

Comprehensive Annual Financial Report

City of Jacksonville Beach, Florida



Fiscal Year ended September 30, 2018

CITY OF JACKSONVILLE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by
Department of Finance

INTRODUCTORY SECTION

**CITY OF JACKSONVILLE BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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LETTER OF TRANSMITTAL

February 25, 2019

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

Florida Statutes require that all general purpose local governments publish within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for the City of Jacksonville Beach, Florida, for the fiscal year ended September 30, 2018.

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, 2018, 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, 2018, and that the City's financial statements are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

City of
Jacksonville Beach

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11 North Third Street
Jacksonville Beach

FL 32250

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

Profile of the 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. A five-year capital improvement plan is prepared each year based on business requirements and internal five-year revenue and expenditure projections.

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the basic financial statements for the governmental funds beginning on page 24. 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 90.

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, 2017. This was the twenty-third 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, 2017. 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,



Michael Staffopoulos
City Manager



Michael Nadeau
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Jacksonville Beach
Florida**

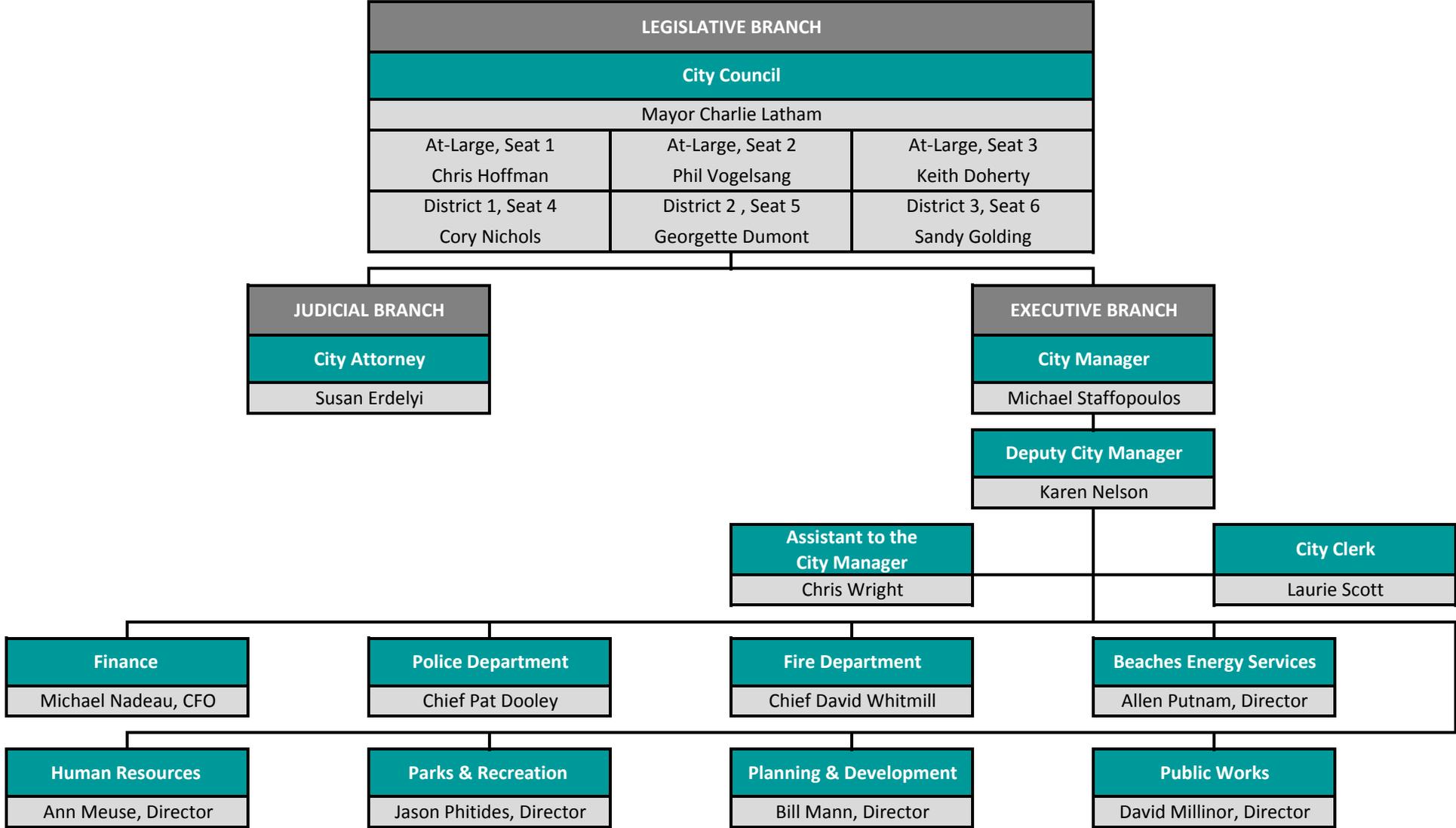
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF JACKSONVILLE BEACH Government Organization



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

Cory Nichols

Georgette Durmont

Sandy Golding

City Attorney

City Auditors

Susan Erdelyi

Purvis, Gray and Company, LLP

EXECUTIVE BRANCH

City Manager

Deputy City Manager

Chief Financial Officer

Police Chief

Fire Chief

Director of Beaches Energy Services

Director of Human Resources

Director of Parks & Recreation

Director of Planning and Development

Director of Public Works

City Clerk

Michael Staffopoulos

Karen Nelson

Michael Nadeau

Patrick Dooley

David Whitmill

Allen Putnam

Ann Meuse

Jason Phitides

Bill Mann

David Millinor

Laurie Scott

AGENCY, BOARDS, AND COMMISSION

Board of Adjustment

Community Redevelopment Agency

Planning Commission

General Employees' Pension Board

Police Officers' Pension Board

Firefighters' Pension Board

Special Magistrate – Code Enforcement

INDEPENDENT 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, 2018, 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
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and other schedules, bond covenant information, and the schedule of expenditures of grant funds per the City of Jacksonville's Ordinance Code Chapter 118.202(e) are the responsibility of management and were derived from and relate directly to 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 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

February 25, 2019
Tallahassee, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, on pages vi-viii of this report, and the financial statements beginning on page 18.

FINANCIAL HIGHLIGHTS

- The City’s assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$394,434,017 (net position). The City’s total net position increased by \$21,164,687 or 5.7% over the prior year.
- The City implemented Government Accounting Standards Board Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits other than Pensions in 2018. The primary objective is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The implementation resulted in the restatement of prior year net position balances by (\$229,014) in the governmental activities and (\$152,263) in the business-type activities.
- Unrestricted net position totals \$82,382,329, which is available to meet the City’s obligations to provide ongoing services to our citizens and customers, to make payments to creditors, to pay for the projects in our capital improvement plan, to extinguish debt early, or to establish reserves for emergencies or catastrophic events.
- Revenues and net transfers-in for the governmental activities totaled \$35,073,959, an increase of \$3,420,821 or 10.8% for the year. Total expenses were \$24,437,369, a decrease of \$581,550 or 2.3% for the year.
- Revenues in the business-type activities totaled \$108,570,774, an increase of \$2,956,895 or 2.8% from the prior year. Total expenses and net transfers out were \$98,042,677, an increase of \$182,419 or .2% for the year.
- In the last two years, the City experienced back-to-back major hurricanes, Matthew in October 2016, and Irma in September 2017. Historically the City’s accounting policy had been to consider grant revenues earned and accrued simultaneously with the grant expenditures. Because of recent experience with delayed FEMA and Florida Emergency Management Division reimbursement processing, in FY2017 the City clarified the period of availability for reimbursement grant revenues to be 120 days. Reimbursement grant revenues related to Hurricane Irma were recorded in 2018, and reimbursements for Hurricane Matthew expenditures were recognized in 2017.

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, 2018
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 18-19 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 20-25 of this report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA

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

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

The proprietary fund financial statements provide separate information for the water and sewer utility and the electric utility. Data from the other enterprise funds is combined into a single, aggregated presentation. All internal service funds are combined into an aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements are presented on pages 26-30 of this report.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 33-75 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 76-83 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. Over time, changes in net position serve as one useful measure of the City's financial condition. During fiscal year 2018, the City's net position for governmental activities increased by \$10,636,590 or 7.7%. The increase in net position for business-type activities was \$10,528,097 or 4.5%.

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 18 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

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

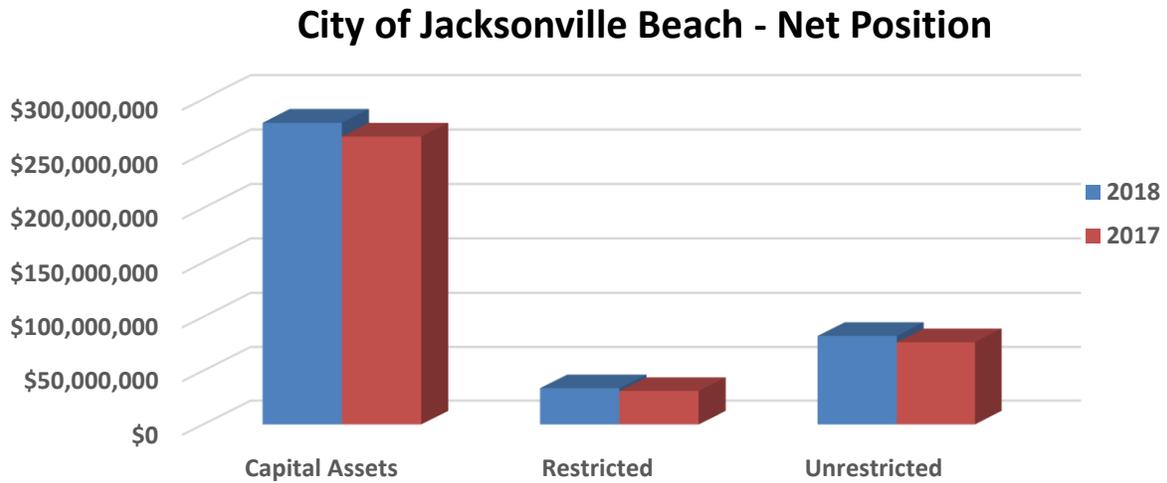
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$59,916,196	\$54,824,057	\$134,715,075	\$131,045,723	\$194,631,271	\$185,869,780
Capital Assets, Net	103,701,819	98,830,044	185,501,347	182,525,053	289,203,166	281,355,097
Total Assets	163,618,015	153,654,101	320,216,422	313,570,776	483,834,437	467,224,877
Total Deferred Outflows of Resources	6,280,014	6,213,791	3,084,292	3,412,675	9,364,306	9,626,466
Current Liabilities	2,245,183	2,389,324	55,456,751	55,794,797	57,701,934	58,184,121
Noncurrent Liabilities	18,078,223	18,917,391	21,087,408	24,890,089	39,165,631	43,807,480
Total Liabilities	20,323,406	21,306,715	76,544,159	80,684,886	96,867,565	101,991,601
Total Deferred Inflows of Resources	1,264,487	887,631	632,674	702,781	1,897,161	1,590,412
Net Position:						
Net Invested in						
Capital Assets	103,211,819	97,360,044	175,128,349	168,296,227	278,340,168	265,656,271
Restricted	31,711,520	29,102,410	2,000,000	2,000,000	33,711,520	31,102,410
Unrestricted	13,386,797	11,211,092	68,995,532	65,299,557	82,382,329	76,510,649
Total Net Position	\$148,310,136	\$137,673,546	\$246,123,881	\$235,595,784	\$394,434,017	\$373,269,330

Restated FY2017 to reflect impact of GASB 75 - Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

Current and Other Assets increased by \$8,761,491, which is mostly from increased equity in pooled cash and investments and receivables for FEMA reimbursements. Capital Assets increased by 2.8% due to investments in long term assets. Deferred Outflows of resources include the recording of Other Post Employment Benefit related outflows and actuarial changes to pension related outflows. Current Liabilities decreased slightly by \$482,187. Noncurrent Liabilities decreased by \$4,641,849, which mainly reflects the scheduled payments on long-term debt. Deferred Inflows increased by 19.3% due to recording of other post-employment benefits and the actuarial changes to pension related inflows.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

By far, the largest portion of the City’s net position (70.6%) 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 (8.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City’s net position (20.9%) may be used to meet the government’s ongoing obligations to citizens, customers, and creditors.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Statement of Activities. The following table illustrates the condensed statement of activities for the most recent fiscal year as compared to the prior year. The detailed statement of activities is presented on page 19 of this report.

City of Jacksonville Beach Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	\$1,259,879	\$1,141,151	\$105,865,762	\$102,843,128	\$107,125,641	\$103,984,279
Operating Grants and Contributions	1,472,822	1,424,306	1,459,055	1,518,177	2,931,877	2,942,483
Capital Grants and Contributions	28,223	52,233	349,628	661,152	377,851	713,385
General Revenues:						
Property Taxes	19,884,929	18,050,950			19,884,929	18,050,950
Other Taxes	4,420,989	4,218,005			4,420,989	4,218,005
State Shared Revenues	3,475,563	3,290,116			3,475,563	3,290,116
Other Intergovernmental Revenues	38,603	41,756			38,603	41,756
Interest	363,329	805,131	828,004	591,422	1,191,333	1,396,553
Miscellaneous	363,393	326,364	68,325		431,718	326,364
Total Revenues	31,307,730	29,350,012	108,570,774	105,613,879	139,878,504	134,963,891
Program Expenses:						
General Government	3,202,655	3,513,297			3,202,655	3,513,297
Law Enforcement	9,757,732	10,008,845			9,757,732	10,008,845
Fire Control	4,123,060	4,183,046			4,123,060	4,183,046
Building Inspections	574,436	531,696			574,436	531,696
Physical Environment	506,348	446,496			506,348	446,496
Road and Street	2,643,431	2,794,320			2,643,431	2,794,320
Parks and Recreation	3,607,934	3,502,497			3,607,934	3,502,497
Interest on Long-Term Debt	21,773	38,722			21,773	38,722
Electric			75,833,677	76,189,886	75,833,677	76,189,886
Water and Sewer			9,782,478	9,406,586	9,782,478	9,406,586
Stormwater			1,573,499	1,510,147	1,573,499	1,510,147
Sanitation			3,970,986	5,203,263	3,970,986	5,203,263
Golf Course			962,855	1,315,862	962,855	1,315,862
Leased Facilities			541,874	424,898	541,874	424,898
Natural Gas			1,611,079	1,506,490	1,611,079	1,506,490
Total Expenses	24,437,369	25,018,919	94,276,448	95,557,132	118,713,817	120,576,051
Change in Net Position						
Before Transfers	6,870,361	4,331,093	14,294,326	10,056,747	21,164,687	14,387,840
Net Transfers	3,766,229	2,303,126	(3,766,229)	(2,303,126)	-	-
Change in Net Position	10,636,590	6,634,219	10,528,097	7,753,621	21,164,687	14,387,840
Net Position-Beginning of Year	137,673,546	131,039,327	235,595,784	227,842,163	373,269,330	358,881,490
Net Position-End of Year	\$148,310,136	\$137,673,546	\$ 246,123,881	\$ 235,595,784	\$394,434,017	\$373,269,330

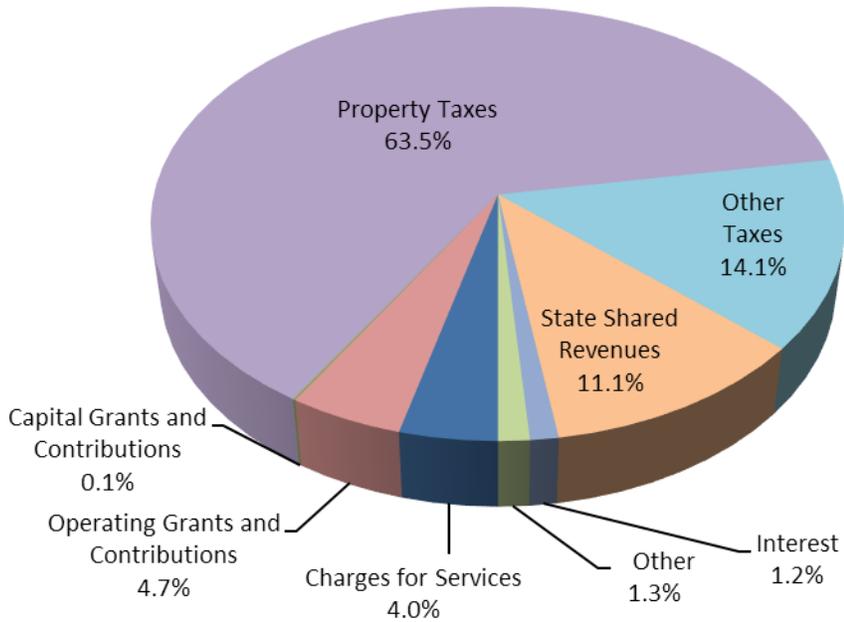
Restated FY2017 to reflect impact of GASB 75 - Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Governmental activities. Governmental activities for fiscal year 2018 increased the City's net position by \$6,870,361 (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

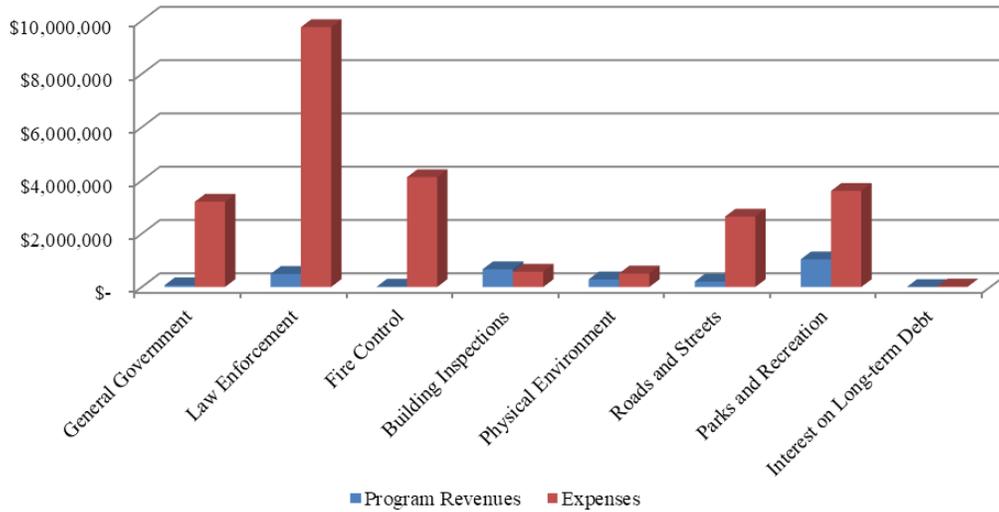


- Property taxes, which provided 63.5% of governmental revenues, increased by \$1,833,979 or 10.2% in fiscal year 2018, indicating continued recovery in the local economy.
- Revenues from other taxes, including infrastructure surtax, communication service tax, convention development tax, and fuel taxes increased by \$202,984.
- Interest revenues decreased by \$441,802 due to the impact of rising interest rates on the investments held in the operating investment portfolio. Investments are reported at market value. The investment portfolio is managed by professional investment firms hired pursuant to the City's investment policy and monitored by a professional investment advisor.
- Total expenses for governmental activities decreased by \$581,550 from the prior year. The decrease is primarily attributable to Hurricanes Irma and Hurricane Matthew recovery efforts in 2017. 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, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

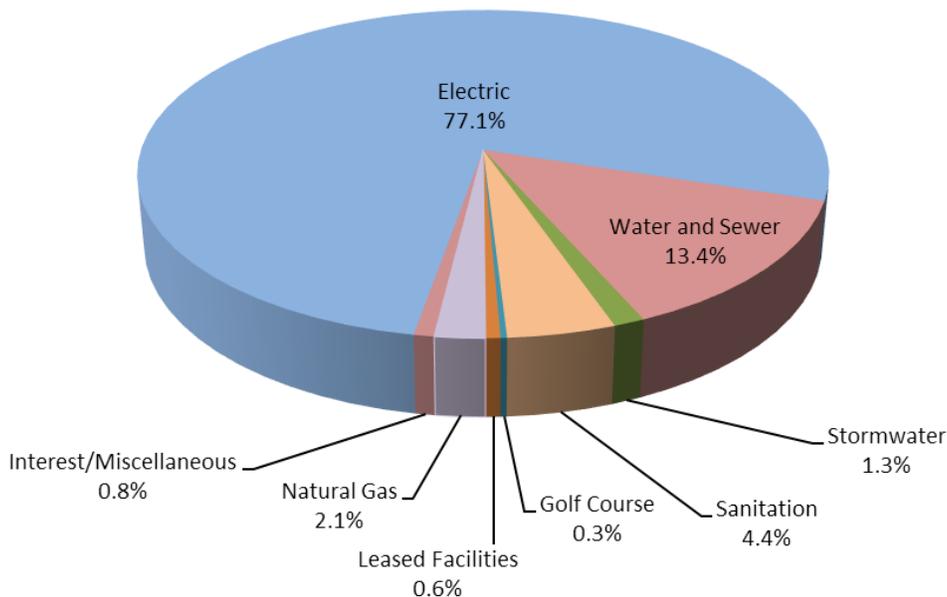
The following chart compares the program revenues from governmental activities to the related expenses. Please note that expenses precede revenues as governments seek to identify the needs of citizens and then raise the resources needed to meet those needs. The excess of expenses over program revenues 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 2018 increased the City’s net position by \$14,294,326 (before transfers). On the statement of activities, net revenues are reduced by transfers to the governmental funds of \$3,766,229 to determine the change in net position. The following chart shows the composition of revenues from the City’s business-type activities.

