Balance Sheet Under the Following Captions</u></b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Investments	\$ 2,569,257	\$ 1,264,149	\$ 3,833,406
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>			
Operating Income (Loss)	\$ (31,889)	\$ 327,799	\$ 295,910
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		57,505	57,505
Change in Estimated Liability for Self-insured Losses	(90,724)		(90,724)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
A/R and Unbilled Revenue	263,098		263,098
Due from Other Governments		(10,090)	(10,090)
Prepaid Expenses	8,543	(5,580)	2,963
Accounts Payable and Other Accrued Liabilities	5,456	(61,787)	(56,331)
Accrued Compensated Absences		30,231	30,231
Net Pension Liability and Pension Related Deferred Inflows and Outflows		77,537	77,537
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 154,484</b>	<b>\$ 415,615</b>	<b>\$ 570,099</b>

**SCHEDULE OF COMBINING BALANCE SHEET  
COMMUNITY REDEVELOPMENT FUND  
SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Downtown Redevelopment District</b>	<b>Southend Redevelopment District</b>	<b>Totals</b>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 15,443,954	\$ 7,736,094	\$ 23,180,048
Assessments, Net		1,282	1,282
<b>Total Assets</b>	<u>15,443,954</u>	<u>7,737,376</u>	<u>23,181,330</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	256,564	30,558	287,122
Other Accrued Liabilities	492,084	134,643	626,727
<b>Total Liabilities</b>	<u>748,648</u>	<u>165,201</u>	<u>913,849</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenues	<u>0</u>	<u>1,282</u>	<u>1,282</u>
<b>Fund Balances</b>			
Restricted for:			
Redevelopment	<u>14,695,306</u>	<u>7,570,893</u>	<u>22,266,199</u>
<b>Total Fund Balances</b>	<u>14,695,306</u>	<u>7,570,893</u>	<u>22,266,199</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 15,443,954</u>	<u>\$ 7,737,376</u>	<u>\$ 23,181,330</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<b>Downtown Redevelopment District</b>	<b>Southend Redevelopment District</b>	<b>Totals</b>
<b>Revenues</b>			
Taxes	\$ 5,701,752	\$ 3,767,176	\$ 9,468,928
Interest and Other Revenue	255,406	124,775	380,181
<b>Total Revenues</b>	<u>5,957,158</u>	<u>3,891,951</u>	<u>9,849,109</u>
<b>Expenditures</b>			
Current:			
General Government	585,406	114,628	700,034
Public Safety	795,670		795,670
Capital Outlay	3,828,795	3,354,587	7,183,382
<b>(Total Expenditures)</b>	<u>(5,209,871)</u>	<u>(3,469,215)</u>	<u>(8,679,086)</u>
<b>Net Change in Fund Balances</b>	747,287	422,736	1,170,023
<b>Fund Balances, Beginning of Year</b>	<u>13,948,019</u>	<u>7,148,157</u>	<u>21,096,176</u>
<b>Fund Balances, End of Year</b>	<u>\$ 14,695,306</u>	<u>\$ 7,570,893</u>	<u>\$ 22,266,199</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, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Charges for Services	\$ 98,097,641	\$ 93,797,814	\$ (4,299,827)
Other	250,231	649,438	399,207
<b>Total Operating Revenues</b>	<u>98,347,872</u>	<u>94,447,252</u>	<u>(3,900,620)</u>
<b>Operating Expenses</b>			
Purchased Power	61,693,875	56,884,210	4,809,665
Personal Services	9,449,776	8,544,542	905,234
Purchased Services	2,620,467	2,319,544	300,923
Repairs and Maintenance	1,400,403	1,058,791	341,612
Materials and Supplies	1,066,928	1,018,061	48,867
Other Expenses	7,168,387	6,699,456	468,931
<b>(Total Operating Expenses)</b>	<u>(83,399,836)</u>	<u>(76,524,604)</u>	<u>6,875,232</u>
<b>Operating Income</b>	<u>14,948,036</u>	<u>17,922,648</u>	<u>2,974,612</u>
<b>Nonoperating Income (Expense)</b>			
Investment Earnings	560,241	456,840	(103,401)
Interest Expense	(578,688)	(559,188)	19,500
Connection Fees	145,000	214,382	69,382
Intergovernmental Revenue		474,371	474,371
Gain on Disposal of Capital Assets	40,000	(329,927)	(369,927)
Capital Outlay	(24,425,768)	(13,529,486)	10,896,282
System Removal Costs		(33,605)	(33,605)
Debt Service Principal	(3,800,000)	(3,799,999)	1
Developer Contributions	86,000		(86,000)
<b>Total Nonoperating Income (Expense)</b>	<u>(27,973,215)</u>	<u>(17,106,612)</u>	<u>10,866,603</u>
<b>Income Before Operating Transfers</b>	<u>(13,025,179)</u>	<u>816,036</u>	<u>13,841,215</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	316,730	316,730	0
Transfers (out)	(3,857,665)	(3,857,665)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(3,540,935)</u>	<u>(3,540,935)</u>	<u>0</u>
<b>Net Income</b>	<u>\$ (16,566,114)</u>	<u>\$ (2,724,899)</u>	<u>\$ 13,841,215</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS  
TO BUDGETARY BASIS  
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

<b>Net Income - Financial Statement Basis</b>	<u>\$ 7,954,480</u>
<b>Adjustments</b>	
Depreciation	7,941,920
Capital Outlay, Purchased	(13,529,486)
Capital Outlay, Developer Contributions	(446,770)
Contributions from Other Funds	(909,646)
Removal Costs	(33,605)
Debt Service, Principal	(3,799,999)
Amortization:	
Bond Premium	(145,163)
Loss on Refunding	243,370
<b>(Total Adjustments)</b>	<u>(10,679,379)</u>
<b>Net Income - Budgetary Basis</b>	<u>\$ (2,724,899)</u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED  
 UNDER UTILITY REVENUE BOND COVENANTS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016  
 CITY OF JACKSONVILLE BEACH, FLORIDA**

