

CITY OF FERNANDINA BEACH, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

Prepared by:
Finance Department

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CITY OF FERNANDINA BEACH, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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Introductory Section

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March 21, 2022

To the Honorable Mayor and City Commissioners:

We are pleased to present the City of Fernandina Beach's (the City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. State Law requires that all general-purpose local governments publish a complete set of financial statements within nine months of the close of each fiscal year. The financial statements included in this report conform with Generally Accepted Accounting Principles (GAAP) and are audited by a firm of licensed certified public accountants 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.

This report consists of management's representations concerning the financial operations and condition of the City. Responsibility for both the reliability of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City'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. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Fernandina Beach.

Mauldin & Jenkins CPA & Advisors, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended September 30, 2021, are free from 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 auditor concluded, based upon the audit and the reports of the auditors, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented 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 was part of a broader federal mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standard governing Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements and on the audited government's internal controls over financial reporting and on compliance and other matters.

GAAP requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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.

City Profile

The City of Fernandina Beach, incorporated in 1951, is a seaside community located on beautiful Amelia Island in Nassau County, Florida. The island has thirteen miles of beaches on the Atlantic coast with forty access points. The City of Fernandina Beach is rich in history, walkable by design and loaded with culinary delights. The City encompasses an area of approximately twelve square miles, with nearly ten miles of coastline and a population of approximately 13,000. The City is conveniently located approximately thirty miles north of Jacksonville and hosts nearly 1,000,000 visitors each year due to several signature events, its nationally-registered historic downtown, and its beautiful natural environment.

The City operates under a Council (Commission)/Manager form of government. The City Commission is comprised of the Mayor, Vice Mayor, and three Commissioners, who enact laws, determine policies, and adopt the annual budget. The City Commission appoints the Charter Officers, which include the City Manager, City Clerk, and the City Attorney. The City Manager is responsible for carrying out the policies of the City Commission and for overseeing the daily management of the City. The City Manager appoints the Directors of the various departments.

The City provides a full range of services including police and fire protection, emergency medical services, water, wastewater, sanitation and recycling services, stormwater services, recreational and cultural activities/events, construction and maintenance of streets, sidewalks and other infrastructure and general administrative services. Internal services of the City are accounted for on a cost reimbursement basis, including workers compensation insurance and fleet management.

The annual budget serves as the foundation of the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the City Commission on or before August 1 of each year. The City Commission is required to hold public hearings on the proposed budget and adopt a final budget by September 30 of each year. The appropriated budget is prepared by fund, function (e.g. Public Safety), and department (e.g., Police). The City Manager is authorized to transfer appropriations up to \$7,499; however, any other revisions require approval of the City Commission.

Budget-to-actual comparison are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

Local Economy

The City is in the northeastern-most county in Florida, located within the Jacksonville Metropolitan Statistical Area.

The City residents and businesses derive a vast majority of their income and revenues from the Trade/Transportation/Utilities and Tourism sectors. This can be attributed in part to the City's coastal location and mild climate. The pandemic had an unprecedented effect on the state and local economy, especially with this sector, and local unemployment rate reached a peak of 12.1% in April of 2020. Since

the high peak in April 2020, there has been a steady decline with the City's unemployment rate as of September 2021 of 3.7%, which is below the State average of 3.9% and Federal average of 4.7%.

The heart of the City is Centre Street, Fernandina's eight-block downtown historic district. Named to the National Register of Historic Places, the historic district features over 400 historic homes, churches, and commercial buildings. The downtown area, recently awarded the prestigious designation as a Florida Main Street community, offers a glimpse into Florida's past. Centre Street is a place of charm and nostalgia, and where vibrant small businesses attract tourists and residents alike. David Yulee, a City founder, constructed railroad tracks (which connected with Cedar Key as the first trans-Florida railroad) that remain in use today. The original train depot now serves as an information and welcome center. The newly restored and reconfigured marina provides an additional attraction to downtown. Fernandina Beach is where industry and tourism have lived in harmony for over seventy-five years. Furthermore, within a short distance of downtown Fernandina Beach is the Port of Fernandina and the pulp mills of WestRock and Rayonier Advanced Materials, two of the City's largest employers who have employed many generations of local families.

The City hosts several events each year, but two of the most notable are the extravagant Amelia Island Councours d'Elegance (automobile shows and auctions; first weekend in March) and the popular Isle of Eight Flags Shrimp Festival (arts, crafts, and entertainment; first weekend in May). With the effects of the pandemic continuing to linger, the Councours d'Elegance event was held in May in 2021, and the Isle of Eight Flags Shrimp Festival and other City sponsored events were either cancelled or scaled down throughout the year.