Business-Type Revenues by Activity

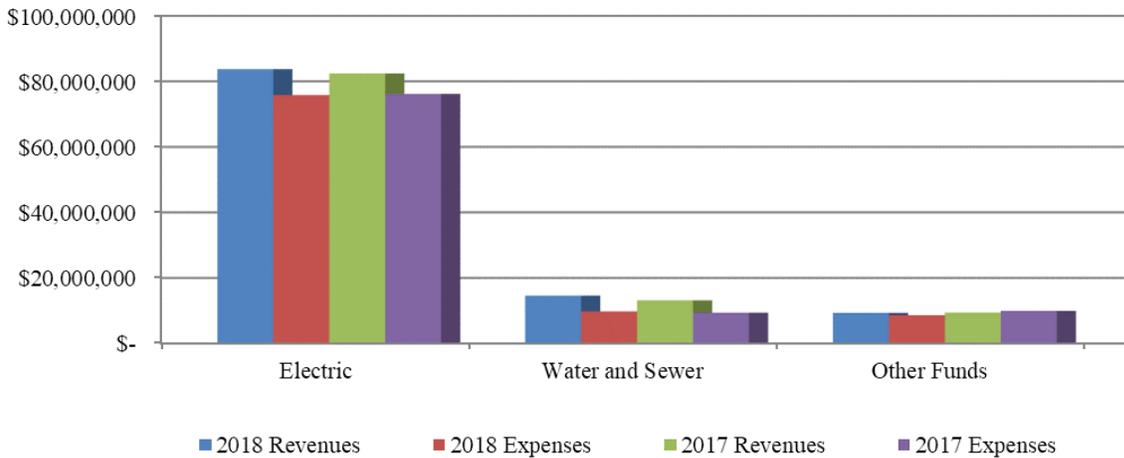


**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

- Charges for services in the business-type activities increased by \$3,022,634 over the prior year. Of these program revenues, 77.1% comes from electric utility services and 13.4% from the water and sewer utility. Other charges for services include natural gas, sanitation, and golf course fees. The City lowered its electric utility rates charged to customers in 2018. The cost of power charge decreased by \$4 per thousand kwh and the operations and maintenance charge increased by \$1 per thousand kwh. Rates for water and sewer services are adjusted annually in accordance with the Consumer Price Index (CPI). The increases in water and sewer rates are necessary to pay for needed maintenance and improvements to the system.
- Total expenses for the business-type activities decreased by \$1,280,684, due in part to costs in the prior year associated with disaster recovery and restoration following Hurricanes Irma and Matthew. Prior year storm-related costs included electric power restoration (\$890,000), debris removal (\$1.8 million), and overtime pay for employees activated for storm response.
- Significant transfers out in business-type activities included a \$3,675,155 transfer from the electric enterprise fund and \$108,157 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 2017 and 2018. Business-type activities differ from governmental activities in that charges for services are designed specifically to recover the cost of providing those services, including capital costs such as depreciation or debt service.

Expenses and Program Revenues - Business-Type Activities



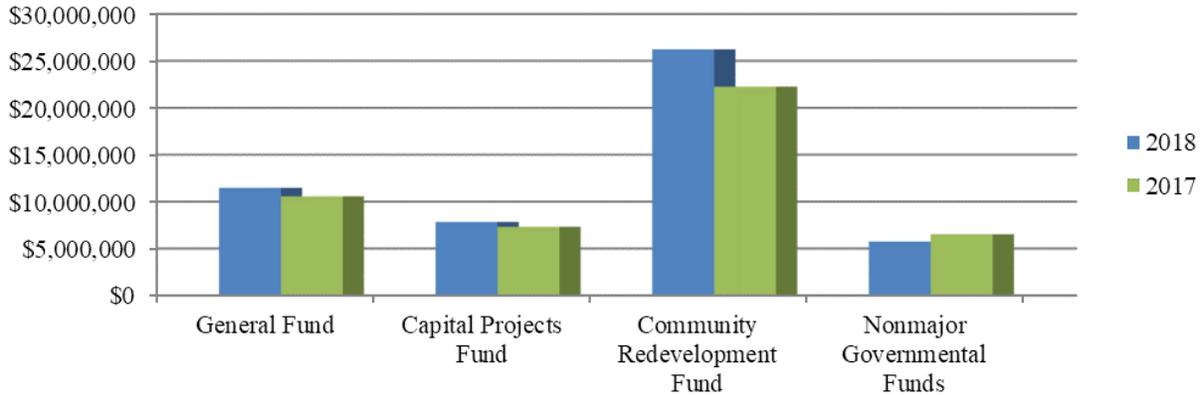
**MANAGEMENT’S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

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 2018, the City’s governmental funds reported a combined ending fund balance of \$51,288,628, an increase of \$4,605,237 or 9.9% for the year. Of the total fund balance, \$31,944,567 is restricted for specific uses related to redevelopment, tourism, transportation improvements, capital projects, and law enforcement; \$5,764,244 is committed for revenue stabilization, cemetery improvements, and tree replacement; \$13,463,422 is assigned for capital projects, debt service, and unanticipated events/emergencies; \$1,193 is nonspendable; and \$115,202 is unassigned.

Fund Balances - Governmental Funds



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

At the end of the fiscal year, the fund balance of the general fund was \$11,472,220, of which \$5,758,237 was committed for revenue stabilization and cemetery improvements. An additional \$5,597,588 was assigned to an unanticipated events/emergencies reserve account and \$1,193 was reserved for prepaid expenditures. The remaining amount of \$115,202 was unassigned. The City uses current revenue sources to fund budgeted expenditures in the general fund. When evaluating the general fund’s liquidity, it should be noted that the revenue stabilization reserve serves as a working capital reserve and the unanticipated events/emergencies account may be used to supplement operating revenues if approved by the City Council. Combined, the general fund balances represent 58.9% of general fund expenditures for 2018.

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 \$7,834,946, an increase of \$515,709 or 7.1% for the year.

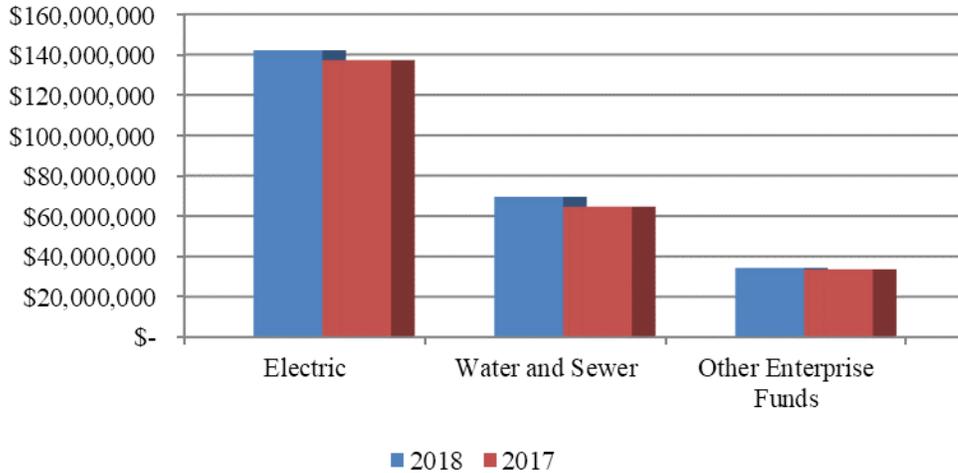
**MANAGEMENT’S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

The community redevelopment fund is used to account for expenses in the City’s two redevelopment districts, which are funded by tax increment revenues. The ending fund balance in the redevelopment fund was \$26,231,595, an increase of \$3,965,396 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 2018, the City’s enterprise funds reported a combined ending net position of \$246,123,881, an increase of \$10,528,097 or 4.5% 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 \$482,983 for expenditures and \$1,275,000 for transfers out. Major amendments are summarized in Note 3 of the notes to the financial statements.

Budget amendments were adopted anticipating using available fund balance or revenues in excess of the original budget projections. In 2018, the total fund balance of the City’s general fund increased by \$901,591. Actual revenues were higher than final budgeted revenues by \$467,822 and actual expenditures were under budget by \$2,112,678 or 9.8%. Transfers in were over budget by \$4,366. Total expenditures came in under budget because the departments actively managed their individual budgets to ensure compliance with budgetary limits.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
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, 2018, totaled \$289,203,166 (net of accumulated depreciation). Capital assets include land, buildings, equipment, infrastructure, and construction in progress. The City's total investment in capital assets increased by \$7,848,069 or 2.8%.

Additional information on the City's capital assets is presented in Note 6 of the notes to the financial statements. As demonstrated in the schedule of capital activity in this note, the City has continued to invest significantly in its capital assets for both governmental and business-type activities.

The following table is a summary of the City's investment in capital assets for fiscal years 2017 and 2018:

City of Jacksonville Beach Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 29,656,509	\$ 29,656,509	\$ 4,388,198	\$ 4,388,198	\$ 34,044,707	\$ 34,044,707
Buildings	38,409,622	35,537,612	318,746,564	315,528,355	357,156,186	351,065,967
Equipment	15,602,047	14,144,444	9,963,399	8,810,124	25,565,446	22,954,568
Infrastructure	61,134,055	61,097,188	-	-	61,134,055	61,097,188
Construction in Progress	18,623,980	15,085,662	18,759,021	11,086,468	37,383,001	26,172,130
	163,426,213	155,521,415	351,857,182	339,813,145	515,283,395	495,334,560
Less: Accumulated Depreciation	(59,724,394)	(56,691,371)	(166,355,835)	(157,288,092)	(226,080,229)	(213,979,463)
Capital Assets, Net	\$103,701,819	\$ 98,830,044	\$185,501,347	\$182,525,053	\$289,203,166	\$281,355,097

Long-Term Debt. At September 30, 2018, the City had total bonded debt outstanding of \$10,979,476. Total debt outstanding decreased by \$5,007,246 or 31.3% from the prior fiscal year. The major reason for the decrease in long-term bonded debt was the principal bond payments made during the fiscal year.

City of Jacksonville Beach Outstanding Bonded Debt						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital Improvement Bonds	\$ 490,000	\$ 1,470,000	\$ -	\$ -	\$ 490,000	\$ 1,470,000
Utility System Bonds			10,420,000	14,345,000	10,420,000	14,345,000
Unamortized Premium			69,476	171,722	69,476	171,722
Total	\$ 490,000	\$ 1,470,000	\$ 10,489,476	\$ 14,516,722	\$ 10,979,476	\$ 15,986,722

The City had no outstanding general obligation debt at the close of fiscal year 2018. All of the City's long-term bonded debt is secured solely by specified revenue sources. Debt related to business-type activities is paid with operating revenues. The capital improvement debt in the governmental activities is secured by a pledge of non-ad valorem tax revenues. Most of the bonds contain mandatory redemption provisions and require premium payments upon early redemption. In addition, the utility revenue bonds require various funds or accounts to be established and maintained within the City's accounting system.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA

Additional information on the City's long-term debt is presented in Note 7 of the notes to the financial statements. As indicated in the debt information presented, the City 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 remain strong. The City of Jacksonville Beach's property values increased by 7.8% and 2019 budget projections for some property, sales, and gas taxes have increased.

The 2019 annual budget holds the millage rate steady at 3.9947 mills. The total adopted budget of \$162,517,823 is \$2 million less than the 2018 budget, while offering the same level of service as the prior year. The general fund budget is \$22,390,353, an increase of \$869,777 over the prior fiscal year. The most significant increase in the general fund budget is in salaries and benefits for public safety personnel.

The 2019 budget includes investment in infrastructure improvements to rebuild sewer lift stations and the replacement of water and sewer lines; substation transformer; and the upgrade of the electrical transmission and distribution system to improve reliability.

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 business licenses, planning and development or enterprise asset management functionality. The City will issue a solicitation within the next 12 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 pension benefits for employees. The City successfully negotiated pension reforms with the employee unions and substantially improved the financial sustainability of all three-employee pension plans while maintaining the defined benefit status of those plans. However, the City's required pension contribution has continued to increase due in part to the plan's experience, but mostly due to changes in actuarial assumptions and mortality tables mandated by the Florida Legislature.

The unemployment rate in Florida is trending lower, which is creating upward pressure on wages. The City recently negotiated contracts with our Police and Fire unions. The City will begin negotiations with our LIUNA union in 2019. A pay study of our LIUNA and general employee positions is in the budget for 2019.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA

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

We will continue to be careful about managing the City's resources and cautious about increases in spending and service levels. We are very concerned about continuing to provide the same level of service to our citizens as we have in the past, given property tax reform initiatives by the state legislature, employee pension costs, upward pressure on wages, 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 2019 include the following:

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

REQUESTS FOR INFORMATION

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

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

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

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 56,497,304	\$ 99,626,269	\$ 156,123,573
Other Cash and Investments	5,225	3,035,428	3,040,653
Accounts Receivable, Net	175,814	17,809,874	17,985,688
Assessments Receivable, Net	36,277	1,132	37,409
Due from Other Governments	2,098,241	1,977,733	4,075,974
Inventories		2,414,888	2,414,888
Prepaid Items	1,103,335	87,765	1,191,100
Restricted Assets:			
Equity in Pooled Cash and Investments		9,761,986	9,761,986
Capital Assets:			
Nondepreciable	48,280,489	23,147,219	71,427,708
Depreciable, Net	55,421,330	162,354,128	217,775,458
Total Assets	163,618,015	320,216,422	483,834,437
Deferred Outflows of Resources			
Unamortized Refunding Loss		116,478	116,478
Pension Related	6,183,229	2,903,478	9,086,707
OPEB Related	96,785	64,336	161,121
Total Deferred Outflows of Resources	6,280,014	3,084,292	9,364,306
Liabilities			
Accounts Payable	1,155,286	6,526,919	7,682,205
Accrued Interest		202,161	202,161
Other Accrued Liabilities	558,323	560,258	1,118,581
Power Costs Recovered in Advance		42,553,826	42,553,826
Due to Other Governments	6,981	3,563	10,544
Deposits	25,149	5,568,561	5,593,710
Unearned Revenues	156,833	41,463	198,296
Self-insurance Claims Payable	342,611		342,611
Noncurrent Liabilities:			
Due Within One Year	1,216,103	4,458,836	5,674,939
Due in More Than One Year	16,862,120	16,628,572	33,490,692
Total Liabilities	20,323,406	76,544,159	96,867,565
Deferred Inflows of Resources			
Pension Related	1,191,098	583,890	1,774,988
OPEB Related	73,389	48,784	122,173
Total Deferred Inflows of Resources	1,264,487	632,674	1,897,161
Net Position			
Net Investment in Capital Assets	103,211,819	175,128,349	278,340,168
Restricted for:			
Redevelopment	25,619,748		25,619,748
Tourism	713,122		713,122
Transportation Improvements	826,405		826,405
Capital Projects	4,112,568	2,000,000	6,112,568
Law Enforcement	439,677		439,677
Unrestricted	13,386,797	68,995,532	82,382,329
Total Net Position	\$ 148,310,136	\$ 246,123,881	\$ 394,434,017

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 3,202,655	\$ 64,540			\$ (3,138,115)		\$ (3,138,115)
Law Enforcement	9,757,732	127,957	\$ 362,399		(9,267,376)		(9,267,376)
Fire Control	4,123,060		11,685		(4,111,375)		(4,111,375)
Building Inspections	574,436	666,973			92,537		92,537
Physical Environment	506,348	11,260	274,059		(221,029)		(221,029)
Roads and Streets	2,643,431	175,360		\$ 28,223	(2,439,848)		(2,439,848)
Parks and Recreation	3,607,934	213,789	824,679		(2,569,466)		(2,569,466)
Interest on Long-term Debt	21,773				(21,773)		(21,773)
Total Governmental Activities	<u>24,437,369</u>	<u>1,259,879</u>	<u>1,472,822</u>	<u>28,223</u>	<u>(21,676,445)</u>	<u>\$ 0</u>	<u>(21,676,445)</u>
Business-type Activities							
Electric	75,833,677	83,457,490	168,803	118,772		7,911,388	7,911,388
Water and Sewer	9,782,478	14,357,160		230,856		4,805,538	4,805,538
Stormwater	1,573,499	1,382,348				(191,151)	(191,151)
Sanitation	3,970,986	3,515,142	1,290,252			834,408	834,408
Golf Course	962,855	278,686				(684,169)	(684,169)
Leased Facilities	541,874	653,191				111,317	111,317
Natural Gas	1,611,079	2,221,745				610,666	610,666
Total Business-type Activities	<u>94,276,448</u>	<u>105,865,762</u>	<u>1,459,055</u>	<u>349,628</u>	<u>0</u>	<u>13,397,997</u>	<u>13,397,997</u>
Total Primary Government	<u>\$ 118,713,817</u>	<u>\$ 107,125,641</u>	<u>\$ 2,931,877</u>	<u>\$ 377,851</u>	<u>(21,676,445)</u>	<u>13,397,997</u>	<u>(8,278,448)</u>
General Revenues							
Taxes:							
					19,884,929		19,884,929
					5,280		5,280
					1,384,739		1,384,739
					1,161,638		1,161,638
					414,030		414,030
					837,087		837,087
					618,215		618,215
					3,475,563		3,475,563
					38,603		38,603
					363,329	828,004	1,191,333
					363,393	68,325	431,718
					3,766,229	(3,766,229)	0
					<u>32,313,035</u>	<u>(2,869,900)</u>	<u>29,443,135</u>
					10,636,590	10,528,097	21,164,687
					137,673,546	235,595,784	373,269,330
					<u>\$ 148,310,136</u>	<u>\$ 246,123,881</u>	<u>\$ 394,434,017</u>

See accompanying notes.