**Utility Customers Connected and Active**

	<u>2017</u>	<u>2016</u>
<b>Electrical Customers</b>		
Jacksonville Beach	14,670	14,638
Neptune Beach	3,968	3,995
Other	16,100	16,078
<b>Total Electrical Customers</b>	<u>34,738</u>	<u>34,711</u>
<b>Water and Wastewater Customers</b>		
Water	10,484	10,369
Wastewater	10,321	10,191
<b>Total Water and Wastewater Customers</b>	<u>20,805</u>	<u>20,560</u>

**Insurance in Existence**

**Electrical Department**

Buildings, Equipment, Transformers, Regulators, Substations, and Equipment	<u>\$ 53,634,541</u>	<u>\$ 53,292,617</u>
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**Water Department**

Buildings and Equipment	<u>\$ 46,386,428</u>	<u>\$ 45,283,906</u>
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**General Liability**

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

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

**STATISTICAL SECTION**  
**(UNAUDITED)**

## Statistical Section (Unaudited)

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

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

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 73,400,569	\$ 76,567,062	\$ 72,717,821	\$ 74,132,348	\$ 78,634,891	\$ 80,880,510	\$ 85,081,323	\$ 86,383,735	\$ 91,291,193	\$ 97,360,044
Restricted	11,541,695	13,288,522	9,884,908	11,180,126	12,516,772	15,266,981	18,203,910	23,230,058	27,183,762	29,102,410
Unrestricted	14,225,981	12,122,024	13,645,936	13,566,703	13,523,810	14,624,127	15,803,521	9,601,684	12,564,372	11,440,106
<b>Total Governmental Activities Net Position</b>	<u>99,168,245</u>	<u>101,977,608</u>	<u>96,248,665</u>	<u>98,879,177</u>	<u>104,675,473</u>	<u>110,771,618</u>	<u>119,088,754</u>	<u>119,215,477</u>	<u>131,039,327</u>	<u>137,902,560</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	97,378,366	105,424,647	129,851,305	139,702,686	142,057,214	145,354,194	151,886,547	155,027,489	157,675,660	168,296,227
Restricted	2,582,388	2,587,835	2,571,810	2,751,550	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted	50,577,648	55,315,006	53,044,615	54,673,702	57,678,739	58,458,710	61,548,916	62,652,866	68,166,503	65,451,820
<b>Total Business-type Activities Net Position</b>	<u>150,538,402</u>	<u>163,327,488</u>	<u>185,467,730</u>	<u>197,127,938</u>	<u>201,735,953</u>	<u>205,812,904</u>	<u>215,435,463</u>	<u>219,680,355</u>	<u>227,842,163</u>	<u>235,748,047</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	170,778,935	181,991,709	202,569,126	213,835,034	220,692,105	226,234,704	236,967,870	241,411,224	248,966,853	265,656,271
Restricted	14,124,083	15,876,357	12,456,718	13,931,676	14,516,772	17,266,981	20,203,910	25,230,058	29,183,762	31,102,410
Unrestricted	64,803,629	67,437,030	66,690,551	68,240,405	71,202,549	73,082,837	77,352,437	72,254,550	80,730,875	76,891,926
<b>Total Primary Government Net Position</b>	<u>\$ 249,706,647</u>	<u>\$ 265,305,096</u>	<u>\$ 281,716,395</u>	<u>\$ 296,007,115</u>	<u>\$ 306,411,426</u>	<u>\$ 316,584,522</u>	<u>\$ 334,524,217</u>	<u>\$ 338,895,832</u>	<u>\$ 358,881,490</u>	<u>\$ 373,650,607</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 3,072,996	\$ 3,002,929	\$ 2,773,496	\$ 2,851,860	\$ 2,141,571	\$ 2,695,018	\$ 2,481,148	\$ 3,327,768	\$ 2,493,191	\$ 3,284,283
Law Enforcement	7,993,757	8,373,116	8,551,929	8,527,985	8,604,107	8,597,705	8,644,124	6,158,188	9,020,136	10,008,845
Fire Control	3,480,364	3,336,130	3,540,877	3,612,558	3,796,759	3,788,360	3,697,834	1,972,069	3,827,130	4,183,046
Building Inspections	582,524	554,407	448,328	459,024	427,941	440,927	436,897	498,870	510,092	531,696
Physical Environment	348,893	25,401	367,166	365,433	380,328	355,032	356,947	356,095	356,268	446,496
Roads and Streets	2,993,898	2,419,751	5,531,743	2,644,514	3,548,624	3,073,673	2,937,071	3,936,380	2,713,668	2,794,320
Human Services	72,908	102,705	81,754	20,000	20,000	10,296	0	0	0	0
Parks and Recreation	2,767,921	3,432,407	2,920,198	2,963,644	2,945,435	2,645,363	2,840,920	3,141,474	3,134,179	3,502,497
Interest on Long-term Debt	799,470	714,233	626,709	535,930	393,170	224,307	167,258	116,801	74,599	38,722
Total Governmental Activities Expenses	22,112,731	21,961,079	24,842,200	21,980,948	22,257,935	21,830,681	21,562,199	19,507,645	22,129,263	24,789,905
Business-type Activities:										
Electric	91,773,891	94,504,462	92,079,658	79,898,012	75,056,538	79,640,256	78,915,218	74,983,356	74,126,043	76,095,735
Water and Sewer	8,736,166	8,130,979	8,567,596	8,662,357	8,327,251	10,267,198	8,919,844	8,835,376	9,008,417	9,358,111
Stormwater	1,102,946	1,141,190	1,202,504	1,293,782	1,291,954	1,376,128	1,307,367	1,190,742	1,290,008	1,507,348
Sanitation	3,184,459	3,078,358	3,040,014	3,011,321	3,150,288	3,197,294	3,201,492	3,320,470	3,362,128	5,203,263
Golf Course	1,677,223	1,646,381	1,675,714	1,537,817	1,391,476	1,381,008	1,346,173	1,471,132	1,268,556	1,309,024
Leased Facilities	341,061	473,711	369,927	376,748	271,007	280,629	267,406	265,349	278,923	424,898
Natural Gas	0	1,323	99,804	897,732	1,187,673	1,359,485	1,529,129	1,350,599	1,201,664	1,506,490
Total Business-type Activities Expenses	106,815,746	108,976,404	107,035,217	95,677,769	90,676,187	97,501,998	95,486,629	91,417,024	90,535,739	95,404,869
<b>Total Primary Government Expenses</b>	<b>128,928,477</b>	<b>130,937,483</b>	<b>131,877,417</b>	<b>117,658,717</b>	<b>112,934,122</b>	<b>119,332,679</b>	<b>117,048,828</b>	<b>110,924,669</b>	<b>112,665,002</b>	<b>120,194,774</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	344,011	353,199	334,774	54,617	53,182	66,802	74,677	77,737	73,132	65,947
Law Enforcement	264,479	697,090	207,411	145,164	156,311	163,486	169,424	187,102	187,762	131,667
Building Inspections	521,039	323,726	347,700	257,693	267,879	372,025	563,934	656,045	683,556	604,421
Physical Environment	52,656	40,667	52,029	23,866	14,791	8,619	3,758	15,238	12,371	15,185
Roads and Streets	3,560	3,120	25,085	129,850	229,084	217,998	177,144	200,975	170,746	163,799
Parks and Recreation	66,325	129,393	75,389	104,251	107,867	107,199	126,804	125,443	121,342	160,132
Operating Grants and Contributions	1,196,752	1,261,790	1,190,906	1,403,135	1,022,748	1,553,819	1,165,743	1,149,520	1,105,992	1,424,306
Capital Grants and Contributions	3,168,120	606,676	1,427,044	1,901,182	1,344,895	142,918	863,473	328,049	53,564	52,233
Total Governmental Activities										
Program Revenues	5,616,942	3,415,661	3,660,338	4,019,758	3,196,757	2,632,866	3,144,957	2,740,109	2,408,465	2,617,690

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues (Concluded)</b>										
Business-type Activities:										
Charges for Services:										
Electric	\$ 99,402,126	\$ 102,109,894	\$ 99,335,420	\$ 87,488,045	\$ 79,918,545	\$ 87,349,935	\$ 86,218,701	\$ 81,912,342	\$ 82,096,562	\$ 81,444,806
Water and Sewer	8,114,095	8,285,652	8,799,017	9,025,798	9,285,736	10,167,014	10,793,248	11,675,568	12,459,297	13,002,446
Stormwater	1,223,464	1,240,510	1,242,265	1,232,483	1,249,882	1,262,661	1,273,921	1,294,802	1,314,783	1,337,248
Sanitation	3,180,523	3,156,520	3,146,460	3,091,891	3,116,899	3,177,369	3,218,670	3,235,626	3,333,899	3,447,674
Golf Course	1,596,557	1,254,826	1,336,243	1,359,474	1,388,195	1,314,521	1,271,338	1,140,725	984,317	954,162
Leased Facilities	494,476	498,717	541,785	570,920	551,647	611,679	621,022	476,548	528,391	588,606
Natural Gas	0	0	89,255	1,114,296	1,579,134	1,729,246	2,100,135	2,017,973	1,869,071	2,068,186
Operating Grants and Contributions	299,832	(265,331)	306,715	0	196,737	6,713	0	0	0	1,518,177
Capital Grants and Contributions	1,169,269	2,988,839	6,430,278	1,888,820	996,393	620,087	3,154,807	861,845	489,894	661,152
Total Business-type Activities	115,480,342	119,269,627	121,227,438	105,771,727	98,283,168	106,239,225	108,651,842	102,615,429	103,076,214	105,022,457
<b>Total Primary Government Program Revenues</b>	<b>121,097,284</b>	<b>122,685,288</b>	<b>124,887,776</b>	<b>109,791,485</b>	<b>101,479,925</b>	<b>108,872,091</b>	<b>111,796,799</b>	<b>105,355,538</b>	<b>105,484,679</b>	<b>107,640,147</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(16,495,789)	(18,545,418)	(21,181,862)	(17,961,190)	(19,061,178)	(19,197,815)	(18,417,242)	(16,767,536)	(19,720,798)	(22,172,215)
Business-type Activities	8,664,596	10,293,223	14,192,221	10,093,958	7,606,981	8,737,227	13,165,213	11,198,405	12,540,475	9,617,588
<b>Total Primary Government Net Expense</b>	<b>(7,831,193)</b>	<b>(8,252,195)</b>	<b>(6,989,641)</b>	<b>(7,867,232)</b>	<b>(11,454,197)</b>	<b>(10,460,588)</b>	<b>(5,252,029)</b>	<b>(5,569,131)</b>	<b>(7,180,323)</b>	<b>(12,554,627)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes	15,325,208	16,020,874	15,625,045	15,969,619	14,412,386	14,029,971	15,137,151	15,906,918	16,942,109	18,050,950
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	1,062,472	973,627	944,140	975,611	997,077	1,055,321	1,112,859	1,195,504	1,242,584	1,300,026
Communication Service Tax	1,416,442	1,385,211	1,275,419	1,074,935	1,221,709	1,472,566	1,158,559	1,109,765	1,168,470	1,080,151
Convention Development Tax	235,080	208,957	220,694	221,509	224,402	283,358	298,019	344,940	363,370	372,921
Fuel Taxes	783,579	725,730	747,903	742,603	708,396	709,816	719,143	765,325	797,149	806,576
Other Taxes	0	0	273,107	252,578	611,181	628,673	718,854	702,174	728,276	653,051
State-shared Revenues	2,617,563	2,470,415	2,434,706	2,535,819	2,537,879	2,697,673	2,830,039	3,022,878	3,120,537	3,290,116
Other Intergovernmental Revenues	38,334	33,964	35,033	33,681	33,504	0	64,142	32,343	31,883	41,756
Interest	1,811,187	1,030,966	663,193	373,674	656,852	152,872	511,269	947,694	1,344,885	805,131