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Funds	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 11,339,154	\$ 8,188,574	\$ 26,947,845	\$ 5,641,866	\$ 52,117,439
Other Cash and Investments	5,225				5,225
Receivables:					
Accounts, Net	175,585				175,585
Assessments, Net	13,277		1,333	21,667	36,277
Due from Other Governments	1,574,139			517,264	2,091,403
Prepaid Expenditures	1,193				1,193
Total Assets	13,108,573	8,188,574	26,949,178	6,180,797	54,427,122
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	214,720	126,247	694,376	30,004	1,065,347
Other Accrued Liabilities	233,404	227,381	21,874	459	483,118
Due to Other Governments	6,981				6,981
Deposits	25,149				25,149
Unearned Revenue	156,833				156,833
Total Liabilities	637,087	353,628	716,250	30,463	1,737,428
Deferred Inflows of Resources					
Unavailable Revenues	999,266	0	1,333	400,467	1,401,066
Fund Balances					
Nonspendable:					
Prepaid Expenditures	1,193				1,193
Restricted for:					
Redevelopment			26,231,595		26,231,595
Tourism Expenses				678,922	678,922
Transportation Improvements				687,605	687,605
Capital Projects				3,906,768	3,906,768
Law Enforcement				439,677	439,677
Committed for:					
Revenue Stabilization	5,597,588				5,597,588
Cemetery Improvements	160,649				160,649
Tree Replacement				6,007	6,007
Assigned for:					
Unanticipated Events/ Emergencies	5,597,588				5,597,588
Capital Projects		7,834,946		9,132	7,844,078
Debt Service				21,756	21,756
Unassigned	115,202				115,202
Total Fund Balances	11,472,220	7,834,946	26,231,595	5,749,867	51,288,628
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,108,573	\$ 8,188,574	\$ 26,949,178	\$ 6,180,797	\$ 54,427,122

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Fund Balance - Total Governmental Funds \$ 51,288,628

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	\$ 162,433,486	
(Accumulated Depreciation)	<u>(58,947,327)</u>	103,486,159

Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension plan made after the measurement date:

Deferred Outflows Related to Pensions and OPEB	5,161,714	
Deferred Inflows Related to Pensions and OPEB	<u>(1,074,882)</u>	4,086,832

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end. 1,401,066

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

Revenue Bonds	(490,000)	
Accrued Other Postemployment Benefits	(1,989,335)	
Net Pension Liability	(9,380,310)	
Compensated Absences	<u>(2,837,560)</u>	(14,697,205)

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. 2,744,656

Net Position of Governmental Activities \$ 148,310,136

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	General Fund	General Capital Projects Fund	Community Redevelopment Funds	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 11,345,065		\$ 10,310,397	\$ 2,615,856	\$ 24,271,318
Licenses and Permits	650,985				650,985
Intergovernmental	4,690,279			154,567	4,844,846
Charges for Services	439,345			5,454	444,799
Fines and Forfeitures	132,524			69,291	201,815
Interest and Other Revenue	491,596	\$ 42,235	178,493	47,727	760,051
Total Revenues	17,749,794	42,235	10,488,890	2,892,895	31,173,814
Expenditures					
Current:					
General Government	1,912,575	125,919	671,648	2,653	2,712,795
Public Safety	12,911,662		899,757	80,838	13,892,257
Physical Environment	102,659			11,941	114,600
Roads and Streets	1,541,836	103,679		111,577	1,757,092
Parks and Recreation	2,993,149			116,156	3,109,305
Debt Service:					
Principal				980,000	980,000
Interest and Fees				21,773	21,773
Capital Outlay		1,533,845	4,952,089	1,311,050	7,796,984
(Total Expenditures)	(19,461,881)	(1,763,443)	(6,523,494)	(2,635,988)	(30,384,806)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(1,712,087)	(1,721,208)	3,965,396	256,907	789,008
Other Financing Sources (Uses)					
Transfers in	4,317,678	2,236,917		985,600	7,540,195
Transfers (out)	(1,704,000)			(2,019,966)	(3,723,966)
Total Other Financing Sources (Uses)	2,613,678	2,236,917	0	(1,034,366)	3,816,229
Net Change in Fund Balances	901,591	515,709	3,965,396	(777,459)	4,605,237
Fund Balances, Beginning of Year	10,570,629	7,319,237	22,266,199	6,527,326	46,683,391
Fund Balances, End of Year	\$ 11,472,220	\$ 7,834,946	\$ 26,231,595	\$ 5,749,867	\$ 51,288,628

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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Change in Fund Balance - Total Governmental Funds \$ 4,605,237

**Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Expenditures for Capital Assets	\$ 8,438,222	
Disposals	(147,784)	
(Current Year Depreciation)	<u>(3,474,206)</u>	4,816,232

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

Principal Payments	<u>980,000</u>	980,000
--------------------	----------------	---------

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

Change in Accrued Compensated Absences	(250,144)	
Change in Net Pension Liability and Deferred Inflows and Outflows Related to Pensions	(50,907)	
Change in Other Postemployment Benefits and Deferred Inflows and Outflows Related to Pensions	<u>(61,650)</u>	(362,701)

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. 80,618

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. 517,204

Change in Net Position of Governmental Activities \$ 10,636,590

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes	\$ 11,525,501	\$ 11,525,501	\$ 11,345,065	\$ (180,436)
Licenses and Permits	582,250	582,250	650,985	68,735
Intergovernmental	4,145,013	4,145,013	4,690,279	545,266
Charges for Services	370,500	370,500	439,345	68,845
Fines and Forfeitures	170,500	170,500	132,524	(37,976)
Interest and Other Revenue	413,500	488,208	491,596	3,388
Total Revenues	<u>17,207,264</u>	<u>17,281,972</u>	<u>17,749,794</u>	<u>467,822</u>
Expenditures				
Executive and Legislative	809,420	809,749	745,965	63,784
Finance	366,894	460,700	438,961	21,739
Planning and Development	902,960	903,662	803,134	100,528
Parks and Recreation	3,416,447	3,550,687	3,095,811	454,876
Public Works	1,550,835	1,614,898	1,541,836	73,062
Police	8,630,502	8,991,384	8,572,606	418,778
Fire	3,967,546	4,011,454	3,760,906	250,548
Nondepartmental	1,446,972	1,232,025	502,662	729,363
(Total Expenditures)	<u>(21,091,576)</u>	<u>(21,574,559)</u>	<u>(19,461,881)</u>	<u>2,112,678</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(3,884,312)</u>	<u>(4,292,587)</u>	<u>(1,712,087)</u>	<u>2,580,500</u>
Other Financing Sources (Uses)				
Transfers in	4,313,312	4,313,312	4,317,678	4,366
Transfers (out)	(429,000)	(1,704,000)	(1,704,000)	0
Total Other Financing Sources (Uses)	<u>3,884,312</u>	<u>2,609,312</u>	<u>2,613,678</u>	<u>4,366</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ (1,683,275)</u>	<u>\$ 901,591</u>	<u>\$ 2,584,866</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes	\$ 10,311,258	\$ 10,311,258	\$ 10,310,397	\$ (861)
Interest and Other Revenue	270,000	270,000	178,493	(91,507)
Total Revenues	<u>10,581,258</u>	<u>10,581,258</u>	<u>10,488,890</u>	<u>(92,368)</u>
Expenditures				
Current:				
General Government	1,029,639	1,040,952	671,648	369,304
Public Safety	931,539	1,210,712	899,757	310,955
Capital Outlay	60,100	17,527,544	4,952,089	12,575,455
(Total Expenditures)	<u>(2,021,278)</u>	<u>(19,779,208)</u>	<u>(6,523,494)</u>	<u>13,255,714</u>
Net Change in Fund Balance	<u>\$ 8,559,980</u>	<u>\$ (9,197,950)</u>	<u>\$ 3,965,396</u>	<u>\$ 13,163,346</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Assets					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 68,906,111	\$ 19,240,432	\$ 11,479,726	\$ 99,626,269	\$ 4,379,865
Other Investments	1,821,257	1,214,171		3,035,428	
Receivables:					
Accounts, Net	15,142,699	1,823,948	843,227	17,809,874	229
Assessments, Net		1,132		1,132	
Due from Other Governments	619,164		1,358,569	1,977,733	6,838
Inventories	2,407,101		7,787	2,414,888	
Prepaid Expenses	84,790		2,975	87,765	1,102,142
Restricted Assets:					
Equity in Pooled Cash and Investments	8,360,488	1,401,498		9,761,986	
Total Current Assets	97,341,610	23,681,181	13,692,284	134,715,075	5,489,074
Noncurrent Assets:					
Capital Assets:					
Land	2,551,256	361,970	1,474,972	4,388,198	
Buildings and Improvements	196,267,955	90,616,250	31,862,359	318,746,564	36,194
Equipment	6,046,624	2,439,304	1,477,471	9,963,399	956,532
Construction in Progress	13,501,270	3,092,110	2,165,641	18,759,021	
	218,367,105	96,509,634	36,980,443	351,857,182	992,726
(Accumulated Depreciation)	(108,065,380)	(43,494,930)	(14,795,525)	(166,355,835)	(777,066)
Total Capital Assets, Net of Accumulated Depreciation	110,301,725	53,014,704	22,184,918	185,501,347	215,660
Total Noncurrent Assets	110,301,725	53,014,704	22,184,918	185,501,347	215,660
Total Assets	207,643,335	76,695,885	35,877,202	320,216,422	5,704,734
Deferred Outflows of Resources					
Unamortized Refunding Loss	74,917	41,561		116,478	
Pension Related	1,787,334	816,608	299,536	2,903,478	1,118,300
OPEB Related	39,845	20,495	3,996	64,336	
Total Deferred Outflows of Resources	1,902,096	878,664	303,532	3,084,292	1,118,300

See accompanying notes.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 5,754,520	\$ 290,678	\$ 481,721	\$ 6,526,919	\$ 89,939
Power Costs Recovered in Advance	42,291,552		262,274	42,553,826	
Other Accrued Liabilities	479,952	54,811	25,495	560,258	75,205
Due to Other Governments			3,563	3,563	
Unearned Revenue			41,463	41,463	
Estimated Liability for Self-insured Losses					342,611
Current Portion of Long-term Debt:					
Compensated Absences	261,161	122,221	15,454	398,836	158,591
Current Liabilities Payable from Restricted Assets:					
Bonds Payable, Current Portion	2,391,340	1,668,660		4,060,000	
Accrued Interest	119,114	83,047		202,161	
Customer Deposits	5,568,561			5,568,561	
Total Current Liabilities	56,866,200	2,219,417	829,970	59,915,587	666,346
Noncurrent Liabilities:					
Revenue Bonds Payable	3,786,962	2,642,514		6,429,476	
Accrued Compensated Absences	1,044,643	488,885	61,816	1,595,344	634,364
Other Postemployment Benefits	818,982	421,247	82,130	1,322,359	
Net Pension Liability	4,450,834	2,042,837	787,722	7,281,393	2,588,063
Total Noncurrent Liabilities	10,101,421	5,595,483	931,668	16,628,572	3,222,427
Total Liabilities	66,967,621	7,814,900	1,761,638	76,544,159	3,888,773
Deferred Inflows of Resources					
Pension Related	349,273	170,949	63,668	583,890	189,605
OPEB Related	30,214	15,541	3,029	48,784	
Total Deferred Inflows of Resources	379,487	186,490	66,697	632,674	189,605
Net Position					
Net Investment in Capital Assets	104,198,340	48,745,091	22,184,918	175,128,349	215,660
Restricted for:					
Renewal and Replacement	1,500,000	500,000		2,000,000	
Unrestricted	36,499,983	20,328,068	12,167,481	68,995,532	2,528,996
Total Net Position	\$ 142,198,323	\$ 69,573,159	\$ 34,352,399	\$ 246,123,881	\$ 2,744,656

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds		
Operating Revenues					
Charges for Services	\$ 82,536,071	\$ 14,147,634	\$ 7,324,228	\$ 104,007,933	\$ 12,017,487
Other	921,419	209,526	726,884	1,857,829	50,611
Total Operating Revenues	<u>83,457,490</u>	<u>14,357,160</u>	<u>8,051,112</u>	<u>105,865,762</u>	<u>12,068,098</u>
Operating Expenses					
Purchased Power	57,225,686		1,161,267	58,386,953	
Personal Services	5,451,082	2,973,171	1,013,066	9,437,319	4,344,192
Purchased Services	1,522,282	419,486	3,962,834	5,904,602	1,025,162
Repairs and Maintenance	1,046,339	919,429	406,680	2,372,448	290,917
Depreciation	5,323,017	2,768,634	1,262,431	9,354,082	63,869
Materials and Supplies	385,775	316,674	175,268	877,717	167,732
Other Expenses	4,571,983	2,186,274	678,747	7,437,004	5,645,330
(Total Operating Expenses)	<u>(75,526,164)</u>	<u>(9,583,668)</u>	<u>(8,660,293)</u>	<u>(93,770,125)</u>	<u>(11,537,202)</u>
Operating Income	<u>7,931,326</u>	<u>4,773,492</u>	<u>(609,181)</u>	<u>12,095,637</u>	<u>530,896</u>
Nonoperating Revenues (Expenses)					
Investment Earnings	626,510	137,116	64,378	828,004	22,292
Interest Expense	(307,513)	(198,810)		(506,323)	
Intergovernmental Revenue	168,803		1,290,252	1,459,055	6,838
(Loss) Gain on Disposal of Capital Assets	24,771	42,104	1,450	68,325	7,178
Total Nonoperating Revenues (Expenses)	<u>512,571</u>	<u>(19,590)</u>	<u>1,356,080</u>	<u>1,849,061</u>	<u>36,308</u>
Income Before Contributions and Transfers	<u>8,443,897</u>	<u>4,753,902</u>	<u>746,899</u>	<u>13,944,698</u>	<u>567,204</u>
Capital Contributions					
Connection Fees	118,772	106,720		225,492	
Capital Grants		63,311		63,311	
Developer Contributions		60,825		60,825	
Total Capital Contributions	<u>118,772</u>	<u>230,856</u>	<u>0</u>	<u>349,628</u>	<u>0</u>
Transfers					
Transfers in	162,097		544,000	706,097	
Transfers (out)	(3,805,155)	(95,000)	(572,171)	(4,472,326)	(50,000)
Total Transfers	<u>(3,643,058)</u>	<u>(95,000)</u>	<u>(28,171)</u>	<u>(3,766,229)</u>	<u>(50,000)</u>
Change in Net Position	4,919,611	4,889,758	718,728	10,528,097	517,204
Total Net Position, Beginning of Year, As Restated	<u>137,278,712</u>	<u>64,683,401</u>	<u>33,633,671</u>	<u>235,595,784</u>	<u>2,227,452</u>
Total Net Position, End of Year	<u>\$ 142,198,323</u>	<u>\$ 69,573,159</u>	<u>\$ 34,352,399</u>	<u>\$ 246,123,881</u>	<u>\$ 2,744,656</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Electric	Water and Sewer	Other Funds	Totals	
Cash Flows from Operating Activities					
Cash Received from Customers and Users	\$ 83,782,946	\$ 14,109,059	\$ 7,862,429	\$ 105,754,434	\$ 12,071,350
Cash Payments to Vendors for Goods and Services	(64,671,794)	(4,306,792)	(7,577,812)	(76,556,398)	(6,902,347)
Cash Payments to Employees for Services Claims Paid	(5,222,717)	(2,925,532)	(977,647)	(9,125,896)	(4,255,428)
				0	(234,012)
Net Cash Provided by (Used in) Operating Activities	13,888,435	6,876,735	(693,030)	20,072,140	679,563
Cash Flows from Noncapital Financing Activities					
Transfers in	162,097		544,000	706,097	
Intergovernmental Revenue	24,010		979,052	1,003,062	6,838
Transfers (out)	(3,805,155)	(95,000)	(572,171)	(4,472,326)	(50,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	(3,619,048)	(95,000)	950,881	(2,763,167)	(43,162)
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(8,970,341)	(2,521,148)	(709,510)	(12,200,999)	(112,234)
Removal Costs	(229)			(229)	
Principal Paid on Revenue Bonds	(2,311,824)	(1,613,176)		(3,925,000)	
Interest Paid and Fiscal Charges	(293,746)	(204,974)		(498,720)	
Capital Grants		63,311		63,311	
Connection Fees	118,772	106,720		225,492	
Net Cash Provided by (Used in) Capital and Related Financing Activities	(11,457,368)	(4,169,267)	(709,510)	(16,336,145)	(112,234)
Cash Flows from Investing Activities					
Interest Received on Investments	621,844	134,006	64,380	820,230	22,292
Net (Decrease) Increase in Cash and Cash Equivalents	(566,137)	2,746,474	(387,279)	1,793,058	546,459
Cash and Cash Equivalents, Beginning of Year	77,832,736	17,895,456	11,867,005	107,595,197	3,833,406
Cash and Cash Equivalents, End of Year	\$ 77,266,599	\$ 20,641,930	\$ 11,479,726	\$ 109,388,255	\$ 4,379,865

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental</u>
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Other Funds</u>		<u>Internal Service Funds</u>
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>					
Current Assets					
Equity in Pooled Cash and Investments	\$ 68,906,111	\$ 19,240,432	\$ 11,479,726	\$ 99,626,269	\$ 4,379,865
Restricted Assets					
Equity in Pooled Cash and Investments	8,360,488	1,401,498		9,761,986	
Total	<u>\$ 77,266,599</u>	<u>\$ 20,641,930</u>	<u>\$ 11,479,726</u>	<u>\$ 109,388,255</u>	<u>\$ 4,379,865</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income (Loss)	\$ 7,931,326	\$ 4,773,492	\$ (609,181)	\$ 12,095,637	\$ 530,896
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	5,323,017	2,768,634	1,262,431	9,354,082	63,869
Power Costs Recovered in Advance (Returned)	981,642		(134,716)	846,926	
Change in Estimated Liability for Self-insured Losses					(27,619)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):					
Accounts Receivable and Unbilled Revenue	(590,193)	(247,921)	(58,466)	(896,580)	
Assessments Receivable		(180)		(180)	
Due from Other Governments					3,252
Inventories	(520,343)		8,141	(512,202)	
Prepaid Expenses					(2,875)
Accounts Payable and Other					
Accrued Liabilities	600,614	(464,929)	(1,201,157)	(1,065,472)	23,276
Unearned Revenues			4,499	4,499	
Customer Deposits	(65,993)			(65,993)	
Accrued Compensated Absences	79,209	(32,604)	(19,408)	27,197	(10,234)
Other Postemployment Benefits and Related Deferred Inflows and Outflows	25,381	13,054	2,544	40,979	
Net Pension Liability and Pension Related Deferred Inflows and Outflows	123,775	67,189	52,283	243,247	98,998
Net Cash Provided by (Used in) Operating Activities	<u>\$ 13,888,435</u>	<u>\$ 6,876,735</u>	<u>\$ (693,030)</u>	<u>\$ 20,072,140</u>	<u>\$ 679,563</u>
<u>Supplemental Disclosure of Noncash Activities</u>					
Change in Fair Value of Investments	\$ 4,666	\$ 3,110		\$ 7,776	
Amortization of Bond Discount (Premium)	(60,223)	(42,023)		(102,246)	
Amortization of Loss on Refunding	110,254	61,164		171,418	
Contributed Assets		60,825		60,825	

See accompanying notes.

**STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Assets

Cash and Cash Equivalents	\$ 2,371,492
Accrued Interest	147,891
Due from Other Governments	4,136
Investments:	
Equities, Including Mutual Funds	61,826,226
Corporate Bonds	10,613,172
U.S. Government Obligations/Agencies	12,872,615
Real Estate	4,937,925
Total Investments	<u>90,249,938</u>
Total Assets	<u><u>92,773,457</u></u>

Liabilities

Accounts Payable	2,550
Other Accrued Liabilities	1,006
Total Liabilities	<u><u>3,556</u></u>

Net Position

Restricted for Pensions	<u><u>\$ 92,769,901</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Additions

Contributions:	
Employee	\$ 1,553,285
Employer	2,843,986
State of Florida	354,410
Total Contributions	<u>4,751,681</u>

Investment Income:	
Investment Earnings	8,118,615
(Investment Expenses)	(253,025)
Net Investment Income	<u>7,865,590</u>

Total Additions	<u>12,617,271</u>
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Deductions

Benefits	6,490,893
Refunds of Contributions	223,920
Administrative Expense	<u>264,861</u>

(Total Deductions)	<u>(6,979,674)</u>
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Change in Net Position	5,637,597
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Net Position, Beginning of Year	<u>87,132,304</u>
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Net Position, End of Year	<u><u>\$ 92,769,901</u></u>
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See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
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, 2018
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, 2018
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, 2018
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, 2018
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, 2018, is \$201,843. 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, 2018, are unbilled amounts totaling \$8,441,210. 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, 2018, 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, 2018
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 2018.

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, 2018
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.

- **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, 2018
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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Fund Balances (Concluded)

■ **Classifications—(Concluded)**

● **Assigned—(Concluded)**

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

- **Unassigned**—This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned. There are no unassigned fund balances as of September 30, 2018.