Miscellaneous	225,061	4,736	21,916	185,037	254,892	217,694	148,707	245,617	146,118	326,364
Net Transfers	3,505,525	(1,908,495)	(7,152,937)	(930,957)	3,757,807	4,355,039	4,030,356	3,236,898	5,653,987	2,303,126
Total Governmental Activities	27,025,731	20,951,265	15,093,499	21,439,389	25,421,365	25,608,263	26,734,378	27,515,336	31,544,648	29,035,448
Business-type Activities:										
Interest	1,267,824	606,533	795,084	610,607	758,841	55,453	487,702	1,019,905	1,275,320	591,422
Miscellaneous	25,156	(19,165)	0	0	0	0	0	0	0	0
Net Transfers	(3,505,525)	1,908,495	7,152,937	930,957	(3,757,807)	(4,355,039)	(4,030,356)	(3,236,898)	(5,653,987)	(2,303,126)
Total Business-type Activities	(2,212,545)	2,495,863	7,948,021	1,541,564	(2,998,966)	(4,299,586)	(3,542,654)	(2,216,993)	(4,378,667)	(1,711,704)
<b>Total Primary Government</b>	<b>24,813,186</b>	<b>23,447,128</b>	<b>23,041,520</b>	<b>22,980,953</b>	<b>22,422,399</b>	<b>21,308,677</b>	<b>23,191,724</b>	<b>25,298,343</b>	<b>27,165,981</b>	<b>27,323,744</b>
<b>Change in Net Position</b>										
Governmental Activities	10,529,942	2,405,847	(6,088,363)	3,478,199	5,796,296	6,410,448	8,317,136	10,747,800	11,823,850	6,863,233
Business-type Activities	6,452,051	12,789,086	22,140,242	11,635,522	4,608,015	4,437,641	9,622,559	8,981,412	8,161,808	7,905,884
<b>Total Primary Government</b>	<b>\$ 16,981,993</b>	<b>\$ 15,194,933</b>	<b>\$ 16,051,879</b>	<b>\$ 15,113,721</b>	<b>\$ 10,404,311</b>	<b>\$ 10,848,089</b>	<b>\$ 17,939,695</b>	<b>\$ 19,729,212</b>	<b>\$ 19,985,658</b>	<b>\$ 14,769,117</b>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Fund</b>										
Pre-GASB 54:										
Reserved	\$ 190,292	\$ 140,701	\$ 114,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	7,266,918	7,879,457	8,258,521	0	0	0	0	0	0	0
Post-GASB 54:										
Nonspendable	0	0	0	18,000	41,640	41,640	0	0	1,807	77
Committed	0	0	0	4,529,922	4,447,636	4,755,631	4,922,833	5,069,431	5,168,956	5,540,793
Assigned	0	0	0	3,723,744	4,607,248	4,243,808	4,560,255	4,312,870	5,050,075	5,029,759
<b>Total General Fund</b>	<u>\$ 7,457,210</u>	<u>\$ 8,020,158</u>	<u>\$ 8,372,963</u>	<u>\$ 8,271,666</u>	<u>\$ 9,096,524</u>	<u>\$ 9,041,079</u>	<u>\$ 9,483,088</u>	<u>\$ 9,382,301</u>	<u>\$ 10,220,838</u>	<u>\$ 10,570,629</u>
<b>All Other Governmental Funds</b>										
Pre-GASB 54:										
Reserved	\$ 20,332,022	\$ 18,906,029	\$ 15,246,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, Reported in:										
Special Revenue Funds	538,436	313,426	808,007	0	0	0	0	0	0	0
Debt Service Funds	50,777	50,146	54,227	0	0	0	0	0	0	0
Capital Projects Fund	5,219,459	3,989,455	4,507,823	0	0	0	0	0	0	0
Post-GASB 54:										
Restricted	0	0	0	14,163,932	15,417,977	14,965,981	17,824,995	22,860,797	26,836,531	28,742,329
Committed	0	0	0	12,756	6,548	6,549	5,955	6,066	6,194	7,994
Assigned	0	0	0	5,850,337	4,737,290	6,087,493	6,612,462	6,637,001	7,934,432	7,362,439
<b>Total All Other Governmental Funds</b>	<u>\$ 26,140,694</u>	<u>\$ 23,259,056</u>	<u>\$ 20,616,434</u>	<u>\$ 20,027,025</u>	<u>\$ 20,161,815</u>	<u>\$ 21,060,023</u>	<u>\$ 24,443,412</u>	<u>\$ 29,503,864</u>	<u>\$ 34,777,157</u>	<u>\$ 36,112,762</u>

**Note:**

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 18,835,061	\$ 19,342,679	\$ 19,109,588	\$ 19,241,635	\$ 18,192,431	\$ 18,144,485	\$ 19,178,564	\$ 20,021,606	\$ 21,228,237	\$ 22,273,155
Licenses and Permits	608,246	618,240	229,564	261,309	367,855	559,485	568,985	682,161	679,820	592,151
Intergovernmental	4,215,103	4,750,430	5,687,676	3,970,159	3,719,817	3,808,754	3,930,997	4,079,434	4,207,812	4,665,075
Charges for Services	257,255	181,526	289,680	763,837	696,313	465,176	388,582	356,036	351,926	382,336
Fines and Forfeitures	743,505	298,613	510,579	234,427	701,853	277,193	305,076	332,099	259,869	239,465
Interest and Other Revenue	2,058,022	1,227,435	836,043	479,251	891,669	411,091	717,985	1,173,919	1,450,768	1,126,585
<b>Total Revenues</b>	<b>26,717,192</b>	<b>26,418,923</b>	<b>26,663,130</b>	<b>24,950,618</b>	<b>24,569,938</b>	<b>23,666,184</b>	<b>25,090,189</b>	<b>26,645,255</b>	<b>28,178,432</b>	<b>29,278,767</b>
<b>Expenditures</b>										
Current:										
General Government	2,585,363	2,570,445	2,257,807	2,294,556	2,141,672	2,078,157	2,413,022	2,862,341	2,556,750	2,800,432
Public Safety	11,455,467	11,847,147	12,125,856	12,232,634	12,397,347	12,431,333	11,993,522	12,649,752	12,874,674	13,350,078
Physical Environment	12,435	25,401	507,257	21,756	36,651	11,355	13,270	11,417	9,651	81,029
Roads and Streets	2,508,986	1,761,805	2,484,625	1,879,617	2,640,093	1,855,298	1,799,476	2,886,824	1,584,109	1,769,416
Human Services	72,908	102,705	81,754	20,000	20,000	10,296	0	0	0	0
Parks and Recreation	2,583,648	2,668,329	2,525,052	2,541,479	2,436,193	2,461,887	2,419,924	2,739,420	2,783,261	2,900,618
Debt Service:										
Principal	2,346,929	2,471,321	2,567,041	2,665,155	2,484,674	2,243,579	1,865,466	1,545,800	1,581,880	955,000
Interest	799,470	714,236	626,709	535,930	393,170	224,307	167,258	116,801	74,599	38,722
Capital Outlay	8,804,664	5,905,526	6,730,724	3,527,703	4,797,283	5,953,542	4,508,926	2,689,003	4,757,047	9,551,371
<b>(Total Expenditures)</b>	<b>(31,169,870)</b>	<b>(28,066,915)</b>	<b>(29,906,825)</b>	<b>(25,718,830)</b>	<b>(27,347,083)</b>	<b>(27,269,754)</b>	<b>(25,180,864)</b>	<b>(25,501,358)</b>	<b>(26,221,971)</b>	<b>(31,446,666)</b>
<b>(Deficiency) of Revenues</b>										
<b>(Under) Expenditures</b>	<b>(4,452,678)</b>	<b>(1,647,992)</b>	<b>(3,243,695)</b>	<b>(768,212)</b>	<b>(2,777,145)</b>	<b>(3,603,570)</b>	<b>(90,675)</b>	<b>1,143,897</b>	<b>1,956,461</b>	<b>(2,167,899)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from Borrowing	0	0	0	0	6,495,000	0	0	0	0	0
Principal - Current Refundings	0	0	0	0	(6,495,000)	0	0	0	0	0
Transfers in	7,441,787	6,660,953	6,683,933	6,898,043	5,730,018	6,948,406	6,930,317	7,550,022	7,466,111	7,188,855
Transfers (out)	(3,760,686)	(7,490,490)	(5,730,055)	(6,795,851)	(1,993,225)	(2,502,073)	(3,014,244)	(3,734,254)	(3,310,742)	(3,335,560)
<b>Total Other Financing Sources (Uses)</b>	<b>3,681,101</b>	<b>(829,537)</b>	<b>953,878</b>	<b>102,192</b>	<b>3,736,793</b>	<b>4,446,333</b>	<b>3,916,073</b>	<b>3,815,768</b>	<b>4,155,369</b>	<b>3,853,295</b>
<b>Net Change in Fund Balance</b>	<b>\$ (771,577)</b>	<b>\$ (2,477,529)</b>	<b>\$ (2,289,817)</b>	<b>\$ (666,020)</b>	<b>\$ 959,648</b>	<b>\$ 842,763</b>	<b>\$ 3,825,398</b>	<b>\$ 4,959,665</b>	<b>\$ 6,111,830</b>	<b>\$ 1,685,396</b>
<b>Debt Service as a % of Noncapital Expenditures*</b>	14.5%	14.7%	14.4%	14.9%	13.0%	11.9%	9.9%	7.5%	7.8%	4.6%

\* 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**

<b>FY Ended September 30,</b>	<b>Assessed Taxable Values</b>			<b>Tax-Exempt Property</b>	<b>Estimated Actual Value (1)</b>	<b>Total Direct Tax Rate (2)</b>	<b>Taxable Assessed Value as a % of Actual Value</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>				
2008	\$ 3,089,463,181	\$ 90,297,385	\$ 3,179,760,566	\$ 1,268,800,772	\$ 4,448,561,338	3.6556	71.48%
2009	3,123,832,280	74,861,428	3,198,693,708	1,305,647,708	4,504,341,416	3.6940	71.01%
2010	2,972,830,597	75,403,738	3,048,234,335	1,249,263,603	4,297,497,938	3.8180	70.93%
2011	2,729,906,452	70,349,911	2,800,256,363	1,072,136,657	3,872,393,020	4.0947	72.31%
2012	2,466,653,081	61,937,314	2,528,590,395	909,443,385	3,438,033,780	4.0947	73.55%
2013	2,403,105,199	64,283,151	2,467,388,350	862,135,188	3,329,523,538	4.0947	74.11%
2014	2,428,035,702	63,450,619	2,491,486,321	865,057,320	3,356,543,641	4.0947	74.23%
2015	2,600,643,517	66,537,759	2,667,181,276	1,109,561,873	3,776,743,149	3.9947	70.62%
2016	2,814,151,792	80,641,926	2,894,793,718	1,259,519,810	4,154,313,528	3.8947	69.68%
2017	3,027,805,594	96,405,964	3,124,211,558	1,340,803,509	4,465,015,067	3.7947	69.97%