■ **Flow Assumption**

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

F. New Accounting Pronouncement

The City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which replaces GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended. This Statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB that they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability. As a result of the implementation of this statement, beginning Net Position was reduced as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

F. New Accounting Pronouncement (Concluded)

	Governmental Activities	Business-type Activities
Net Position, Beginning of Year, As Originally Reported	\$ 137,902,560	\$ 235,748,047
Restatement	(229,014)	(152,263)
Net Position, Beginning of Year, As Restated	<u>\$ 137,673,546</u>	<u>\$ 235,595,784</u>

Components of the Restatement Consist of the Following:

Other Postemployment Liability	\$ (320,379)	\$ (212,996)
Deferred Outflow of Resources - OPEB Related	91,365	60,733
Net Restatement	<u>\$ (229,014)</u>	<u>\$ (152,263)</u>

Net Position in Individual Business-type Funds
were Restated as Follows:

Electric	\$ (94,151)
Water and Sewer	(48,475)
Stormwater	(2,799)
Golf	(6,838)
Total	<u>\$ (152,263)</u>

Note 2 - Property Tax Calendar

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

Details of the tax calendar are presented below:

Lien Date	January 1, 2017
Levy Date	October 1, 2017
Installment Payments	
First Installment	No Later Than June 30, 2017
Second Installment	No Later Than September 30, 2017
Third Installment	No Later Than December 31, 2017
Fourth Installment	No Later Than March 31, 2018
Regular Payments	
Discount Periods	November 2017 Through February 2018
No Discount Period	After March 1, 2018
Delinquent Date	April 1, 2018

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
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. A five-year capital improvement plan is prepared each year based on business requirements and internal five-year revenue and expense projections. Governmental fund annual operating budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

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

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

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	\$ 21,520,576	\$ 458,275	\$ 1,299,708	\$ 23,278,559
Special Revenue Funds	4,430,185	5,262,188	14,291,606	23,983,979
Debt Service Funds	1,008,224			1,008,224

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
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:

- \$130,795 for FOP contract ratification
- (\$130,795) for reduction in unanticipated budget to offset mid-year budget adjustments
- \$39,497 for emergency generator upgrades at the Police building
- \$19,753 for 12 Ocean Rescue radios purchased with donated funds
- \$19,655 for accrued sick and vacation leave payout to Streets Crew Supervisor upon his retirement
- \$13,538 for vehicle repair costs offset by insurance proceeds
- \$9,535 for additional overtime for Fire Department
- \$26,500 for City Manager executive search consulting services
- (\$110,652) for reduction in anticipated budget to partially offset year-end budget adjustments
- \$25,000 for City's maximum contribution for improvements planned by golf course restaurant
- \$400,000 for transfer to golf course fund to provide cash flow for operations and clubhouse repairs
- \$500,000 for transfer to capital projects fund for partial funding of future business software
- \$150,000 for transfer to capital projects fund for partial funding of future radio system replacement
- \$200,000 for transfer to capital projects fund for partial funding of dune walkover repairs or replacements
- \$6,882 for other adjustments

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

- \$1,000,000 for transfer to capital projects fund for partial funding for implementation of golf course master plan
- \$138,518 for splash pad expansion at South Beach Park
- \$500,000 for transfer to capital projects fund for partial funding for milling, paving, and sidewalks/curbing of City roadways
- \$11,073,488 for infrastructure and stormwater pump station improvements between 11th Avenue South and 13th Avenue South from beach end zones to 4th Street South
- \$493,755 for A1A water main replacement from 6th Avenue North to Seagate Avenue
- \$470,932 for downstream stormwater channel improvements at and near the golf course
- \$91,430 for final design of dune walkover replacements and beach stormwater outfalls within the CRA district
- \$384,084 for additional stormwater pipe cleaning and repairs in the vicinity of South Beach Parkway and Jacksonville Drive
- \$108,056 for replacement of fitness stations at South Beach Park
- \$12,844 for upgraded flash lights to be used by police officers
- \$18,499 for the purchase of a smart trailer with programmable reader board

Other Disclosures

There was a deficit in net position in the Other Internal Service fund totaling (\$764,283). This deficit primarily resulted from the recording of the Net Pension Liability described in Note 12.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments

Equity in Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earned on pooled cash and investments is allocated to each fund based on the average equity balance. The balance in pooled cash and investments was \$165,885,556 in governmental and business-type funds and \$1,564,936 in the pension funds. In addition, certain cash and investments are held separately and not available for use by all funds, including \$5,225 in petty cash and \$3,035,428 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, 2018, the carrying amount of the City's deposits held in QPDs was \$8,094,657 and the bank balance was \$9,261,811.

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 \$5,957,199 and the amount of deposits held in the pension trust funds was \$806,555.

Investments

Following are the investments, credit ratings, and maturities of the City's governmental and business-type activities at September 30, 2018:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
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+	\$ 41,195,600	\$ 3,228,963	\$ 37,723,337	\$ 243,300	
Federal Agency Securities:						
Federal Farm Credit Bank	AA+	17,548,367	15,045,342	2,503,025		
Federal Home Loan Bank	AA+	1,755,356	290,221	1,465,135		
Federal Home Loan Mortgage Corporation	AA+	3,424,402	4,415	692,957	1,331,569	\$ 1,395,461
Federal National Mortgage Association	AA+	4,907,585	768,472	1,375,541	1,183,824	1,579,748
Government National Mortgage Association	AA+	133,776				133,776
Overseas Private Investment Corporation	AA+	2,179,867	1,784,590	395,277		
Coporate ABSs	AAA	4,384,650		3,671,552	486,943	226,155
Coporate ABSs	AA+	460,404			67,369	393,035
Coporate ABSs	Aaa (Moody's)	2,921,240	46,849	2,335,597	433,600	105,194
Corporate Bonds	AA+	3,697,673	1,156,673	2,541,000		
Corporate Bonds	AA	763,283		763,283		
Corporate Bonds	AA-	4,806,280	1,250,175	3,556,105		
Corporate Bonds	A+	9,660,848	3,216,857	6,443,991		
Corporate Bonds	A	13,704,654	2,122,189	11,582,465		
Corporate Bonds	A-	12,014,978	2,499,242	9,158,764	356,972	
Corporate Bonds	BBB+	3,375,473	281,255	3,094,218		
Corporate Bonds	Aaa (Moody's)	399,422	223,444	175,978		
Corporate Bonds	A2 (Moody's)	0				
Municipal Bonds	AAA	828,913	217,737	611,176		
Municipal Bonds	AA+	548,881	174,625	374,256		
Municipal Bonds	AA	178,601	50,149	128,452		
Municipal Bonds	AA-	398,302		299,885	98,417	
Municipal Bonds	A	45,000	45,000			
Municipal Bonds	Aa2 (Moody's)	49,289				49,289
Municipal Bonds	Aa3 (Moody's)	24,951	24,951			
Florida State Board of Administration:						
Florida PRIME	AAAm	14,966,731	14,966,731			
Florida Municipal Investment Trust:						
Short-term Bond Portfolio (0-2 Years)	AAA (Fitch)	12,059,542	12,059,542			
Total		<u>\$ 156,434,068</u>	<u>\$ 59,457,422</u>	<u>\$ 88,891,994</u>	<u>\$ 4,201,994</u>	<u>\$ 3,882,658</u>

Listed below are the investments and maturities in the City's pension trust funds at September 30, 2018:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Equities	\$ 61,826,226	\$ 61,826,226			
U.S. Government Securities	6,137,611	1,318,058	\$ 2,362,302	\$ 2,457,251	
Federal Agency Securities:					
Federal Home Loan Mortgage Corporation	2,461,149		8,365	\$ 2,452,784	
Federal National Mortgage Association	4,273,855	883	51,762	4,221,210	
Corporate Bonds	10,613,172	269,255	4,433,185	5,910,732	
Real Estate	4,937,925	4,937,925			
Total	<u>\$ 90,249,938</u>	<u>\$ 68,352,347</u>	<u>\$ 6,855,614</u>	<u>\$ 15,041,977</u>	<u>\$ 0</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 4 - Deposits and Investments (Continued)

Investments (Concluded)

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

<u>Investment Type</u>	<u>Moody’s Credit Rating</u>	<u>Percent of Total</u>
U.S. Government Securities	Aaa	6.80%
Federal Agency Securities	Aaa	7.46%
Corporate Bonds	A1	1.71%
Corporate Bonds	A2	1.53%
Corporate Bonds	A3	5.74%
Corporate Bonds	Baa1	2.19%
Corporate Bonds	Baa2	0.59%

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, 2018
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, 2018
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, 2018:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Obligations	\$ 41,195,600	\$ 38,650,375	\$ 2,545,225	
Federal Agency Securities:				
Federal Home Loan Bank	1,755,356	1,465,135	290,221	
Federal Home Loan Mortgage Corporation	3,424,402		3,424,402	
Federal Farm Credit Bank	17,548,367	14,908,367	2,640,000	
Federal National Mortgage Association	4,907,585	1,682,157	3,225,428	
Government National Mortgage Association	133,776		133,776	
Overseas Private Investment Corporation	2,179,867	853,200	1,326,667	
Corporate ABSs	7,766,294		7,766,294	
Corporate Bonds	48,422,611	47,033,387	1,389,224	
Municipal Bonds	2,073,937		2,073,937	
Florida Municipal Investment Trust:				
Short-term Bond Portfolio (0-2 Years)	12,059,542		12,059,542	
Total Investments by Fair Value Level	\$ 141,467,337	\$ 104,592,621	\$ 36,874,716	\$ 0
Investments Measured at Amortized Cost	Amount	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Florida State Board of Administration:				
Florida PRIME	\$ 14,966,731	\$ 0	None	Daily
Total Investments	\$ 156,434,068			

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
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, 2018:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 61,826,226	\$ 61,826,226		
U.S. Government Securities	6,137,611	6,137,611		
Federal Agency Securities:				
Federal Home Loan Mortgage Corporation	2,461,149		\$ 2,461,149	
Federal National Mortgage Association	4,273,855		4,273,855	
Corporate Bonds	10,613,172		10,613,172	
Total Investments Measured at Fair Value	\$ 85,312,013	\$ 67,963,837	\$ 17,348,176	\$ 0

Investments Measured at the Net Asset Value (NAV)	Amount	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Estate Fund	\$ 4,937,925	\$ 0	Quarterly	45 days
Total Investments	\$ 90,249,938			

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.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 5 - Transfers In/Out

Interfund transfers during the year ended September 30, 2018, consisted of the following:

	Transfers In					Total
	General Fund	General Capital Projects	Other Governmental	Electric	Other Enterprise	
Transfers Out						
General Fund		\$ 1,160,000 (2)			\$ 544,000 (1)	\$ 1,704,000
Other Governmental	\$ 534,366 (3)	500,000 (2)	\$ 985,600 (4)			2,019,966
Electric Fund	3,675,155 (5)	130,000 (2)				3,805,155
Water and Sewer		95,000 (2)				95,000
Other Enterprise	108,157 (5)	301,917 (2)		\$ 162,097 (6)		572,171
Internal Service		50,000 (2)				50,000
Total Transfers Out	\$ 4,317,678	\$ 2,236,917	\$ 985,600	\$ 162,097	\$ 544,000	\$ 8,246,292

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

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 29,656,509			\$ 29,656,509
Construction in Progress	15,085,662	\$ 5,528,645	\$ (1,990,327)	18,623,980
Total Capital Assets Not Being Depreciated	44,742,171	5,528,645	(1,990,327)	48,280,489
Capital Assets Being Depreciated:				
Buildings and Improvements	35,537,612	2,872,010		38,409,622
Equipment	14,144,444	2,110,438	(652,835)	15,602,047
Road Network	32,881,354			32,881,354
Other Infrastructure Networks	28,215,834	36,867		28,252,701
Total Capital Assets Being Depreciated	110,779,244	5,019,315	(652,835)	115,145,724
Less Accumulated Depreciation for:				
Buildings and Improvements	(15,831,310)	(1,167,570)		(16,998,880)
Equipment	(9,970,491)	(1,211,369)	505,051	(10,676,809)
Road Network	(11,543,018)	(416,056)		(11,959,074)
Other Infrastructure Networks	(19,346,552)	(743,079)		(20,089,631)
Total Accumulated Depreciation	(56,691,371)	(3,538,074)	505,051	(59,724,394)
Total Being Depreciated, Net	54,087,873	1,481,241	(147,784)	55,421,330
Governmental Activities Capital Assets, Net	\$ 98,830,044	\$ 7,009,886	\$ (2,138,111)	\$ 103,701,819

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 6 - Capital Assets (Concluded)

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,388,198			\$ 4,388,198
Construction in Progress	11,086,468	\$ 7,672,553		18,759,021
Total Capital Assets Not Being Depreciated	<u>15,474,666</u>	<u>7,672,553</u>	<u>\$ 0</u>	<u>23,147,219</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	315,528,355	3,221,209	(3,000)	318,746,564
Equipment	8,810,124	1,461,935	(308,660)	9,963,399
Total Capital Assets Being Depreciated	<u>324,338,479</u>	<u>4,683,144</u>	<u>(311,660)</u>	<u>328,709,963</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(151,098,075)	(8,528,289)	2,113	(159,624,251)
Equipment	(6,190,017)	(825,793)	284,226	(6,731,584)
Total Accumulated Depreciation	<u>(157,288,092)</u>	<u>(9,354,082)</u>	<u>286,339</u>	<u>(166,355,835)</u>
Total Being Depreciated, Net	<u>167,050,387</u>	<u>(4,670,938)</u>	<u>(25,321)</u>	<u>162,354,128</u>
Business-type Activities Capital Assets, Net	<u>\$ 182,525,053</u>	<u>\$ 3,001,615</u>	<u>\$ (25,321)</u>	<u>\$ 185,501,347</u>

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

Governmental Activities

General Government	\$ 883,221
Law Enforcement	468,692
Fire Control	290,364
Building Inspections	16,004
Physical Environment	391,748
Roads and Streets	859,293
Parks and Recreation	564,883
Internal Service Funds	63,869
Total Depreciation Expense - Governmental Activities	<u>\$ 3,538,074</u>

Business-type Activities

Electric	\$ 5,323,017
Water and Sewer	2,768,634
Stormwater	787,690
Sanitation	51,866
Golf Courses	92,024
Leased Facilities	176,693
Natural Gas	154,158
Total Depreciation Expense - Business-type Activities	<u>\$ 9,354,082</u>

Note 7 - Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Long-term Debt (Continued)

	Balance September 30, 2017	Additions	Other Reductions	Balance September 30, 2018	Due Within One Year
Governmental Activities					
Revenue Bonds	\$ 1,470,000		\$ (980,000)	\$ 490,000	\$ 490,000
Accrued Compensated Absences	3,390,605	\$ 1,392,564	(1,152,654)	3,630,515	726,103
Accrued Other Postemployment Benefits	1,995,654		(6,319)	1,989,335	
Net Pension Liability	12,061,132		(92,759)	11,968,373	
Total Governmental Activities	18,917,391	1,392,564	(2,231,732)	18,078,223	1,216,103
Business-type Activities					
Revenue Bonds - Par	14,345,000		(3,925,000)	10,420,000	4,060,000
Unamortized Premium	171,722		(102,246)	69,476	
Revenue Bonds, Net	14,516,722	0	(4,027,246)	10,489,476	4,060,000
Accrued Compensated Absences	1,966,983	761,791	(734,594)	1,994,180	398,836
Accrued Other Postemployment Benefits	1,326,561		(4,202)	1,322,359	
Net Pension Liability	7,079,823	201,570		7,281,393	
Total Business-type Activities	24,890,089	963,361	(4,766,042)	21,087,408	4,458,836
Total Long-term Obligations	\$ 43,807,480	\$ 2,355,925	\$ (6,997,774)	\$ 39,165,631	\$ 5,674,939

Bonds and notes outstanding at September 30, 2018, consist of the following for governmental activities:

	Note	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Governmental Activities					
Revenue Bonds:					
2012 Series, Infrastructure					
Sales Surtax	1	2019	\$ 6,495,000	\$ 490,000	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, 2018, consist of the following for business-type activities:

	Note	Maturity	Originally Issued	Outstanding Amount	Interest Rate
Business-type Activities					
Revenue Bonds:					
2010 Series, Utility Revenue:					
Electric Fund	1	2020	\$ 21,960,865	\$ 6,137,380	2.0-4.0%
Water and Sewer Fund	1	2020	15,324,135	4,282,620	2.0-4.0%
Total Business-type Activities			\$ 37,285,000	\$ 10,420,000	

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Long-term Debt (Continued)

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, 2018, are as follows:

Governmental Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2019	\$ 490,000	\$ 4,227	\$ 494,227

Business-type Activities			
Fiscal Year	Revenue Bonds		Total
	Principal	Interest	
2019	\$ 4,060,000	\$ 366,925	\$ 4,426,925
2020	4,210,000	213,100	4,423,100
2021	2,150,000	43,000	2,193,000
Total	\$ 10,420,000	\$ 623,025	\$ 11,043,025

Interest paid and incurred in the governmental activities totaled \$21,224 for the year ended September 30, 2018. Interest costs incurred in the business-type activities (excluding amortization) totaled \$436,650 for the same period.

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 7 - Long-term Debt (Concluded)

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2018, were as follows:

<u>Description of Bond</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Estimated Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Governmental Activities						
Infrastructure Sales Surtax Bonds, Series 2012	Infrastructure Surtax	\$ 1,380,218	\$ 1,001,224	35.81%	\$ 494,227	2019
Business-type Activities						
Series 2010, Utility Revenue Bonds	Net Electric Utility Revenue	13,967,734	2,605,276	15.52%	6,504,342	2021
Series 2010, Utility Revenue Bonds	Net Water and Sewer Utility Revenue	7,766,615	1,817,943	19.48%	4,538,683	2021

Note 8 - Restricted Assets

The following table indicates the balances at September 30, 2018, 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	\$ 1,175,055	\$ 819,945	\$ 1,995,000
Interest	116,872	81,553	198,425
Renewal and Replacement	1,500,000	500,000	2,000,000
Customer Deposits	<u>5,568,561</u>		<u>5,568,561</u>
Total Restricted Assets	<u>\$ 8,360,488</u>	<u>\$ 1,401,498</u>	<u>\$ 9,761,986</u>

Note 9 - Florida Municipal Power Affiliation

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

The St. Lucie Project

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 9 - Florida Municipal Power Affiliation (Concluded)

The St. Lucie Project (Concluded)

Total expense for 2018 under this contract was \$3,920,927. 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 highest system peak load for fiscal 2018 was in January 2018, at 213.781 MW. Total expense to the City under the All Requirements Project for 2018 was \$52,863,969.

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

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

Interconnect Services

The City also has a contract for backup interconnection and electric service with Jacksonville Electric Authority (JEA) through an interconnection point at the Neptune Beach Substation. Total expense for 2018, under this contract was \$392,302, which is net of the FMPA contribution of \$196,151.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 10 - Power Costs Recovered in Advance

The City uses a power true-up recomputed monthly in its electric rates. At September 30, 2018, the City was over-recovered from customers by \$42,291,552. Of this amount, \$14,220,871 is reserved for rate stabilization pursuant to City Resolution 1911-2013. The remaining \$28,070,681 is expected to be returned to customers in future years. At September 30, 2017, the City was over-recovered by \$41,309,910.

The City also uses a cost of gas true-up recomputed monthly in its natural gas rates. At September 30, 2018, the City was over-recovered from customers by \$262,274. This amount will be returned to customers in future years. At September 30, 2017, the City was over-recovered by \$396,990.

Note 11 - Retirement Systems

Plan Descriptions

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

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

- 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, 2017, 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)	189	38	23	250
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	11	3	0	14
Active Plan Members	249	64	30	343
Total	<u>449</u>	<u>105</u>	<u>53</u>	<u>607</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - 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.

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

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - 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, 2018, 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 \$354,410) were received for the period ending September 30, 2018, 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, 2018, the actuarially determined contribution amount was to be \$3,192,414, including estimated contributions from the State of Florida. The City's actual contribution was \$3,198,396, including actual contributions from the State of Florida. These contributions were determined pursuant to an actuarial valuation dated October 1, 2016.

There were no contributions due to the plans by the City at September 30, 2018.

Investment Policy

The following are the three Boards' adopted asset allocation policy as of September 30, 2018:

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - 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, 2018 and 2017, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 9.22% and 12.11%, 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, 2018, there were no DROP balances for any plan.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Retirement Systems (Continued)

Fund Balance Reserves (Concluded)

Schedule of Pension Plan Net Position as of September 30, 2018

	General Employees	Police Officers	Firefighters	Totals
Assets				
Cash and Cash Equivalents	\$ 1,121,251	\$ 770,906	\$ 479,335	\$ 2,371,492
Accrued Interest	89,570	37,423	20,898	147,891
Due from Other Governments			4,136	4,136
Investments:				
Equities, Including Mutual Funds	37,222,700	15,779,217	8,824,309	61,826,226
Corporate Bonds	6,427,889	2,685,604	1,499,679	10,613,172
U.S. Government Obligations/Agencies	7,796,325	3,257,343	1,818,947	12,872,615
Real Estate Fund	2,990,664	1,249,514	697,747	4,937,925
Total Investments	54,437,578	22,971,678	12,840,682	90,249,938
Total Assets	55,648,399	23,780,007	13,345,051	92,773,457
Liabilities				
Accounts Payable	850	850	850	2,550
Other Accrued Liabilities	633	225	148	1,006
Total Liabilities	1,483	1,075	998	3,556
Net Position Restricted for Pensions	\$ 55,646,916	\$ 23,778,932	\$ 13,344,053	\$ 92,769,901

Schedule of the Change in Pension Plan Net Position as of September 30, 2018

	General Employees	Police Officers	Firefighters	Totals
Additions				
Contributions				
Employee	\$ 1,029,762	\$ 362,140	\$ 161,383	\$ 1,553,285
Employer	1,898,689	479,669	465,628	2,843,986
State of Florida		211,654	142,756	354,410
Total Contributions	2,928,451	1,053,463	769,767	4,751,681
Investment Income				
Investment Earnings	4,914,090	2,056,003	1,148,522	8,118,615
(Investment Expenses)	(152,506)	(64,330)	(36,189)	(253,025)
Net Investment Income	4,761,584	1,991,673	1,112,333	7,865,590
Total Additions	7,690,035	3,045,136	1,882,100	12,617,271
Deductions				
Benefits	4,555,656	1,161,010	774,227	6,490,893
Refunds of Contributions	158,889	65,031	0	223,920
Administrative Expense	100,429	88,504	75,928	264,861
(Total Deductions)	(4,814,974)	(1,314,545)	(850,155)	(6,979,674)
Change in Net Position	2,875,061	1,730,591	1,031,945	5,637,597
Net Position, Beginning of Year	52,771,855	22,048,341	12,312,108	87,132,304
Net Position, End of Year	\$ 55,646,916	\$ 23,778,932	\$ 13,344,053	\$ 92,769,901

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - 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, 2017, one year prior to the reporting date.

Net Pension Liability

The components of the net pension liability for each plan as of September 30, 2017, (measurement date) and for the year then ended, were as follows:

General Employees' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 62,306,456	\$ 49,137,471	\$ 13,168,985
Service Cost	1,391,483		1,391,483
Interest	4,852,273		4,852,273
Differences Between Expected and Actual Experience	325,573		325,573
Changes of Assumptions	2,129,976		2,129,976
Contributions - Employer		1,591,545	(1,591,545)
Contributions - Employee		1,018,627	(1,018,627)
Net Investment Income		6,557,114	(6,557,114)
Benefit Payments Including Refunds of Employee Contributions	(4,697,563)	(5,427,098)	729,535
Administrative Expenses		(105,804)	105,804
Net Changes	4,001,742	3,634,384	367,358
Balance, End of Year	\$ 66,308,198	\$ 52,771,855	\$ 13,536,343

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Retirement Systems (Continued)

Net Pension Liability (Concluded)

Police Officers' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 23,153,060	\$ 19,972,236	\$ 3,180,824
Service Cost	633,232		633,232
Interest	1,826,742		1,826,742
Differences Between Expected and Actual Experience	(458,370)		(458,370)
Changes of Assumptions	675,123		675,123
Contributions - Employer and State		705,983	(705,983)
Contributions - Employee		353,277	(353,277)
Net Investment Income		2,367,943	(2,367,943)
Benefit Payments Including Refunds of Employee Contributions	(1,270,805)	(1,270,805)	0
Administrative Expenses		(80,293)	80,293
Net Changes	1,405,922	2,076,105	(670,183)
Balance, End of Year	\$ 24,558,982	\$ 22,048,341	\$ 2,510,641

Firefighters' Pension Plan

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
Balance, Beginning of Year	\$ 13,932,638	\$ 11,141,492	\$ 2,791,146
Service Cost	302,339		302,339
Interest	1,096,691		1,096,691
Differences Between Expected and Actual Experience	216,068		216,068
Changes of Assumptions	717,489		717,489
Contributions - Employer and State		501,375	(501,375)
Contributions - Employee		168,792	(168,792)
Net Investment Income		1,322,095	(1,322,095)
Benefit Payments Including Refunds of Employee Contributions	(750,335)	(750,335)	0
Administrative Expenses		(71,311)	71,311
Net Changes	1,582,252	1,170,616	411,636
Balance, End of Year	\$ 15,514,890	\$ 12,312,108	\$ 3,202,782

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Retirement Systems (Continued)

Actuarial Assumptions

The total pension liability was based on an actuarial valuation as of October 1, 2016, and a measurement date of October 1, 2017, 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	2.5%
Salary Increases	2.7% - 6.3% (Including Inflation)
Investment Rate of Return	7.9%

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 are summarized below:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.9%. 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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - Retirement Systems (Continued)

Discount Rate (Concluded)

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

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

	1% Decrease 6.90%	Current Discount Rate 7.90%	1% Increase 8.90%
General Employees' Pension Plan:	\$ 20,921,510	\$ 13,536,343	\$ 7,290,803
Police Officers' Pension Plan:	\$ 5,483,954	\$ 2,510,641	\$ (22,222)
Firefighters' Pension Plan:	\$ 5,233,577	\$ 3,202,782	\$ 1,518,388

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

For the year ended September 30, 2018, the City recognized pension expense as follows:

General Employees' Pension Plan	\$ 2,359,697
Police Officers' Pension Plan	792,523
Firefighters' Pension Plan	848,179
Total	\$ 4,000,399

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	General Employees'	Police Officers'	Firefighters'	Total
Contributions Made After the Measurement Date	\$ 1,898,689	\$ 691,323	\$ 608,384	\$ 3,198,396
Differences Between Expected and Actual Experience	256,006	19,559	216,533	492,098
Changes in Assumptions	3,269,779	1,073,603	1,052,831	5,396,213
Total	\$ 5,424,474	\$ 1,784,485	\$ 1,877,748	\$ 9,086,707

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 11 - 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	\$ 823,134	\$ 639,098		\$ 1,462,232
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	222,139	75,734	\$ 14,883	312,756
Total	<u>\$ 1,045,273</u>	<u>\$ 714,832</u>	<u>\$ 14,883</u>	<u>\$ 1,774,988</u>

Contributions made after the measurement date (shown above) will be recognized in the fiscal year ending September 30, 2019.

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>
2019	\$ 928,936	\$ 191,637	\$ 431,733	\$ 1,552,306
2020	1,252,332	269,957	451,889	1,974,178
2021	339,316	(53,990)	227,832	513,158
2022	(40,072)	(53,895)	88,424	(5,543)
2023		24,621	54,603	79,224
Total	<u>\$ 2,480,512</u>	<u>\$ 378,330</u>	<u>\$ 1,254,481</u>	<u>\$ 4,113,323</u>

Note 12 - Interlocal Agreement

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

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 12 - 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%
Total	<u>100.0%</u>	<u>100.0%</u>

The City contributed \$0 to the interlocal agreement during 2018. As of September 30, 2018 the City had no commitment related to outfall repairs and maintenance and the interlocal agreement had no outstanding debt. There are no separate financial statements prepared for the interlocal agreement. The City records its capital assets related to the interlocal agreement in the water/sewer enterprise fund.

Note 13 - Commitments, Contingencies, and Encumbrances

Grants

The City participates in federal, state, and county programs that are fully or partially funded by grants received from other governmental units. In management's opinion, there are no material instances of 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, 2018, the City had the following commitments related to significant unfinished capital projects:

<u>Project</u>	<u>Expended as of September 30, 2018</u>	<u>Remaining Commitment</u>
Golf Course Master Plan and Greens Reconstruction	\$ 1,612,550	\$ 53,350
Penman Road Commercial Area Improvements	12,504	94,549
Downtown Improvements Phase III, Project I	5,366,790	1,176,611
Downtown Improvements Phase III, Project 2	2,087,841	10,690,640
A1A Water Main Replacement	7,948	2,031,409
South Beach Parkway Irrigation Improvements	880,345	304,409
South Beach SW Pipe Cleaning	1,381,645	145,466
Community Center Building Renovation	72,906	327,798
Sampson Substation 224 MVA Transformer Replacement	31,440	166,560
Install Fiber and Equipment between Sampson and Ft. Diego	170,106	126,385
Guana Substation 50MVA Transformer Addition	374,350	2,611,286
Water Main Replacement	638,236	78,697
Rehab Lift Station	73,468	36,532
Total	<u>\$ 12,710,129</u>	<u>\$ 17,843,692</u>

Encumbrances

Significant encumbrances included in governmental fund balances are as follows:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 13 - Commitments, Contingencies, and Encumbrances (Concluded)

Encumbrances (Concluded)

<u>Fund</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund		\$ 265,229
General Capital Projects Fund	\$ 3,508,697	
Community Redevelopment Fund	10,846,948	
Other Governmental Funds	<u>418,279</u>	
Total	<u>\$ 14,773,924</u>	<u>\$ 265,229</u>

Note 14 - Risk Management

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

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

During 2018, 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 \$3,954,629 in 2018, and \$3,902,633 in 2017.

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 14 - 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 2018, interdepartmental charges and other earnings were more than actual costs by \$230,762. For 2017, interdepartmental charges and other earnings were more than actual costs by \$14,663. The self-insurance fund has unrestricted net position of \$3,508,939 at September 30, 2018.

There were no significant reductions in insurance coverage from 2017 to 2018.

The estimated liability for self-insured losses of \$342,611 accrued in the self-insurance fund at September 30, 2018, 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:

	2018	2017
Beginning Balance	\$ 370,230	\$ 460,954
Current Year Claims and Changes in Estimates	206,393	191,722
(Claim Payments)	(234,012)	(282,446)
Ending Balance	\$ 342,611	\$ 370,230

Note 15 - Community Redevelopment Agency

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

Downtown Redevelopment District

The initial focus of the CRA was the rejuvenation of the Downtown District. The original plan for the redevelopment of the Downtown District was adopted in June 1987, following the creation of the tax increment district in 1984. The plan was amended in 2007 to incorporate the Downtown Vision Plan, and in 2014 to create a Downtown Community Assisted Policing Effort (CAPE), in an effort to making the downtown a safer and more inviting area. The most recent amendment to the downtown plan came via the adoption of the 2015 Downtown Action Plan, a collection of projects and programs to address community redevelopment concerns in the areas of public spaces, transportation, public safety, and overall quality of life in the downtown community redevelopment district.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Community Redevelopment Agency (Continued)

Downtown Redevelopment District (Concluded)

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

Phase III of the Downtown Vision Plan is divided into sub-phases A, B, and C. Phase III-A included the reconstruction of North 1st Street between 4th Avenue North and 6th Avenue North; and 5th Avenue North between 1st Street and 3rd Street. Phases III-B and III-C are currently underway and include major reconstruction of the water, sewer, and storm drainage systems as well as street and alleyway improvements from Beach Boulevard to 13th Avenue South. Project 2 of Phase III-C, providing street and infrastructure improvements between 11th and 13th Avenues South, is currently underway, with a construction cost of approximately \$11 million. That project is expected to be completed in early 2020. It is anticipated that in FY2019 a consultant will be selected for the design and construction document production for the remaining Phase III-C infrastructure and roadway work.

In 2018, consultants to the CRA completed a *Downtown Action Plan – Implementation and Management Plan*, in an effort to address various livability issues identified in the 2015 Downtown Action Plan. In 2019, that consulting team will be preparing Public Art, Bike Parking, Wayfinding Signage, Lighting, and Pier Entryway Enhancement elements identified in the Implementation and Management Plan and proposed for funding by the CRA in 2019 and 2020.

Southend Redevelopment District

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

Phase I of the South Beach Capital Improvements Program (CIP) included infrastructure improvements in an area known as Jacksonville Beach Heights. This \$3.32 million project was included in the initial set of projects identified in a capital improvement study completed in 2011. Phase II involved the installation of a reuse water irrigation system and re-landscaping of South Beach Parkway and Jacksonville Drive. Also included in Phase II was a major project to repair stormwater and drainage piping of the South Beach master stormwater system. That project was substantially completed in FY 2018. It is projected that the remaining downstream channel and retention pond work associated with that project be funded by the CRA and completed in the next several years.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 15 - Community Redevelopment Agency (Concluded)

Southend Redevelopment District (Concluded)

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.

In 2018, consultants to the CRA completed a drainage improvements study for the historically platted Ocean Terrace area of the South Beach district, which consists of the developed residential neighborhoods along the north and south sides of Jacksonville Drive, west of South Beach Parkway. It is anticipated that in FY 2019 funding will be provided for the drainage improvements recommended in that study.

Also completed in the Southend Redevelopment District in 2017 was a new skate park located in South Beach Park on South Beach Parkway. In 2018, projects focused on upgrade and maintenance of the recreational facilities in South Beach Park, including installation of a new synthetic turf playing field, additions to the *Splash Pad* interactive water feature to accommodate younger children, and replacement of the exercise equipment at the nine “fitness stations” situated along the park’s walking/jogging trail.

The following schedule summarizes revenue and expenditure activity for the two districts in 2018:

	<u>Downtown</u>	<u>Southend</u>	<u>Total</u>
Revenues and Transfers in			
Ad Valorem Taxes	\$ 6,178,650	\$ 4,131,747	\$ 10,310,397
Interest and Other	113,290	65,202	178,492
Total Revenues and Transfers in	<u>6,291,940</u>	<u>4,196,949</u>	<u>10,488,889</u>
Expenditures			
General Government	458,899	212,749	671,648
Public Safety	1,180,548		1,180,548
Capital Projects:			
Downtown Infrastructure Improvements	2,918,453		2,918,453
Southend Infrastructure Improvements		1,752,844	1,752,844
(Total Expenditures)	<u>(4,557,900)</u>	<u>(1,965,593)</u>	<u>(6,523,493)</u>
Excess of Revenues and Transfers in Over Expenditures	<u>\$ 1,734,040</u>	<u>\$ 2,231,356</u>	<u>\$ 3,965,396</u>

Note 16 - Lease Revenue

The City has four facilities that have rental space available. Revenues from the facilities’ operating leases and the related maintenance expenses are accumulated in the City’s Lease Facilities Fund; and fund net income is used to make technology purchases. Lease agreements for the Community Services Center, the Industrial Park, the cell tower, and the Marina building are generally three to five-year leases, with the option for either party to cancel the lease given 90 days’ notice. Charges for space at the Community Services Center, the Industrial Park, and

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 16 - Lease Revenue (Concluded)

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:

	Cost	Accumulated Depreciation	Carrying Amount
Buildings	\$ 632,274	\$ 473,142	\$ 159,132
Improvements	34,216	30,834	3,382
Total	\$ 666,490	\$ 503,976	\$ 162,514

Note 17 - Other Postemployment Benefits (OPEB)

Plan Description

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

Membership Information

The following table provides a summary of the number of participants in the plan as of October 1, 2016 (the latest actuarial valuation):

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	280
Total Plan Members	297

Funding Policy

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

Total OPEB Liability

The City's total OPEB liability of \$3,311,694 was measured as of September 30, 2017 which is one year prior to the reporting date. The actuarial valuation date was October 1, 2016.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 17 - Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

Total OPEB Liability, Beginning of Year, As Restated	\$ 3,322,215
Service Cost	173,214
Interest on Total OPEB Liability	106,001
Changes of Assumptions and other inputs	(137,638)
Benefit Payments	<u>(152,098)</u>
Net change in Total OPEB Liability	<u>(10,521)</u>
Total OPEB Obligation, End of Year	<u>\$ 3,311,694</u>

Changes of assumptions and other inputs include an increase of the discount rate from 3.10% as of the beginning of the measurement period to 3.50% at the end of the measurement period.

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

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

	<u>1% Decrease</u> <u>2.50%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.50%</u>	<u>1% Increase</u> <u>4.50%</u>
Total OPEB Liability	\$ 3,671,520	\$ 3,311,694	\$ 2,999,906

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

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

	<u>1% Decrease</u> <u>(6.25% to 3.69%)</u>	<u>Current</u> <u>Healthcare cost</u> <u>Trend Rate</u> <u>(7.25% to 4.69%)</u>	<u>1% Increase</u> <u>(8.25% to 5.69%)</u>
Total OPEB Liability	\$ 2,898,715	\$ 3,311,694	\$ 3,814,420

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)

Note 17 - Other Postemployment Benefits (OPEB) *(Continued)*

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

For the fiscal year ended September 30, 2018, the City recognized OPEB expense of \$263,750. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions after Measurement Date	\$ 161,121	
Changes in Assumptions and Other Inputs		\$ 122,173
Total	<u>\$ 161,121</u>	<u>\$ 122,173</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$161,121 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2019	(15,465)
2020	(15,465)
2021	(15,465)
2022	(15,465)
2023	(15,465)
Thereafter	(44,848)
Total	<u>(122,173)</u>

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:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

Note 17 - Other Postemployment Benefits (OPEB) *(Concluded)*

Actuarial Methods and Assumptions *(Concluded)*

Actuarial Valuation Date:	October 1, 2016
Measurement Date:	September 30, 2017
Reporting Date:	September 30, 2018
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.50%
Discount Rate:	3.50%
Projected Salary Increases:	Salary increase rates used for General, Firefighters, and Police Officers in the applicable pension actuarial valuation: 4.5% - 12.1% including inflation
Retirement Age:	Retirement rates are based on the applicable pension actuarial valuation
Mortality:	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering period 2008 through 2013.
Healthcare Cost Trend Rate:	Based on the Getzen Model, with trend starting at 7.25% and gradually trending to an ultimate trend rate of 4.24% plus 0.45% increase for excise tax.
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses:	Administrative expenses are included in the per capita health costs.

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

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

Notes to Schedule:

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

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

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

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

Reporting Date:	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Measurement Date:	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability				
Service Cost	\$ 633,232	\$ 608,970	\$ 583,329	\$ 517,788
Interest on the Total Pension Liability	1,826,742	1,709,163	1,632,596	1,568,728
Benefit Changes (1)				(2,590,277)
Difference Between Expected and Actual Experience	(458,370)	(393,421)		54,979
Assumption Changes (2), (3)	675,123	776,974		
Benefit Payments	(1,176,786)	(1,211,452)	(1,263,089)	(1,275,228)
Refunds	(94,019)	(5,905)	(62,865)	(150,660)
Net Change in Total Pension Liability	1,405,922	1,484,329	889,971	(1,874,670)
Total Pension Liability-Beginning	23,153,060	21,668,731	20,778,760	22,653,430
Total Pension Liability-Ending (a)	24,558,982	23,153,060	21,668,731	20,778,760
Plan Fiduciary Net Position				
Employer and State Contributions	705,983	662,694	562,835	530,453
Employee Contributions	353,277	343,112	328,665	263,978
Pension Plan Net Investment Income	2,367,943	1,498,725	(59,565)	1,819,901
Benefit Payments	(1,176,786)	(1,211,452)	(1,263,089)	(1,275,228)
Refunds	(94,019)	(5,905)	(62,865)	(150,660)
Pension Plan Administrative Expense	(80,293)	(66,704)	(71,518)	(81,366)
Net Change in Plan Fiduciary Net Position	2,076,105	1,220,470	(565,537)	1,107,078
Plan Fiduciary Net Position-Beginning	19,972,236	18,751,766	19,317,303	18,210,225
Plan Fiduciary Net Position-Ending (b)	22,048,341	19,972,236	18,751,766	19,317,303
Net Pension Liability-Ending (a) – (b)	\$ 2,510,641	\$ 3,180,824	\$ 2,916,965	\$ 1,461,457
Plan Fiduciary Net Position as Percentage				
of Total Pension Liability	89.78%	86.26%	86.54%	92.97%
Covered Payroll	\$ 4,443,736	\$ 4,315,874	\$ 4,134,151	\$ 3,945,943
Net Pension Liability as a Percentage				
of Covered Payroll	56.50%	73.70%	70.56%	37.04%

Notes to Schedule:

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

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

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

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

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

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

Notes to Schedule:

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

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

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

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

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

	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 1,892,707	\$ 1,591,545	\$ 1,321,320	\$ 1,387,165	\$ 1,205,756
Contributions in Relation to the Actuarially Determined Contribution	1,898,689	1,591,545	1,321,320	1,387,165	1,216,994
Contribution Deficiency (Excess)	<u>\$ (5,982)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,238)</u>
Covered Payroll	\$ 12,952,981	\$ 12,812,918	\$ 11,663,535	\$ 10,730,277	\$ 10,622,900
Contributions as a Percentage of Covered Payroll	14.66%	12.42%	11.33%	12.93%	11.46%

Notes to Schedule of Contributions

Valuation Date	October 1, 2016 for period ended September 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	4 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.5% wage inflation, 2.5% price inflation
Investment Rate of Return	7.9%
Projected Salary Increases	2.7% to 6.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB.

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

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

	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 691,323	\$ 678,304	\$ 633,555	\$ 511,049	\$ 490,666
Contributions in Relation to the Actuarially Determined Contribution	691,323	705,983	662,694	562,835	530,453
Contribution Deficiency (Excess)	\$ 0	\$ (27,679)	\$ (29,139)	\$ (51,786)	\$ (39,787)
Covered Payroll	\$ 4,555,220	\$ 4,443,736	\$ 4,315,874	\$ 4,134,151	\$ 3,945,943
Contributions as a Percentage of Covered Payroll	15.18%	15.89%	15.35%	13.61%	13.44%

Notes to Schedule of Contributions

Valuation Date	October 1, 2016 for period ended September 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	4 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.5% wage inflation, 2.5% price inflation
Investment Rate of Return	7.9%
Projected Salary Increases	2.7% to 6.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB.