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

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

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

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

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

<b>Fiscal Year</b> <b>September 30,</b>	<b>Direct Rates (1)</b>	<b>Overlapping Rates</b>			<b>Duval</b> <b>County</b>	<b>Total</b> <b>Millage Rate</b>
	<b>City of</b> <b>Jacksonville Beach</b>	<b>Florida Inland</b> <b>Navigation</b>	<b>Water Management</b> <b>District</b>	<b>School District</b>		
2008	3.6556	0.0345	0.4158	7.7550	5.1934	17.0543
2009	3.6940	0.0345	0.4158	7.5610	5.1934	16.8987
2010	3.8180	0.0345	0.4158	7.5820	5.4480	17.2983
2011	4.0947	0.0345	0.4158	7.8440	6.7446	19.1336
2012	4.0947	0.0345	0.3313	7.5530	6.7446	18.7581
2013	4.0947	0.0345	0.3313	7.6000	6.7446	18.8051
2014	4.0947	0.0345	0.3283	7.3880	8.1512	19.9967
2015	3.9947	0.0345	0.3164	7.3050	8.1512	19.8018
2016	3.8947	0.0320	0.3023	7.1170	8.1512	19.4972
2017	3.7947	0.0320	0.2885	6.8020	8.1512	19.0684

**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 2017 and Nine Years Ago**

	2017			2008		
	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	\$ 37,134,700	1	1.23%			
Courtyard Marriot	24,346,740	2	0.80%	\$ 9,622,700	8	0.31%
Hampton Inn Oceanfront	23,840,850	3	0.79%			
Ocean Park Partnership, Ltd.	23,290,300	4	0.77%	20,148,700	2	0.65%
South Beach Regional Shopping Center	18,362,949	5	0.61%	23,234,000	1	0.75%
Pablo Plaza	14,685,307	6	0.49%	14,220,500	4	0.46%
Marsh Landing Plaza	11,799,700	7	0.39%			
South Beach Parkway Shopping Center	11,687,600	8	0.39%	12,910,100	5	0.42%
Beach Marine	11,599,100	9	0.38%	11,916,779	6	0.39%
Adventure Landing Amusement Park	9,479,391	10	0.31%			
Comfort Inn				15,811,800	3	0.51%
Dayton Hudson (Target)				9,881,100	7	0.32%
Gordon Bank				9,467,700	9	0.31%
Ashford Courtassisted Living				9,043,386	10	0.29%
<b>Total</b>	<u>\$ 186,226,637</u>		<u>6.16%</u>	<u>\$ 136,256,765</u>		<u>4.41%</u>
<b>Total Assessed Real Property Valuation from Schedule 5</b>	<u>\$ 3,027,805,594</u>			<u>\$ 3,089,463,181</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>
2008	\$ 8,510,330	\$ 7,994,927	93.94%	\$ 77,060	\$ 8,071,987	94.85%
2009	8,369,112	7,972,842	95.27%	44,241	8,017,083	95.79%
2010	8,297,074	7,717,072	93.01%	59,334	7,776,406	93.72%
2011	8,226,648	7,614,044	92.55%	46,735	7,660,779	93.12%
2012	7,494,073	7,008,399	93.52%	54,150	7,062,549	94.24%
2013	7,365,825	6,886,688	93.50%	88,106	6,974,794	94.69%
2014	7,412,686	7,017,198	94.66%	54,624	7,071,822	95.40%
2015	7,756,009	7,351,558	94.79%	48,357	7,399,915	95.41%
2016	8,292,080	7,845,052	94.61%	66,708	7,911,760	95.41%
2017	8,699,388	8,008,400	92.06%	423,672	8,432,072	96.93%

**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)	
2008	\$ 10,754,919	\$ 0	\$ 9,095,000	\$ 19,849,919	\$ 27,576,980	\$ 836	\$ 19,243,020	\$ 1,982	\$ 1,727,070	\$ 180	
2009	8,983,595	0	8,395,000	17,378,595	25,807,035	823	18,007,965	1,879	1,314,165	137	
2010	7,151,554	0	7,660,000	14,811,554	23,972,300	727	16,727,700	1,741	888,967	92	
2011	5,256,399	0	6,890,000	12,146,399	20,956,620	632	14,623,380	1,517	451,040	47	
2012	3,601,725	0	6,060,000	9,661,725	18,971,690	570	13,238,310	1,363	0	0	
2013	2,233,146	0	5,185,000	7,418,146	17,573,746	524	12,262,835	1,243	0	0	
2014	1,267,680	0	4,285,000	5,552,680	15,379,185	453	10,731,486	1,070	0	0	
2015	646,880	0	3,360,000	4,006,880	13,151,582	379	9,177,080	899	0	0	
2016	0	0	2,425,000	2,425,000	10,874,050	313	7,587,834	732	0	0	
2017	0	0	1,470,000	1,470,000	8,550,349	246	5,966,373	574	0	0	

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

(1) Number of electric, water, and stormwater customers can be found on Schedule 17.

(2) See the Schedule of Demographic and Economic Statistics on Schedule 14 for personal income and population data.

N/A - Not yet available

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

<b>Fiscal Year</b>	<b>Total Business-type</b>	<b>Total Debt</b>	<b>Percentage of Personal Income (2)</b>	<b>Total Debt Per Capita (2)</b>
2008	\$ 48,547,070	\$ 68,396,989	7.62%	\$ 3,007
2009	45,129,165	62,507,760	7.07%	2,752
2010	41,588,967	56,400,521	6.24%	2,444
2011	36,031,040	48,177,439	5.64%	2,247
2012	32,210,000	41,871,725	4.74%	1,937
2013	29,836,581	37,254,727	4.42%	1,716
2014	26,110,671	31,663,351	3.59%	1,430
2015	22,328,662	26,335,542	2.79%	1,155
2016	18,461,884	20,886,884	N/A	897
2017	14,516,722	15,986,722	N/A	680

**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
2008	\$ 10,754,919	1.26%	\$ 0	\$ 0	\$ 9,095,000	\$ 400	\$ 19,849,919	\$ 873
2009	8,983,595	0.96%	0	0	8,395,000	370	17,378,595	765
2010	7,151,554	0.82%	0	0	7,660,000	332	14,811,554	642
2011	5,256,399	0.66%	0	0	6,890,000	321	12,146,399	567
2012	3,601,725	0.52%	0	0	6,060,000	280	9,661,725	447
2013	2,233,146	0.33%	0	0	5,185,000	239	7,418,146	342
2014	1,267,680	0.19%	0	0	4,285,000	194	5,552,680	251
2015	646,880	0.09%	0	0	3,360,000	147	4,006,880	176
2016	0	0.00%	0	0	2,425,000	104	2,425,000	104
2017	0	0.00%	0	0	1,470,000	63	1,470,000	63

**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, 2017**  
**(Dollars in Thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Percentage (2)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Duval County School Board	\$ 0		<u>\$ 0</u>
Subtotal, Overlapping Debt			0
<b>City of Jacksonville Beach, Direct Debt</b>			<u>0</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 0</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	
2008	\$ 107,516,221	\$ (91,902,712)	\$ 15,613,509	\$ 2,930,000	\$ 1,903,020	3.23
2009	110,395,546	(93,872,454)	16,523,092	3,005,000	1,812,713	3.43
2010	108,134,437	(91,779,673)	16,354,764	3,115,000	1,715,503	3.39
2011	96,513,843	(80,364,222)	16,149,621	3,285,000	1,465,407	3.40
2012	89,204,281	(75,143,438)	14,060,843	3,370,000	1,126,637	3.13
2013	97,516,949	(79,894,096)	17,622,853	3,370,000	1,051,313	3.99
2014	97,011,949	(78,759,103)	18,252,846	3,460,000	966,588	4.12
2015	93,587,910	(74,744,539)	18,843,371	3,555,000	870,938	4.26
2016	94,555,859	(74,581,123)	19,974,736	3,680,000	745,588	4.51
2017	94,447,252	(76,524,604)	17,922,648	3,800,000	634,688	4.04

(1) Excludes depreciation expense.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Duval County Unemployment Rate (2)</b>	<b>Duval County Per Capita Income (3)</b>	<b>Personal Income</b>
2008	22,749	5.7%	\$ 39,473	\$ 897,971,277
2009	22,715	9.9%	38,937	884,453,955
2010	23,077	12.9%	39,140	903,233,780
2011	21,441	10.3%	39,858	854,595,378
2012	21,615	9.3%	40,905	884,161,575
2013	21,713	7.5%	38,805	842,572,965
2014	22,136	6.5%	39,893	883,071,448
2015	22,805	6.0%	41,339	942,735,895
2016	23,288	4.9%	N/A	N/A
2017	23,503	4.6%	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 2017 and Nine Years Ago**

<u>Employer</u>	<u>2017</u>			<u>2008</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	15,293	1	N/A
Baptist Medical Center - Beaches	800	2	N/A	800	3	N/A
PGA Tour	800	3	N/A	650	6	N/A
Ponte Vedra Inn and Club	650	4	N/A	700	5	N/A
Sawgrass Marriott	465	5	N/A	525	8	N/A
Optimum Healthcare IT	450	6	N/A			
City of Jacksonville Beach (1)	400	7	N/A	400	9	N/A
TPC Sawgrass	320	8	N/A			
Vicar's Landing	320	9	N/A			
U.S. Coast Guard	300	10	N/A	300	10	N/A
Blount Island Command				1,000	2	N/A
Atlantic Marine Florida LLC				750	4	N/A
Honeywell				575	7	N/A

**Source:** Jacksonville Chamber of Commerce

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

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

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

## **OPERATING INFORMATION**

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government	18	16	16	15	14	13	13	14	14	14
Finance*	32	32	33	33	33	33	33	38	39	42
Planning and Development	11	9	9	8	8	8	8	9	10	10
Electric	85	86	76	76	78	77	75	75	75	75
Central Services	4	4	4	4	4	4	4	0	0	0
Redevelopment**	0	0	0	0	0	0	0	1	1	1
Public Works	66	65	65	65	65	65	65	66	66	67
Human Resources	7	7	7	7	8	7	7	7	6	6
Parks and Recreation***	55	57	100	100	99	98	98	98	100	100
Grounds and Maintenance	24	22	20	9	8	8	7	7	7	7
Golf Course	19	19	19	27	26	26	25	25	25	25
Police	98	95	95	94	95	95	96	100	100	102
Fire Fighters	32	32	31	31	31	31	31	31	31	31
<b>Total</b>	<b>451</b>	<b>444</b>	<b>475</b>	<b>469</b>	<b>469</b>	<b>465</b>	<b>462</b>	<b>471</b>	<b>474</b>	<b>480</b>