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

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

	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarially Determined Contribution	\$ 608,384	\$ 501,375	\$ 422,041	\$ 368,361	\$ 408,279
Contributions in Relation to the Actuarially Determined Contribution	608,384	501,375	422,041	389,997	457,932
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (21,636)	\$ (49,653)
Covered Payroll	\$ 2,029,975	\$ 2,123,170	\$ 2,019,711	\$ 1,848,440	\$ 1,867,968
Contributions as a Percentage of Covered Payroll	29.97%	23.61%	20.90%	21.10%	24.51%

Notes to Schedule of Contributions

Valuation Date	October 1, 2016 for period ended September 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	4 to 25 Years
Asset Valuation Method	4-Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.5% wage inflation, 2.5% price inflation
Investment Rate of Return	7.9%
Projected Salary Increases	2.7% to 6.3%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2002 valuation.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB.

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

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

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

Fiscal Year Ended September 30,	General Employees	Police Officers	Firefighters
2018	9.22%	9.22%	9.22%
2017	12.11%	12.11%	12.11%
2016	8.15%	8.15%	8.15%
2015	-0.35%	-0.35%	-0.35%
2014	10.22%	10.22%	10.22%
2013	11.97%	11.97%	11.97%
2012	16.52%	16.52%	16.52%
2011	-0.17%	-0.17%	-0.17%
2010	8.16%	8.16%	8.16%
2009	5.45%	5.45%	5.45%
2008	-10.88%	-10.88%	-10.88%

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

Reporting Date:	9/30/2018
Measurement Date:	9/30/2017
Total OPEB Liability	
Service Cost	\$ 173,214
Interest on the Total OPEB Liability	106,001
Changes in Assumptions and Other Inputs	(137,638)
Benefit Payments	(152,098)
Net change in total OPEB Liability	<u>(10,521)</u>
Total OPEB Liability - Beginning of Year, As Restated	<u>3,322,215</u>
Total OPEB Liability - End of Year	<u><u>\$ 3,311,694</u></u>
Estimated Covered-employee Payroll	14,491,777
Total OPEB Liability as a percentage of Covered-employee Payroll	22.85%

Notes:

Covered-employee payroll presented above is an estimate based on data submitted for the October 1, 2016 valuation. GASB Statement 75 defined Covered-employee payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminated during the measurement period.

Changes in assumptions and other inputs include the change in the discount rate from 3.10% at the beginning of the measurement period to 3.50% at the end of the measurement period.

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds				
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund	Community Development Block Grant Fund
Assets					
Equity in Pooled Cash and Investments	\$ 567,914	\$ 8,359	\$ 697,652	\$ 1,123,080	\$ (12,833)
Special Assessments Receivable			21,667		
Due from Other Governments	147,630		138,800	205,800	12,833
Total Assets	<u>715,544</u>	<u>8,359</u>	<u>858,119</u>	<u>1,328,880</u>	<u>0</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	2,422		9,923	12,504	
Other Accrued Liabilities			124		
Total Liabilities	<u>2,422</u>	<u>0</u>	<u>10,047</u>	<u>12,504</u>	<u>0</u>
Deferred Inflows of Resources					
Unavailable Revenues	34,200	0	160,467	205,800	0
Fund Balances					
Restricted for:					
Tourism Expenses	678,922				
Transportation Improvements			687,605		
Capital Projects				1,110,576	
Law Enforcement		8,359			
Committed for:					
Tree Replacement					
Assigned for:					
Capital Projects					
Debt Service					
Total Fund Balances	<u>678,922</u>	<u>8,359</u>	<u>687,605</u>	<u>1,110,576</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 715,544</u>	<u>\$ 8,359</u>	<u>\$ 858,119</u>	<u>\$ 1,328,880</u>	<u>\$ 0</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

	Special Revenue Funds			
	Radio Communications Fund	Tree Protection Fund	Law Enforcement Trust Fund	Equitable Sharing Trust Fund
Assets				
Equity in Pooled Cash and Investments	\$ 205,549	\$ 6,007	\$ 48,179	\$ 170,830
Special Assessments Receivable				
Due from Other Governments	12,201			
Total Assets	<u>217,750</u>	<u>6,007</u>	<u>48,179</u>	<u>170,830</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable			26	5,080
Other Accrued Liabilities			335	
Total Liabilities	<u>0</u>	<u>0</u>	<u>361</u>	<u>5,080</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted for:				
Tourism Expenses				
Transportation Improvements				
Capital Projects				
Law Enforcement	217,750		47,818	165,750
Committed for:				
Tree Replacement		6,007		
Assigned for:				
Capital Projects				
Debt Service				
Total Fund Balances	<u>217,750</u>	<u>6,007</u>	<u>47,818</u>	<u>165,750</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 217,750</u>	<u>\$ 6,007</u>	<u>\$ 48,179</u>	<u>\$ 170,830</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
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	
Assets				
Equity in Pooled Cash and Investments	\$ 21,756	\$ 2,796,241	\$ 9,132	\$ 5,641,866
Special Assessments Receivable				21,667
Due from Other Governments				517,264
Total Assets	<u>21,756</u>	<u>2,796,241</u>	<u>9,132</u>	<u>6,180,797</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable		49		30,004
Other Accrued Liabilities				459
Total Liabilities	<u>0</u>	<u>49</u>	<u>0</u>	<u>30,463</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>400,467</u>
Fund Balances				
Restricted for:				
Tourism Expenses				678,922
Transportation Improvements				687,605
Capital Projects		2,796,192		3,906,768
Law Enforcement				439,677
Committed for:				
Tree Replacement				6,007
Assigned for:				
Capital Projects			9,132	9,132
Debt Service	21,756			21,756
Total Fund Balances	<u>21,756</u>	<u>2,796,192</u>	<u>9,132</u>	<u>5,749,867</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,756</u>	<u>\$ 2,796,241</u>	<u>\$ 9,132</u>	<u>\$ 6,180,797</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Special Revenue Funds				
	Convention Development Tax Fund	Court Costs Training Fund	Local Option Gas Tax Fund	Infrastructure Surtax Fund	Community Development Block Grant Fund
Revenues					
Taxes	\$ 410,630		\$ 832,287	\$ 1,372,939	
Intergovernmental					\$ 142,366
Charges for Services			856	1,779	
Fines and Forfeitures		\$ 8,845			
Other Revenue	2,431	39	8,323	5,500	
Total Revenues	<u>413,061</u>	<u>8,884</u>	<u>841,466</u>	<u>1,380,218</u>	<u>142,366</u>
Expenditures					
Current:					
General Government				2,653	
Public Safety		20,633			
Physical Environment					
Roads and Streets			111,577		
Parks and Recreation	116,127				
Debt Service:					
Principal					
Interest and Fees					
Capital Outlay	483,992			533,356	
(Total Expenditures)	<u>(600,119)</u>	<u>(20,633)</u>	<u>(111,577)</u>	<u>(536,009)</u>	<u>0</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(187,058)</u>	<u>(11,749)</u>	<u>729,889</u>	<u>844,209</u>	<u>142,366</u>
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	(20,000)		(872,000)	(985,600)	(142,366)
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>0</u>	<u>(872,000)</u>	<u>(985,600)</u>	<u>(142,366)</u>
Net Change in Fund Balance	(207,058)	(11,749)	(142,111)	(141,391)	0
Fund Balances, Beginning of Year	<u>885,980</u>	<u>20,108</u>	<u>829,716</u>	<u>1,251,967</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 678,922</u>	<u>\$ 8,359</u>	<u>\$ 687,605</u>	<u>\$ 1,110,576</u>	<u>\$ 0</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Continued)**

	<u>Special Revenue Funds</u>			
	<u>Radio Communications Fund</u>	<u>Tree Protection Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Equitable Sharing Trust Fund</u>
Revenues				
Taxes				
Intergovernmental	\$ 12,201			
Charges for Services				
Fines and Forfeitures	24,001	\$ 1,360	\$ 6,099	\$ 28,986
Other Revenue	1,282	43	10,225	1,210
Total Revenues	<u>37,484</u>	<u>1,403</u>	<u>16,324</u>	<u>30,196</u>
Expenditures				
Current:				
General Government				
Public Safety	679		35,749	23,777
Physical Environment		3,390		
Roads and Streets				
Parks and Recreation				
Debt Service:				
Principal				
Interest and Fees				
Capital Outlay				293,507
(Total Expenditures)	<u>(679)</u>	<u>(3,390)</u>	<u>(35,749)</u>	<u>(317,284)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>36,805</u>	<u>(1,987)</u>	<u>(19,425)</u>	<u>(287,088)</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	36,805	(1,987)	(19,425)	(287,088)
Fund Balances, Beginning of Year	<u>180,945</u>	<u>7,994</u>	<u>67,243</u>	<u>452,838</u>
Fund Balances, End of Year	<u>\$ 217,750</u>	<u>\$ 6,007</u>	<u>\$ 47,818</u>	<u>\$ 165,750</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
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	
Revenues				
Taxes				\$ 2,615,856
Intergovernmental				154,567
Charges for Services			\$ 2,819	5,454
Fines and Forfeitures				69,291
Other Revenue	\$ 1,012	\$ 17,605	57	47,727
Total Revenues	<u>1,012</u>	<u>17,605</u>	<u>2,876</u>	<u>2,892,895</u>
Expenditures				
Current:				
General Government				2,653
Public Safety				80,838
Physical Environment		8,551		11,941
Roads and Streets				111,577
Parks and Recreation			29	116,156
Debt Service:				
Principal	980,000			980,000
Interest and Fees	21,773			21,773
Capital Outlay		195		1,311,050
(Total Expenditures)	<u>(1,001,773)</u>	<u>(8,746)</u>	<u>(29)</u>	<u>(2,635,988)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,000,761)</u>	<u>8,859</u>	<u>2,847</u>	<u>256,907</u>
Other Financing Sources (Uses)				
Transfers in	985,600			985,600
Transfers (out)				(2,019,966)
Total Other Financing Sources (Uses)	<u>985,600</u>	<u>0</u>	<u>0</u>	<u>(1,034,366)</u>
Net Change in Fund Balance	(15,161)	8,859	2,847	(777,459)
Fund Balances, Beginning of Year	<u>36,917</u>	<u>2,787,333</u>	<u>6,285</u>	<u>6,527,326</u>
Fund Balances, End of Year	<u>\$ 21,756</u>	<u>\$ 2,796,192</u>	<u>\$ 9,132</u>	<u>\$ 5,749,867</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 305,000	\$ 305,000	\$ 410,630	\$ 105,630
Other Revenue	5,000	5,000	2,431	(2,569)
Total Revenues	<u>310,000</u>	<u>310,000</u>	<u>413,061</u>	<u>103,061</u>
Expenditures				
Current:				
Parks and Recreation	142,974	146,824	116,127	30,697
Capital Outlay		500,000	483,992	16,008
(Total Expenditures)	<u>(142,974)</u>	<u>(646,824)</u>	<u>(600,119)</u>	<u>46,705</u>
(Deficiency) of Revenues (Under) Expenditures	167,026	(336,824)	(187,058)	149,766
Other Financing Sources (Uses)				
Transfers (out)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 147,026</u>	<u>\$ (356,824)</u>	<u>\$ (207,058)</u>	<u>\$ 149,766</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 9,000	\$ 9,000	\$ 8,845	\$ (155)
Other Revenue	500	500	39	(461)
Total Revenues	<u>9,500</u>	<u>9,500</u>	<u>8,884</u>	<u>(616)</u>
Expenditures				
Current:				
Public Safety	10,200	10,247	20,633	(10,386)
(Total Expenditures)	<u>(10,200)</u>	<u>(10,247)</u>	<u>(20,633)</u>	<u>(10,386)</u>
Net Change in Fund Balance	<u>\$ (700)</u>	<u>\$ (747)</u>	<u>\$ (11,749)</u>	<u>\$ (11,002)</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 781,000	\$ 781,000	\$ 832,287	\$ 51,287
Charges for Services			856	856
Other Revenue	5,000	5,000	8,323	3,323
Total Revenues	<u>786,000</u>	<u>786,000</u>	<u>841,466</u>	<u>55,466</u>
Expenditures				
Current:				
Roads and Streets	355,089	397,026	111,577	285,449
(Total Expenditures)	<u>(355,089)</u>	<u>(397,026)</u>	<u>(111,577)</u>	<u>285,449</u>
Excess of Revenues Over Expenditures	430,911	388,974	729,889	340,915
Other Financing Sources (Uses)				
Transfers (out)	(372,000)	(872,000)	(872,000)	0
Net Change in Fund Balance	<u>\$ 58,911</u>	<u>\$ (483,026)</u>	<u>\$ (142,111)</u>	<u>\$ 340,915</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,294,000	\$ 1,294,000	\$ 1,372,939	\$ 78,939
Charges for Services			1,779	1,779
Other Revenue	7,500	7,500	5,500	(2,000)
Total Revenues	<u>1,301,500</u>	<u>1,301,500</u>	<u>1,380,218</u>	<u>78,718</u>
Expenditures				
Current:				
General Government	1,500	1,500	2,653	(1,153)
Capital Outlay	70,000	695,000	533,356	161,644
(Total Expenditures)	<u>(71,500)</u>	<u>(696,500)</u>	<u>(536,009)</u>	<u>160,491</u>
Excess of Revenues Over Expenditures	1,230,000	605,000	844,209	239,209
Other Financing Sources (Uses)				
Transfers (out)	<u>(985,600)</u>	<u>(985,600)</u>	<u>(985,600)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 244,400</u>	<u>\$ (380,600)</u>	<u>\$ (141,391)</u>	<u>\$ 239,209</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, 2018
 CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 138,000	\$ 138,000	\$ 142,366	\$ 4,366
Total Revenues	<u>138,000</u>	<u>138,000</u>	<u>142,366</u>	<u>4,366</u>
Excess of Revenues Over				
Expenditures	138,000	138,000	142,366	4,366
Other Financing Sources (Uses)				
Transfers (out)	<u>(138,000)</u>	<u>(138,000)</u>	<u>(142,366)</u>	<u>(4,366)</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
RADIO COMMUNICATION FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental Revenue			\$ 12,201	\$ 12,201
Fines and Forfeitures	\$ 27,000	\$ 27,000	24,001	(2,999)
Other Revenue	1,500	1,500	1,282	(218)
Total Revenues	<u>28,500</u>	<u>28,500</u>	<u>37,484</u>	<u>8,984</u>
Expenditures				
Current:				
Public Safety	10,000	10,000	679	9,321
(Total Expenditures)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(679)</u>	<u>9,321</u>
Net Change in Fund Balance	<u>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 36,805</u>	<u>\$ 18,305</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures			\$ 1,360	\$ 1,360
Other Revenue	\$ 100	\$ 100	43	(57)
Total Revenues	<u>100</u>	<u>100</u>	<u>1,403</u>	<u>1,303</u>
Expenditures				
Current:				
Physical Environment	3,000	5,500	3,390	2,110
(Total Expenditures)	<u>(3,000)</u>	<u>(5,500)</u>	<u>(3,390)</u>	<u>2,110</u>
Net Change in Fund Balance	<u>\$ (2,900)</u>	<u>\$ (5,400)</u>	<u>\$ (1,987)</u>	<u>\$ 3,413</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 6,099	\$ 1,099
Other Revenue	1,000	1,000	10,225	9,225
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>16,324</u>	<u>10,324</u>
Expenditures				
Current:				
Public Safety	64,544	64,544	35,749	28,795
(Total Expenditures)	<u>(64,544)</u>	<u>(64,544)</u>	<u>(35,749)</u>	<u>28,795</u>
Net Change in Fund Balance	<u>\$ (58,544)</u>	<u>\$ (58,544)</u>	<u>\$ (19,425)</u>	<u>\$ 39,119</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$ 10,000	\$ 10,000	\$ 28,986	\$ 18,986
Other Revenue	7,000	7,000	1,210	(5,790)
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>30,196</u>	<u>13,196</u>
Expenditures				
Current:				
Public Safety	26,000	64,317	23,777	40,540
Capital Outlay	210,000	294,213	293,507	706
(Total Expenditures)	<u>(236,000)</u>	<u>(358,530)</u>	<u>(317,284)</u>	<u>41,246</u>
Net Change in Fund Balance	<u>\$ (219,000)</u>	<u>\$ (341,530)</u>	<u>\$ (287,088)</u>	<u>\$ 54,442</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, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other Revenues	\$ 3,000	\$ 3,000	\$ 1,012	\$ (1,988)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>1,012</u>	<u>(1,988)</u>
Expenditures				
Debt Service:				
Principal	980,000	980,000	980,000	0
Interest and Fees	28,224	28,224	21,773	6,451
(Total Expenditures)	<u>(1,008,224)</u>	<u>(1,008,224)</u>	<u>(1,001,773)</u>	<u>6,451</u>
(Deficiency) of Revenues				
(Under) Expenditures	(1,005,224)	(1,005,224)	(1,000,761)	4,463
Other Financing Sources (Uses)				
Transfers in	985,600	985,600	985,600	0
Net Change in Fund Balance	<u>\$ (19,624)</u>	<u>\$ (19,624)</u>	<u>\$ (15,161)</u>	<u>\$ 4,463</u>

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Assets						
Current Assets						
Equity in Pooled Cash and Investments	\$ 4,586,181	\$ 3,423,867	\$ 250,635	\$ 774,812	\$ 2,444,231	\$ 11,479,726
Receivables:						
Accounts, Net	168,720	408,998	13,307	8,092	244,110	843,227
Due from Other Governments		1,358,569				1,358,569
Inventory			7,787			7,787
Prepaid Expenses			2,543	432		2,975
Total Current Assets	<u>4,754,901</u>	<u>5,191,434</u>	<u>274,272</u>	<u>783,336</u>	<u>2,688,341</u>	<u>13,692,284</u>
Noncurrent Assets						
Capital Assets:						
Land	1,057,992		388,980	28,000		1,474,972
Buildings and Improvements	23,683,255		1,977,219	761,138	5,440,747	31,862,359
Equipment	97,113	355,582	256,789	767,987		1,477,471
Construction in Progress	1,519,227	483,985			162,429	2,165,641
	<u>26,357,587</u>	<u>839,567</u>	<u>2,622,988</u>	<u>1,557,125</u>	<u>5,603,176</u>	<u>36,980,443</u>
(Accumulated Depreciation)	<u>(10,899,364)</u>	<u>(261,366)</u>	<u>(1,542,405)</u>	<u>(1,221,877)</u>	<u>(870,513)</u>	<u>(14,795,525)</u>
Total Noncurrent Assets	<u>15,458,223</u>	<u>578,201</u>	<u>1,080,583</u>	<u>335,248</u>	<u>4,732,663</u>	<u>22,184,918</u>
Total Assets	<u>20,213,124</u>	<u>5,769,635</u>	<u>1,354,855</u>	<u>1,118,584</u>	<u>7,421,004</u>	<u>35,877,202</u>
Deferred Outflows of Resources						
Pension Related	62,126	57,295	180,115			299,536
OPEB Related	1,144		2,852			3,996
Total Deferred Outflows of Resources	<u>63,270</u>	<u>57,295</u>	<u>182,967</u>	<u>0</u>	<u>0</u>	<u>303,532</u>