**Source:** City of Jacksonville Beach Annual Budget.

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

\* Beginning in 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**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Police</b>										
Physical Arrests	2,429	1,986	1,665	1,192	1,573	1,398	1,568	1,582	1,470	1,992
Parking Violations	1,955	2,456	2,726	3,085	3,267	2,331	2,200	2,640	2,016	1,833
Law Violations	7,620	6,362	6,898	3,520	2,292	3,152	5,004	2,322	1,845	3,143
<b>Fire</b>										
Emergency Incidents	3,196	2,975	2,947	3,161	3,063	3,104	3,040	3,195	3,401	3,643
Inspections (Total)	1,890	2,719	2,648	2,169	2,275	1,839	1,580	1,852	1,797	1,857
<b>Other Public Works</b>										
Street Resurfacing (Miles)	2.9	4.0	1.2	4.9	8.1	0.0	0.0	7.4	0.0	1.6
<b>Electric</b>										
Number of Active										
Electric Customers	32,976	31,351	32,996	33,147	33,303	33,535	33,966	34,433	34,711	34,738
Average Residential										
Monthly Consumption										
(Kilowatt Hours)	1,304	1,301	1,395	1,368	1,232	1,209	1,239	1,253	1,246	1,178
<b>Water</b>										
Number of Active										
Water Customers	9,709	9,585	9,610	9,642	9,711	9,865	10,029	10,204	10,369	10,398
Average Residential Monthly										
Consumption (Gallons)	4,267	4,245	4,373	4,530	4,029	4,014	4,038	3,083	3,926	4,146
<b>Wastewater</b>										
Number of Active Wastewater										
Customers	9,557	9,436	9,472	9,502	9,569	9,691	9,872	10,036	10,217	10,246
Storm Mains Cleaned (Feet)	28,408	65,550	73,670	36,297	33,010	23,821	23,530	33,153	34,733	33,791

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Police</b>										
Stations (Including Satellite Stations)	2	2	2	2	2	2	2	1	1	1
Patrol Units	54	51	51	73	51	51	51	76	76	79
<b>Fire Stations</b>	2	2	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
Paved Roads (Miles)	88	88	89	89	77	77	77	89	89	90
Streetlights	5,262	5,229	5,376	5,385	5,659	5,659	5,659	5,493	5,538	5,909
<b>Water</b>										
Water Mains (Miles)	108	108	109	110	105	105	105	109	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	842	849	859	858	687	687	687	895	895	900
<b>Wastewater</b>										
Sanitary Sewer Mains (Gravity, in Miles)	84	84	85	85	83	83	83	85	85	85
Sanitary Sewer Mains (Force, in Miles)	17	16	16	18	16	16	16	18	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	36	38	38	38	34	34	34	38	38	38
Treatment Capacity (Millions of Gallons)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
<b>Parks and Recreation</b>										
Acreage	84	84	84	84	84	84	86	86	86	86
Parks	10	10	10	10	11	11	11	11	11	11
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8

# SINGLE AUDIT SECTION

**SINGLE AUDIT SECTION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
CITY OF JACKSONVILLE BEACH, FLORIDA**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Award Amount</u>	<u>Federal Expenditures</u>
<b>Federal Awards</b>				
<b>U.S. Department of Homeland Security</b>				
<b>Passed Through Florida Division of Emergency Management (FEMA)</b>				
Disaster Grants - Public Assistance	97.036	N/A	\$ 273,133	\$ 273,133 (1)
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed Through City of Jacksonville</b>				
Community Development Block Grant	14.218	3177-94	137,528	137,528
<b>U.S. Department of Justice</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0925	11,445	11,445
Passed through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-DUVA-2-F9-058	40,788	40,788
<i>Subtotal Expenditures - CFDA No. 16.738</i>			<u>52,233</u>	<u>52,233</u>
Bullet Proof Vest Grant Program	16.607	N/A	110	0
<b>Total U.S. Department of Justice</b>			<u>52,343</u>	<u>52,233</u>
<b>Total Federal Awards</b>			<u>\$ 463,004</u>	<u>\$ 462,894</u>

(1) - Actual federal expenditures incurred during the fiscal year ending September 30, 2017 totaled \$1,586,165. The Office of Management and Budget (OMB) requires that only expenditures that were approved by FEMA during the fiscal year are to be reported on the Schedule of Expenditures of Federal Awards (SEFA). The remaining expenditures will be reported on the SEFA in future years, when approved by FEMA.

**SCHEDULE OF EXPENDITURES OF GRANT FUNDS PER THE  
CITY OF JACKSONVILLE'S ORDINANCE CODE CHAPTER 118.202(e)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
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 2016 - 2017 Grant No. 3177-94 - \$137,528**

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
<b>CAPE</b>				
Salaries	\$ 40,660	\$ 40,660		
Benefits	16,783	16,783		
<b>Total CAPE</b>	<u>57,443</u>	<u>57,443</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>CARVER</b>				
Salaries	60,097	60,097		
Benefits	19,988	19,988		
<b>Total CARVER</b>	<u>80,085</u>	<u>80,085</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>\$ 137,528</u>	<u>\$ 137,528</u>	<u>\$ 0</u>	<u>\$ 0</u>

# GOVERNMENTAL AUDITING SECTION

**GOVERNMENTAL AUDITING SECTION**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville Beach, Florida, (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 7, 2018.

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



February 7, 2018  
Tallahassee, 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, 2017, 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, 2017.

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

*Purvis, Gray and Company, LLP*

February 7, 2018  
Tallahassee, 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, 2017, and have issued our report thereon dated February 7, 2018.

### 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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with the *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 7, 2018, 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.

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

**MANAGEMENT LETTER**  
*(Continued)*

**Official Title and Legal Authority (Concluded)**

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

**Financial Condition and Management**

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

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

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.

**Annual Financial Report**

Sections 10.554(1)(i)5.(b) and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

**Additional Matters**

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.

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

**MANAGEMENT LETTER**  
*(Concluded)*

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

*Purvis, Gray and Company, LLP*

February 7, 2018  
Tallahassee, Florida