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Liabilities						
Current Liabilities						
Accounts Payable	\$ 34,244	\$ 338,560	\$ 15,413	\$ 2,646	\$ 90,649	\$ 481,512
Power Costs Recovered in Advance					262,274	262,274
Other Accrued Liabilities		4,869	7,688	1,936	11,211	25,704
Due to Other Governments		3,563				3,563
Unearned Revenues			41,463			41,463
Current Portion of Long-term Debt:						
Compensated Absences		7,599	7,855			15,454
Total Current Liabilities	<u>34,244</u>	<u>354,591</u>	<u>72,419</u>	<u>4,582</u>	<u>364,134</u>	<u>829,970</u>
Noncurrent Liabilities						
Accrued Compensated Absences		30,397	31,419			61,816
Other Postemployment Benefits	23,513		58,617			82,130
Net Pension Liability	145,474	173,056	469,192			787,722
Total Noncurrent Liabilities	<u>168,987</u>	<u>203,453</u>	<u>559,228</u>	<u>0</u>	<u>0</u>	<u>931,668</u>
Total Liabilities	<u>203,231</u>	<u>558,044</u>	<u>631,647</u>	<u>4,582</u>	<u>364,134</u>	<u>1,761,638</u>
Deferred Inflows of Resources						
Pension Related	11,246	17,507	34,915			63,668
OPEB Related	867		2,162			3,029
Total Deferred Inflows of Resources	<u>12,113</u>	<u>17,507</u>	<u>37,077</u>	<u>0</u>	<u>0</u>	<u>66,697</u>
Net Position						
Net Investment in Capital Assets	15,459,627	578,201	1,080,583	335,248	4,740,381	22,194,040
Unrestricted	4,601,423	4,673,178	(211,485)	778,754	2,316,489	12,158,359
Total Net Position	<u>\$ 20,061,050</u>	<u>\$ 5,251,379</u>	<u>\$ 869,098</u>	<u>\$ 1,114,002</u>	<u>\$ 7,056,870</u>	<u>\$ 34,352,399</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Operating Revenues						
Charges for Services	\$ 1,382,348	\$ 3,515,142	\$ 279,383		\$ 2,147,355	\$ 7,324,228
Other			(697)	\$ 653,191	74,390	726,884
Total Operating Revenues	<u>1,382,348</u>	<u>3,515,142</u>	<u>278,686</u>	<u>653,191</u>	<u>2,221,745</u>	<u>8,051,112</u>
Operating Expenses						
Purchased Power					1,161,267	1,161,267
Personal Services	230,849	317,066	450,355	14,796		1,013,066
Purchased Services	325,532	3,416,898	31,451	5,449	183,504	3,962,834
Repairs and Maintenance	30,832	7,739	29,384	338,725		406,680
Depreciation	787,690	51,866	92,024	176,693	154,158	1,262,431
Materials and Supplies	11,097	25,419	135,824		2,928	175,268
Other Expenses	187,499	151,998	223,817	6,211	109,222	678,747
(Total Operating Expenses)	<u>(1,573,499)</u>	<u>(3,970,986)</u>	<u>(962,855)</u>	<u>(541,874)</u>	<u>(1,611,079)</u>	<u>(8,660,293)</u>
Operating (Loss) Income	<u>(191,151)</u>	<u>(455,844)</u>	<u>(684,169)</u>	<u>111,317</u>	<u>610,666</u>	<u>(609,181)</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	29,872	11,889	120	6,515	15,982	64,378
Intergovernmental Revenue		1,290,252				1,290,252
Gain on Disposal of Capital Assets		1,450				1,450
Total Nonoperating Revenues (Expense)	<u>29,872</u>	<u>1,303,591</u>	<u>120</u>	<u>6,515</u>	<u>15,982</u>	<u>1,356,080</u>
(Loss) Income Before Contributions and Transfers	<u>(161,279)</u>	<u>847,747</u>	<u>(684,049)</u>	<u>117,832</u>	<u>626,648</u>	<u>746,899</u>
Transfers						
Transfers in			544,000			544,000
Transfers (out)				(301,917)	(270,254)	(572,171)
Total Transfers	<u>0</u>	<u>0</u>	<u>544,000</u>	<u>(301,917)</u>	<u>(270,254)</u>	<u>(28,171)</u>
Change in Net Position	<u>(161,279)</u>	<u>847,747</u>	<u>(140,049)</u>	<u>(184,085)</u>	<u>356,394</u>	<u>718,728</u>
Total Net Position, Beginning of Year, as Restated	<u>20,222,329</u>	<u>4,403,632</u>	<u>1,009,147</u>	<u>1,298,087</u>	<u>6,700,476</u>	<u>33,633,671</u>
Total Net Position, End of Year	<u>\$ 20,061,050</u>	<u>\$ 5,251,379</u>	<u>\$ 869,098</u>	<u>\$ 1,114,002</u>	<u>\$ 7,056,870</u>	<u>\$ 34,352,399</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
Cash Flows from Operating Activities						
Cash Received from Customers and Users	\$ 1,376,395	\$ 3,526,217	\$ 272,825	\$ 649,062	\$ 2,037,930	\$ 7,862,429
Cash Payments to Vendors for Goods and Services	(617,165)	(4,355,226)	(431,864)	(347,000)	(1,826,557)	(7,577,812)
Cash Payments to Employees for Services	(215,235)	(304,516)	(443,100)	(14,796)		(977,647)
Net Cash Provided by (Used in) Operating Activities	<u>543,995</u>	<u>(1,133,525)</u>	<u>(602,139)</u>	<u>287,266</u>	<u>211,373</u>	<u>(693,030)</u>
Cash Flows from Noncapital Financing Activities						
Transfers in			544,000			544,000
Intergovernmental Revenue		979,052				979,052
Transfers (out)				(301,917)	(270,254)	(572,171)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>0</u>	<u>979,052</u>	<u>544,000</u>	<u>(301,917)</u>	<u>(270,254)</u>	<u>950,881</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of Capital Assets	(34,454)	(482,536)		(9,363)	(183,157)	(709,510)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(34,454)</u>	<u>(482,536)</u>	<u>0</u>	<u>(9,363)</u>	<u>(183,157)</u>	<u>(709,510)</u>
Cash Flows from Investing Activities						
Interest Received on Investments	29,872	11,889	120	6,517	15,982	64,380
Net Increase (Decrease) in Cash and Cash Equivalents	539,413	(625,120)	(58,019)	(17,497)	(226,056)	(387,279)
Cash and Cash Equivalents, Beginning of Year	<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>
Cash and Cash Equivalents, End of Year	<u>\$ 4,586,181</u>	<u>\$ 3,423,867</u>	<u>\$ 250,635</u>	<u>\$ 774,812</u>	<u>\$ 2,444,231</u>	<u>\$ 11,479,726</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA
(Concluded)

	<u>Stormwater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Leased Facilities</u>	<u>Natural Gas</u>	<u>Totals</u>
<u>Included on the Accompanying Balance Sheet</u>						
<u>Under the Following Captions</u>						
Current Assets						
Equity in Pooled Cash and Investments	\$ 4,586,181	\$ 3,423,867	\$ 250,635	\$ 774,812	\$ 2,444,231	\$ 11,479,726
Total	<u>\$ 4,586,181</u>	<u>\$ 3,423,867</u>	<u>\$ 250,635</u>	<u>\$ 774,812</u>	<u>\$ 2,444,231</u>	<u>\$ 11,479,726</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>						
Operating Income (Loss)	\$ (191,151)	\$ (455,844)	\$ (684,169)	\$ 111,317	\$ 610,666	\$ (609,181)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	787,690	51,866	92,024	176,693	154,158	1,262,431
Power Costs Recovered in Advance (Returned)					(134,716)	(134,716)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable and Unbilled Revenue	(5,953)	11,075	(10,360)	(4,129)	(49,099)	(58,466)
Inventories			8,141			8,141
Accounts Payable and Other Accrued Liabilities	(62,205)	(753,172)	(19,529)	3,385	(369,636)	(1,201,157)
Unearned Revenues			4,499			4,499
Accrued Compensated Absences		1,567	(20,975)			(19,408)
Other Postemployment Benefits	728		1,816			2,544
Net Pension Liability and Pension Related						
Deferred Inflows and Outflows	14,886	10,983	26,414			52,283
Net Cash Provided by (Used in) Operating Activities	<u>\$ 543,995</u>	<u>\$ (1,133,525)</u>	<u>\$ (602,139)</u>	<u>\$ 287,266</u>	<u>\$ 211,373</u>	<u>\$ (693,030)</u>

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Self-insurance Funds</u>	<u>Other Internal Service Funds</u>	<u>Totals</u>
Assets			
Current Assets			
Equity in Pooled Cash and Investments	\$ 2,755,964	\$ 1,623,901	\$ 4,379,865
Accounts Receivable, Net	229		229
Prepaid Expenses	1,097,268	4,874	1,102,142
Due from Other Governments		6,838	6,838
Total Current Assets	<u>3,853,461</u>	<u>1,635,613</u>	<u>5,489,074</u>
Noncurrent Assets			
Capital Assets:			
Buildings and Improvements		36,194	36,194
Equipment		956,532	956,532
	<u>0</u>	<u>992,726</u>	<u>992,726</u>
(Accumulated Depreciation)		(777,066)	(777,066)
Total Capital Assets, Net of Accumulated Depreciation	<u>0</u>	<u>215,660</u>	<u>215,660</u>
Total Assets	<u>3,853,461</u>	<u>1,851,273</u>	<u>5,704,734</u>
Deferred Outflows of Resources			
Pension-related		1,118,300	1,118,300
Liabilities			
Current Liabilities			
Accounts Payable		89,939	89,939
Other Accrued Liabilities	1,911	73,294	75,205
Estimated Liability for Self-insured Losses	342,611		342,611
Current Portion of Long-term Debt:			
Compensated Absences		158,591	158,591
Total Current Liabilities	<u>344,522</u>	<u>321,824</u>	<u>666,346</u>
Noncurrent Liabilities			
Accrued Compensated Absences		634,364	634,364
Net Pension Liability		2,588,063	2,588,063
Total Noncurrent Liabilities	<u>0</u>	<u>3,222,427</u>	<u>3,222,427</u>
Total Liabilities	<u>344,522</u>	<u>3,544,251</u>	<u>3,888,773</u>
Deferred Inflows of Resources			
Pension-related		189,605	189,605
Net Position			
Net Investment in Capital Assets		215,660	215,660
Unrestricted	3,508,939	(979,943)	2,528,996
Total Net Position (Deficit)	<u>\$ 3,508,939</u>	<u>\$ (764,283)</u>	<u>\$ 2,744,656</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Self-insurance Funds	Other Internal Service Funds	Totals
Operating Revenues			
Charges for Services	\$ 4,113,099	\$ 7,904,388	\$ 12,017,487
Other Revenue	50,000	611	50,611
Total Operating Revenues	<u>4,163,099</u>	<u>7,904,999</u>	<u>12,068,098</u>
Operating Expenses			
Personal Services	60,169	4,284,023	4,344,192
Purchased Services	161,309	863,853	1,025,162
Repairs and Maintenance		290,917	290,917
Depreciation		63,869	63,869
Materials and Supplies		167,732	167,732
Other Expenses	3,733,151	1,912,179	5,645,330
(Total Operating Expenses)	<u>(3,954,629)</u>	<u>(7,582,573)</u>	<u>(11,537,202)</u>
Operating (Loss) Income	<u>208,470</u>	<u>322,426</u>	<u>530,896</u>
Nonoperating Income (Expense)			
Investment Earnings	22,292		22,292
Intergovernmental Revenue		6,838	6,838
Gain on Disposal of Capital Assets		7,178	7,178
Total Nonoperating Income (Expense)	<u>22,292</u>	<u>14,016</u>	<u>36,308</u>
Income Before Transfers	<u>230,762</u>	<u>336,442</u>	<u>567,204</u>
Transfers			
Transfers (out)		(50,000)	(50,000)
Total Transfers	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>
Change in Net Position	230,762	286,442	517,204
Total Net Position (Deficit), Beginning of Year	<u>3,278,177</u>	<u>(1,050,725)</u>	<u>2,227,452</u>
Total Net Position (Deficit), End of Year	<u>\$ 3,508,939</u>	<u>\$ (764,283)</u>	<u>\$ 2,744,656</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Self-insurance Funds	Other Internal Service Funds	Totals
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 4,163,099	\$ 7,908,251	\$ 12,071,350
Cash Payments to Vendors for Goods and Services	(3,704,503)	(3,197,844)	(6,902,347)
Cash Payments to Employees for Services	(60,169)	(4,195,259)	(4,255,428)
Claims Paid	(234,012)		(234,012)
Net Cash Provided by (Used in) Operating Activities	164,415	515,148	679,563
Cash Flows from Noncapital Financing Activities			
Intergovernmental Revenue		6,838	6,838
Transfers (out)		(50,000)	(50,000)
Total Cash Flows from Noncapital Financing Activities	0	(43,162)	(43,162)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets		(112,234)	(112,234)
Cash Flows from Investing Activities			
Interest Received on Investments	22,292		22,292
Net Increase (Decrease) in Cash and Cash Equivalents	186,707	359,752	546,459
Cash and Cash Equivalents, Beginning of Year	2,569,257	1,264,149	3,833,406
Cash and Cash Equivalents, End of Year	\$ 2,755,964	\$ 1,623,901	\$ 4,379,865
<u>Included on the Accompanying Balance Sheet Under the Following Captions</u>			
Current Assets			
Equity in Pooled Cash and Investments	\$ 2,755,964	\$ 1,623,901	\$ 4,379,865
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 208,470	\$ 322,426	\$ 530,896
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation		63,869	63,869
Change in Estimated Liability for Self-insured Losses	(27,619)		(27,619)
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):			
Due from Other Governments		3,252	3,252
Prepaid Expenses	(3,581)	706	(2,875)
Accounts Payable and Other Accrued Liabilities	(12,855)	36,131	23,276
Accrued Compensated Absences		(10,234)	(10,234)
Net Pension Liability and Pension Related Deferred Inflows and Outflows		98,998	98,998
Net Cash Provided by (Used in) Operating Activities	\$ 164,415	\$ 515,148	\$ 679,563

**SCHEDULE OF COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT FUNDS
SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District Fund	Southend Redevelopment District Fund	Totals
Assets			
Equity in Pooled Cash and Investments	\$ 16,974,811	\$ 9,973,034	\$ 26,947,845
Assessments, Net		1,333	1,333
Total Assets	<u>16,974,811</u>	<u>9,974,367</u>	<u>26,949,178</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	525,697	168,679	694,376
Other Accrued Liabilities	19,768	2,106	21,874
Total Liabilities	<u>545,465</u>	<u>170,785</u>	<u>716,250</u>
Deferred Inflows of Resources			
Unavailable Revenues		1,333	1,333
Fund Balances			
Restricted for:			
Redevelopment	16,429,346	9,802,249	26,231,595
Total Fund Balances	<u>16,429,346</u>	<u>9,802,249</u>	<u>26,231,595</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,974,811</u>	<u>\$ 9,974,367</u>	<u>\$ 26,949,178</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	Downtown Redevelopment District Fund	Southend Redevelopment District Fund	Totals
Revenues			
Taxes	\$ 6,178,650	\$ 4,131,747	\$ 10,310,397
Interest and Other Revenue	113,291	65,202	178,493
Total Revenues	<u>6,291,941</u>	<u>4,196,949</u>	<u>10,488,890</u>
Expenditures			
Current:			
General Government	458,899	212,749	671,648
Public Safety	899,757		899,757
Capital Outlay	3,199,245	1,752,844	4,952,089
(Total Expenditures)	<u>(4,557,901)</u>	<u>(1,965,593)</u>	<u>(6,523,494)</u>
Net Change in Fund Balances	1,734,040	2,231,356	3,965,396
Fund Balances, Beginning of Year	<u>14,695,306</u>	<u>7,570,893</u>	<u>22,266,199</u>
Fund Balances, End of Year	<u>\$ 16,429,346</u>	<u>\$ 9,802,249</u>	<u>\$ 26,231,595</u>

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 98,865,923	\$ 96,683,705	\$ (2,182,218)
Other	229,234	1,130,945	901,711
Total Operating Revenues	<u>99,095,157</u>	<u>97,814,650</u>	<u>(1,280,507)</u>
Operating Expenses			
Purchased Power	62,008,800	57,225,686	4,783,114
Personal Services	9,312,556	8,424,253	888,303
Purchased Services	3,079,758	1,941,768	1,137,990
Repairs and Maintenance	1,644,198	1,965,768	(321,570)
Materials and Supplies	973,413	702,449	270,964
Other Expenses	7,442,869	6,758,257	684,612
(Total Operating Expenses)	<u>(84,461,594)</u>	<u>(77,018,181)</u>	<u>7,443,413</u>
Operating Income	<u>14,633,563</u>	<u>20,796,469</u>	<u>6,162,906</u>
Nonoperating Income (Expense)			
Investment Earnings	597,968	763,626	165,658
Interest Expense	(456,651)	(437,151)	19,500
Connection Fees	185,000	225,492	40,492
Intergovernmental Revenue		168,803	168,803
Gain on Disposal of Capital Assets	40,000	66,875	26,875
Capital Outlay	(27,769,588)	(11,491,489)	16,278,099
System Removal Costs		(229)	(229)
Debt Service Principal	(3,925,000)	(3,925,000)	0
Capital Grants		63,311	63,311
Developer Contributions	86,000		(86,000)
Total Nonoperating Income (Expense)	<u>(31,242,271)</u>	<u>(14,565,762)</u>	<u>16,676,509</u>
Income Before Operating Transfers	<u>(16,608,708)</u>	<u>6,230,707</u>	<u>22,839,415</u>
Other Financing Sources (Uses)			
Transfers in	162,097	162,097	0
Transfers (out)	(3,900,155)	(3,900,155)	0
Total Other Financing Sources (Uses)	<u>(3,738,058)</u>	<u>(3,738,058)</u>	<u>0</u>
Net Income	<u>\$ (20,346,766)</u>	<u>\$ 2,492,649</u>	<u>\$ 22,839,415</u>

**RECONCILIATION OF NET INCOME - FINANCIAL STATEMENT BASIS
TO BUDGETARY BASIS
ELECTRIC, WATER, AND SEWER ENTERPRISE FUNDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

Net Income - Financial Statement Basis	<u>\$ 9,809,369</u>
Adjustments	
Depreciation	8,091,651
Capital Outlay, Purchased	(11,491,489)
Capital Outlay, Developer Contributions	(60,825)
Removal Costs	(229)
Debt Service, Principal	(3,925,000)
Amortization:	
Bond Premium	(102,246)
Loss on Refunding	171,418
(Total Adjustments)	<u>(7,316,720)</u>
Net Income - Budgetary Basis	<u><u>\$ 2,492,649</u></u>

**SCHEDULES OF ADDITIONAL INFORMATION REQUIRED
 UNDER UTILITY REVENUE BOND COVENANTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
 CITY OF JACKSONVILLE BEACH, FLORIDA**

Utility Customers Connected and Active

	<u>2018</u>	<u>2017</u>
Electrical Customers		
Jacksonville Beach	14,635	14,670
Neptune Beach	3,976	3,968
Other	16,204	16,100
Total Electrical Customers	<u>34,815</u>	<u>34,738</u>
Water and Wastewater Customers		
Water	10,405	10,484
Wastewater	10,249	10,321
Total Water and Wastewater Customers	<u>20,654</u>	<u>20,805</u>

Insurance in Existence

Electrical Department

Buildings, Equipment, Transformers, Regulators, Substations, and Equipment	<u>\$ 53,292,616</u>	<u>\$ 53,634,541</u>
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Water Department

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

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

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

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

FINANCIAL TRENDS INFORMATION

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 103,211,819
Restricted	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	31,711,520
Unrestricted	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	13,386,797
Total Governmental Activities Net Position	101,977,608	96,248,665	98,879,177	104,675,473	110,771,618	119,088,754	119,215,477	131,039,327	137,902,560	148,310,136
Business-type Activities										
Net Investment in Capital Assets	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	175,128,349
Restricted	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	2,000,000
Unrestricted	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	68,995,532
Total Business-type Activities Net Position	163,327,488	185,467,730	197,127,938	201,735,953	205,812,904	215,435,463	219,680,355	227,842,163	235,748,047	246,123,881
Primary Government										
Net Investment in Capital Assets	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	278,340,168
Restricted	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	33,711,520
Unrestricted	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	82,382,329
Total Primary Government Net Position	\$ 265,305,096	\$ 281,716,395	\$ 296,007,115	\$ 306,411,426	\$ 316,584,522	\$ 334,524,217	\$ 338,895,832	\$ 358,881,490	\$ 373,650,607	\$ 394,434,017

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 3,202,655
Law Enforcement	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	9,757,732
Fire Control	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	4,123,060
Building Inspections	554,407	448,328	459,024	427,941	440,927	436,897	498,870	510,092	531,696	574,436
Physical Environment	25,401	367,166	365,433	380,328	355,032	356,947	356,095	356,268	446,496	506,348
Roads and Streets	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	2,643,431
Human Services	102,705	81,754	20,000	20,000	10,296	0	0	0	0	0
Parks and Recreation	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	3,607,934
Interest on Long-term Debt	714,233	626,709	535,930	393,170	224,307	167,258	116,801	74,599	38,722	21,773
Total Governmental Activities Expenses	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	24,437,369
Business-type Activities:										
Electric	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	75,833,677
Water and Sewer	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	9,782,478
Stormwater	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	1,573,499
Sanitation	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	3,970,986
Golf Course	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	962,855
Leased Facilities	473,711	369,927	376,748	271,007	280,629	267,406	265,349	278,923	424,898	541,874
Natural Gas	1,323	99,804	897,732	1,187,673	1,359,485	1,529,129	1,350,599	1,201,664	1,506,490	1,611,079
Total Business-type Activities Expenses	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	94,276,448
Total Primary Government Expenses	130,937,483	131,877,417	117,658,717	112,934,122	119,332,679	117,048,828	110,924,669	112,665,002	120,194,774	118,713,817
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	353,199	334,774	54,617	53,182	66,802	74,677	77,737	73,132	65,947	64,540
Law Enforcement	697,090	207,411	145,164	156,311	163,486	169,424	187,102	187,762	131,667	127,957
Building Inspections	323,726	347,700	257,693	267,879	372,025	563,934	656,045	683,556	604,421	666,973
Physical Environment	40,667	52,029	23,866	14,791	8,619	3,758	15,238	12,371	15,185	11,260
Roads and Streets	3,120	25,085	129,850	229,084	217,998	177,144	200,975	170,746	163,799	175,360
Parks and Recreation	129,393	75,389	104,251	107,867	107,199	126,804	125,443	121,342	160,132	213,789
Operating Grants and Contributions	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	1,472,822
Capital Grants and Contributions	606,676	1,427,044	1,901,182	1,344,895	142,918	863,473	328,049	53,564	52,233	28,223
Total Governmental Activities										
Program Revenues	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	2,760,924

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues (Concluded)										
Business-type Activities:										
Charges for Services:										
Electric	\$ 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	\$ 83,457,490
Water and Sewer	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	14,357,160
Stormwater	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	1,382,348
Sanitation	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	3,515,142
Golf Course	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	278,686
Leased Facilities	498,717	541,785	570,920	551,647	611,679	621,022	476,548	528,391	588,606	653,191
Natural Gas	0	89,255	1,114,296	1,579,134	1,729,246	2,100,135	2,017,973	1,869,071	2,068,186	2,221,745
Operating Grants and Contributions	(265,331)	306,715	0	196,737	6,713	0	0	0	1,518,177	1,459,055
Capital Grants and Contributions	2,988,839	6,430,278	1,888,820	996,393	620,087	3,154,807	861,845	489,894	661,152	349,628
Total Business-type Activities	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	107,674,445
Total Primary Government Program Revenues	122,685,288	124,887,776	109,791,485	101,479,925	108,872,091	111,796,799	105,355,538	105,484,679	107,640,147	110,435,369
Net (Expense) Revenue										
Governmental Activities	(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)	(21,676,445)
Business-type Activities	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	13,397,997
Total Primary Government Net Expense	(8,252,195)	(6,989,641)	(7,867,232)	(11,454,197)	(10,460,588)	(5,252,029)	(5,569,131)	(7,180,323)	(12,554,627)	(8,278,448)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	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	19,884,929
Franchise Taxes	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280	5,280
Infrastructure Surtax	973,627	944,140	975,611	997,077	1,055,321	1,112,859	1,195,504	1,242,584	1,300,026	1,384,739
Communication Service Tax	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	1,161,638
Convention Development Tax	208,957	220,694	221,509	224,402	283,358	298,019	344,940	363,370	372,921	414,030
Fuel Taxes	725,730	747,903	742,603	708,396	709,816	719,143	765,325	797,149	806,576	837,087
Other Taxes	0	273,107	252,578	611,181	628,673	718,854	702,174	728,276	653,051	618,215
State-shared Revenues	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	3,475,563
Other Intergovernmental Revenues	33,964	35,033	33,681	33,504	0	64,142	32,343	31,883	41,756	38,603
Interest	1,030,966	663,193	373,674	656,852	152,872	511,269	947,694	1,344,885	805,131	363,329
Miscellaneous	4,736	21,916	185,037	254,892	217,694	148,707	245,617	146,118	326,364	363,393
Net Transfers	(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	3,766,229
Total Governmental Activities	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	32,313,035
Business-type Activities:										
Interest	606,533	795,084	610,607	758,841	55,453	487,702	1,019,905	1,275,320	591,422	828,004
Miscellaneous	(19,165)	0	0	0	0	0	0	0	0	68,325
Net Transfers	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)	(3,766,229)
Total Business-type Activities	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)	(2,869,900)
Total Primary Government	23,447,128	23,041,520	22,980,953	22,422,399	21,308,677	23,191,724	25,298,343	27,165,981	27,323,744	29,443,135
Change in Net Position										
Governmental Activities	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	10,636,590
Business-type Activities	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	10,528,097
Total Primary Government	\$ 15,194,933	\$ 16,051,879	\$ 15,113,721	\$ 10,404,311	\$ 10,848,089	\$ 17,939,695	\$ 19,729,212	\$ 19,985,658	\$ 14,769,117	\$ 21,164,687

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Pre-GASB 54:										
Reserved	\$ 140,701	\$ 114,442	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	7,879,457	8,258,521	0	0	0	0	0	0	0	0
Post-GASB 54:										
Nonspendable	0	0	18,000	41,640	41,640	0	0	1,807	77	1,193
Committed	0	0	4,529,922	4,447,636	4,755,631	4,922,833	5,069,431	5,168,956	5,540,793	5,758,237
Assigned	0	0	3,723,744	4,607,248	4,243,808	4,560,255	4,312,870	5,050,075	5,029,759	5,712,790
Total General Fund	\$ 8,020,158	\$ 8,372,963	\$ 8,271,666	\$ 9,096,524	\$ 9,041,079	\$ 9,483,088	\$ 9,382,301	\$ 10,220,838	\$ 10,570,629	\$ 11,472,220
All Other Governmental Funds										
Pre-GASB 54:										
Reserved	\$ 18,906,029	\$ 15,246,377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, Reported in:										
Special Revenue Funds	313,426	808,007	0	0	0	0	0	0	0	0
Debt Service Funds	50,146	54,227	0	0	0	0	0	0	0	0
Capital Projects Fund	3,989,455	4,507,823	0	0	0	0	0	0	0	0
Post-GASB 54:										
Restricted	0	0	14,163,932	15,417,977	14,965,981	17,824,995	22,860,797	26,836,531	28,742,329	31,944,567
Committed	0	0	12,756	6,548	6,549	5,955	6,066	6,194	7,994	6,007
Assigned	0	0	5,850,337	4,737,290	6,087,493	6,612,462	6,637,001	7,934,432	7,362,439	7,865,834
Total All Other Governmental Funds	\$ 23,259,056	\$ 20,616,434	\$ 20,027,025	\$ 20,161,815	\$ 21,060,023	\$ 24,443,412	\$ 29,503,864	\$ 34,777,157	\$ 36,112,762	\$ 39,816,408

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 24,271,318
Licenses and Permits	618,240	229,564	261,309	367,855	559,485	568,985	682,161	679,820	592,151	650,985
Intergovernmental	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	4,844,846
Charges for Services	181,526	289,680	763,837	696,313	465,176	388,582	356,036	351,926	382,336	444,799
Fines and Forfeitures	298,613	510,579	234,427	701,853	277,193	305,076	332,099	259,869	239,465	201,815
Interest and Other Revenue	1,227,435	836,043	479,251	891,669	411,091	717,985	1,173,919	1,450,768	1,126,585	760,051
Total Revenues	26,418,923	26,663,130	24,950,618	24,569,938	23,666,184	25,090,189	26,645,255	28,178,432	29,278,767	31,173,814
Expenditures										
Current:										
General Government	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	2,712,795
Public Safety	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	13,892,257
Physical Environment	25,401	507,257	21,756	36,651	11,355	13,270	11,417	9,651	81,029	114,600
Roads and Streets	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	1,757,092
Human Services	102,705	81,754	20,000	20,000	10,296	0	0	0	0	0
Parks and Recreation	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	3,109,305
Debt Service:										
Principal	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	980,000
Interest	714,236	626,709	535,930	393,170	224,307	167,258	116,801	74,599	38,722	21,773
Capital Outlay	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	7,796,984
(Total Expenditures)	(28,066,915)	(29,906,825)	(25,718,830)	(27,347,083)	(27,269,754)	(25,180,864)	(25,501,358)	(26,221,971)	(31,446,666)	(30,384,806)
(Deficiency) of Revenues										
(Under) Expenditures	(1,647,992)	(3,243,695)	(768,212)	(2,777,145)	(3,603,570)	(90,675)	1,143,897	1,956,461	(2,167,899)	789,008
Other Financing Sources (Uses)										
Proceeds from Borrowing	0	0	0	6,495,000	0	0	0	0	0	0
Principal - Current Refundings	0	0	0	(6,495,000)	0	0	0	0	0	0
Transfers in	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	7,540,195
Transfers (out)	(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)	(3,723,966)
Total Other Financing Sources (Uses)	(829,537)	953,878	102,192	3,736,793	4,446,333	3,916,073	3,815,768	4,155,369	3,853,295	3,816,229
Net Change in Fund Balance	\$ (2,477,529)	\$ (2,289,817)	\$ (666,020)	\$ 959,648	\$ 842,763	\$ 3,825,398	\$ 4,959,665	\$ 6,111,830	\$ 1,685,396	\$ 4,605,237
Debt Service as a % of Noncapital Expenditures*	14.7%	14.4%	14.9%	13.0%	11.9%	9.9%	7.5%	7.8%	4.6%	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

FY Ended September 30,	Assessed Taxable Values			Tax-Exempt Property	Estimated Actual Value (1)	Total Direct Tax Rate (2)	Taxable Assessed Value as a % of Actual Value
	Real Property	Personal Property	Total Taxable Assessed Value				
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%
2018	3,249,073,173	99,904,354	3,348,977,527	1,419,311,962	4,768,289,489	3.9947	70.23%

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

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

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

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

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

Fiscal Year September 30,	Direct Rates (1)	Overlapping Rates			Duval County	Total Millage Rate
	City of Jacksonville Beach	Florida Inland Navigation	Water Management District	School District		
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
2018	3.9947	0.0320	0.2724	6.4850	8.1512	18.9353

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 2018 and Nine Years Ago

	2018			2009		
	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	\$ 37,738,700	1	1.16%			
South Beach Regional Shopping Center	27,546,400	2	0.85%	\$ 19,000,400	1	0.61%
Courtyard Marriot	26,781,414	3	0.82%	11,643,467	7	0.37%
Hampton Inn Oceanfront	26,224,935	4	0.81%			
Ocean Park Partnership, Ltd.	25,619,330	5	0.79%	16,100,600	3	0.52%
Pablo Plaza	16,183,742	6	0.50%	16,953,300	2	0.54%
South Beach Parkway Shopping Center	12,456,200	7	0.38%	11,504,700	8	0.37%
Beach Marine	12,453,103	8	0.38%	12,303,150	6	0.39%
Marsh Landing Plaza	12,113,000	9	0.37%			
Four Points by Sheraton	9,520,831	10	0.29%			
Comfort Inn				15,474,800	4	0.50%
Acquilus III Luxury Condos				13,086,703	5	0.42%
Gordon Bank				11,384,600	9	0.36%
Beach Plaza				8,636,200	10	0.28%
Total	<u>\$ 206,637,655</u>		<u>6.35%</u>	<u>\$ 136,087,920</u>		<u>4.36%</u>
Total Assessed Real Property Valuation from Schedule 5	<u>\$ 3,249,073,173</u>			<u>\$ 3,123,832,280</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>
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%
2018	9,831,502	9,062,838	92.18%	341,173	9,404,011	95.65%

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)	
2009	\$ 8,983,595	\$ 0	\$ 8,395,000	\$ 17,378,595	25,807,035	823	\$ 18,007,965	\$ 1,879	\$ 1,314,165	\$ 137	
2010	7,151,554	0	7,660,000	14,811,554	23,972,300	727	16,727,700	1,741	888,967	92	
2011	5,256,399	0	6,890,000	12,146,399	20,956,620	632	14,623,380	1,517	451,040	47	
2012	3,601,725	0	6,060,000	9,661,725	18,971,690	570	13,238,310	1,363	0	0	
2013	2,233,146	0	5,185,000	7,418,146	17,573,746	524	12,262,835	1,243	0	0	
2014	1,267,680	0	4,285,000	5,552,680	15,379,185	453	10,731,486	1,070	0	0	
2015	646,880	0	3,360,000	4,006,880	13,151,582	379	9,177,080	885	0	0	
2016	0	0	2,425,000	2,425,000	10,874,050	313	7,587,834	730	0	0	
2017	0	0	1,470,000	1,470,000	8,550,349	246	5,966,373	573	0	0	
2018	0	0	490,000	490,000	6,178,302	177	4,311,174	414	0	0	

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

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

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

N/A - Not yet available

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

Fiscal Year	Total Business-type	Total Debt	Percentage of Personal Income (2)	Total Debt Per Capita (2)
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	2.10%	897
2017	14,516,722	15,986,722	1.53%	680
2018	10,489,476	10,979,476	N/A	467

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
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
2018	0	0.00%	0	0	490,000	21	490,000	21

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, 2018
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Percentage (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Duval County School Board	\$ 0		<u>\$ 0</u>
Subtotal, Overlapping Debt			0
City of Jacksonville Beach, Direct Debt			<u>1,470,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 1,470,000</u></u>

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

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

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

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

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

Fiscal Year	Electric, Water, and Sewer Revenue Bonds					Debt Service Coverage
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2018	97,814,650	(77,018,181)	20,796,469	3,925,000	498,219	4.70

(1) Excludes depreciation expense.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Fiscal Year	Population (1)	Duval County Unemployment Rate (2)	Duval County Per Capita Income (3)	Personal Income
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%	42,617	992,464,696
2017	23,503	4.6%	44,347	1,042,287,541
2018	23,494	3.6%	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 2018 and Nine Years Ago

<u>Employer</u>	<u>2018</u>			<u>2009</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	550	4	N/A	700	5	N/A
City of Jacksonville Beach (1)	477	5	N/A	400	9	N/A
Sawgrass Marriott	450	6	N/A	525	8	N/A
Optimum Healthcare IT	450	7	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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	16	16	15	14	13	13	14	14	14	14
Finance*	32	33	33	33	33	33	38	39	42	41
Planning and Development	9	9	8	8	8	8	9	10	10	10
Electric	86	76	76	78	77	75	75	75	75	75
Central Services	4	4	4	4	4	4	0	0	0	0
Redevelopment**	0	0	0	0	0	0	1	1	1	0
Public Works	65	65	65	65	65	65	66	66	67	67
Human Resources	7	7	7	8	7	7	7	6	6	6
Parks and Recreation***	57	100	100	99	98	98	98	100	100	100
Grounds and Maintenance	22	20	9	8	8	7	7	7	7	7
Golf Course	19	19	27	26	26	25	25	25	25	24
Police	95	95	94	95	95	96	100	100	102	102
Fire Fighters	32	31	31	31	31	31	31	31	31	31
Total	444	475	469	469	465	462	471	474	480	477

Source: City of Jacksonville Beach Annual Budget.

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

* Beginning in 2015, Central Services was combined with Finance Department.

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

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical Arrests	1,986	1,665	1,192	1,573	1,398	1,568	1,582	1,470	1,992	1,932
Parking Violations	2,456	2,726	3,085	3,267	2,331	2,200	2,640	2,016	1,833	1,501
Law Violations	6,362	6,898	3,520	2,292	3,152	5,004	2,322	1,845	3,143	3,536
Fire										
Emergency Incidents	2,975	2,947	3,161	3,063	3,104	3,040	3,195	3,401	3,643	3,298
Inspections (Total)	2,719	2,648	2,169	2,275	1,839	1,580	1,852	1,797	1,857	2,442
Other Public Works										
Street Resurfacing (Miles)	4.0	1.2	4.9	8.1	0.0	0.0	7.4	0.0	1.6	1.2
Electric										
Number of Active										
Electric Customers	31,351	32,996	33,147	33,303	33,535	33,966	34,433	34,711	34,738	34,815
Average Residential										
Monthly Consumption										
(Kilowatt Hours)	1,301	1,395	1,368	1,232	1,209	1,239	1,253	1,246	1,178	1,219
Water										
Number of Active										
Water Customers	9,585	9,610	9,642	9,711	9,865	10,029	10,204	10,369	10,398	10,405
Average Residential Monthly										
Consumption (Gallons)	4,245	4,373	4,530	4,029	4,014	4,038	3,083	3,926	4,146	4,255
Wastewater										
Number of Active Wastewater										
Customers	9,436	9,472	9,502	9,569	9,691	9,872	10,036	10,217	10,246	10,261
Storm Mains Cleaned (Feet)	65,550	73,670	36,297	33,010	23,821	23,530	33,153	34,733	33,791	22,543

Source: City of Jacksonville Beach Annual Budget & Department Directors

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations (Including Satellite Stations)	2	2	2	2	2	2	1	1	1	1
Patrol Units	51	51	73	51	51	51	76	76	79	80
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Paved Roads (Miles)	88	89	89	77	77	77	89	89	90	90
Streetlights	5,229	5,376	5,385	5,659	5,659	5,659	5,493	5,538	5,909	5,582
Water										
Water Mains (Miles)	108	109	110	105	105	105	109	109	109	109
Production Wells	6	6	6	6	6	6	6	6	6	6
Fire Hydrants	849	859	858	858	870	873	895	895	900	909
Wastewater										
Sanitary Sewer Mains (Gravity, in Miles)	84	85	85	83	83	83	85	85	85	85
Sanitary Sewer Mains (Force, in Miles)	16	16	18	16	16	16	18	18	18	18
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Lift Stations	38	38	38	34	34	34	38	38	38	38
Treatment Capacity (Millions of Gallons)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Parks and Recreation										
Acreage*	84	84	84	84	84	86	86	86	86	210
Parks	10	10	10	11	11	11	11	11	11	16
Golf Course	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	8	8

Source: City of Jacksonville Beach Annual Budget & Department Directors

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

SINGLE AUDIT SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Award Amount</u>	<u>Federal Expenditures</u>
Federal Awards				
U.S. Department of Homeland Security				
Passed Through Florida Division of Emergency Management (FEMA)				
Disaster Grants - Public Assistance	97.036	N/A	<u>\$ 2,177,481</u>	<u>\$ 2,177,481 (1)</u>
U.S. Department of Housing and Urban Development				
Passed Through City of Jacksonville				
Community Development Block Grant	14.218	3177-95	<u>142,366</u>	<u>142,366</u>
U.S. Department of Justice				
Federal Equitable Sharing Agreement	16.922	N/A		317,285
Bullet Proof Vest Grant Program	16.607	N/A	<u>6,237</u>	<u>6,237</u>
Total U.S. Department of Justice			<u>6,237</u>	<u>323,522</u>
Total Federal Awards			<u>\$ 2,326,084</u>	<u>\$ 2,643,369</u>

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

**SCHEDULE OF EXPENDITURES OF GRANT FUNDS PER THE
CITY OF JACKSONVILLE'S ORDINANCE CODE CHAPTER 118.202(e)
FOR THE YEAR ENDED SEPTEMBER 30, 2018
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 2017 - 2018 Grant No. 3177-95 - \$142,366

<u>Expenditures</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Spent in Current Year with Prior Year Awards</u>	<u>Carry Forward</u>
CAPE				
Services	\$ 54,000	\$ 54,000		
Total CAPE	<u>54,000</u>	<u>54,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
CARVER				
Services	88,366	88,366		
Total CARVER	<u>88,366</u>	<u>88,366</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 142,366</u>	<u>\$ 142,366</u>	<u>\$ 0</u>	<u>\$ 0</u>

**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, 2018, 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 25, 2019.

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.

Purvis, Gray and Company, LLP

February 25, 2019
Tallahassee, Florida

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Jacksonville Beach's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the fiscal year ended September 30, 2018. The City's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended September 30, 2018.

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 COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Concluded)**

Report on Internal Control Over Compliance

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

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

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

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

Purvis, Gray and Company, LLP

February 25, 2019
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF JACKSONVILLE BEACH, FLORIDA**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal Control over financial reporting:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported

Noncompliance material to financial statements noted?	No
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Federal Awards

Internal control over major Federal Programs:

Material weakness(es) identified?	No
Significant deficiencies identified?	None Reported

Type of auditors' report issued on compliance for major Federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of major Federal Programs:

Disaster Grants – Public Assistance	<u>CFDA Number</u> 97.036
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low risk auditee?	No
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters are reported.

**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, 2018, 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, 2018.

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 25, 2019
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, 2018, and have issued our report thereon dated February 25, 2019.

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

Other Reporting Requirements

We have issued our Independent 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*; Independent Auditor' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Independent Accountants' Reports on an examination conducted in accordance with the *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 25, 2019, 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.

Certified Public Accountants

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

MANAGEMENT LETTER
(Concluded)

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 us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

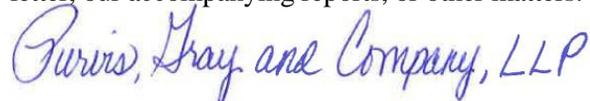
Additional Matters

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

Purpose of this Letter

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

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



February 25, 2019
Tallahassee, Florida