In fiscal year 2021, the City Commission continued the City's efforts donating funds to several local non-profits. This funding was needed to supply food for the residents with free meals for seniors in crisis and the local food banks for distribution to adults and families in need. Funding was also provided to non-profits specializing in mental health and domestic violence services.

Other new residential developments, single-family, townhouses, and apartments, create a permanent "vacation" ambiance for residents. City beaches, parks (including Ft. Clinch, a sprawling State Park that includes a Civil War-era fort), a municipally owned golf course, and a municipally owned airport provide only some of the amenities that make Fernandina Beach a wonderful place to live.

The City's economy continued to improve from the effects of the pandemic and is expected to remain a favorite destination to vacation. As Florida's economy remains on track to a faster recovery, Fernandina Beach appeals as a location to purchase or rent a home. All indicators portray a City poised to capture both residential and commercial investors sooner than expected in light of the pandemic.

Long Term Financial Planning

The City maintains a General Fund emergency reserve with a funding level equal to twenty percent (20%) of the budgeted General Fund departmental expenses. This was created to provide funding for disasters, emergencies or other exigent circumstances and is intended to buffer unforeseen economic changes.

Major Initiatives

The City's elected officials have strived to balance economic growth and the preservation of the environmental resources of the community. New programs, projects, and initiatives that have been developed or planned include:

- The City partnered with the North Florida Land Trust to identify and acquire properties in the City for land conservation to serve as park space and wildlife habitats. During the fiscal year, four parcels of land totaling 8.34 acres with a value \$1,007k were acquired.
- The Commission continues to move forward with the Waterfront Park concept and footprint. The bid was awarded for Phase 1 of the concept which will add a "living shoreline", flood barrier and boardwalk.
- The City entered into a contractual agreement with a new Marina Manager, Oasis Marinas. Actual revenues have exceeded expectations. In May of this year, fuel operations resumed since closing in 2016 after sustaining damage during Hurricane Matthew.
- The City is developing a Waterfront Resiliency Master Plan. This document will enable the City to effectively plan future infrastructure investments to ensure the preservation of our historic coastal downtown from the effects of rising sea levels and flooding.
- The City-owned Airport completed the Runway 4-22 Rehabilitation Project. The project scope included replacing the City's main runway asphalt surface by removing, re-grading, and placing new, FAA-specified airfield asphalt. This project will also replace incandescent runway lighting with new energy efficient LED lighting. This project completed ahead of schedule and under budget.
- The City solicited bids for the new Fire Station located at the City's Airport. The proposed new facility will be centrally located to provide better overall response times. The conceptual plans include an accommodation of the City's first airport fire safety vehicle which will respond to incidents at the airport when needed.

In the past, the City sponsored a wide range of family-friendly seasonal events based on the criteria of community impact, longevity, and feedback from the community. Although the pandemic forced the Special Events Committee to cancel most of the events held in the City, planning has begun to change the events from the traditional in-person gathering to an event that is held in a safe socially distanced manner in accordance with the Centers for Disease Control guidelines. Together, these events enhance the quality of life for residents and attract visitors and tourism.

Awards and Acknowledgements

The fiscal year ended September 30, 2021, represents the City of Fernandina Beach's continued effort to receive the Certificate of Achievement for Excellence in Financial Reporting.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. The annual report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report conforms to the Certificate of Achievement program requirements, and we will submit it to the Government Finance Officers Association.

The preparation of this report was made possible by the efficient and dedicated service of the Finance Department staff. Sincere appreciation is expressed for the contributions made by all individuals in the preparation of this report. We also wish to thank the City's independent auditors, Mauldin and Jenkins for their cooperation and review.

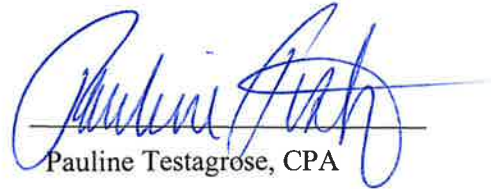
We would also like to thank the City Commission and other Charter Officers for their commitment to prudent fiscal management practices that emphasize long-term financial stability.

Respectfully submitted,



Dale L. Martin

City Manager



Pauline Testagrose, CPA

Comptroller

CITY OF FERNANDINA BEACH, FLORIDA

**LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2021**

CITY COMMISSIONERS

Michael A. Lednovich, Mayor

Len Kreger, Vice-Mayor

Bradley Bean

David Sturges

Ronald "Chip" Ross

CITY MANAGER

Dale Martin

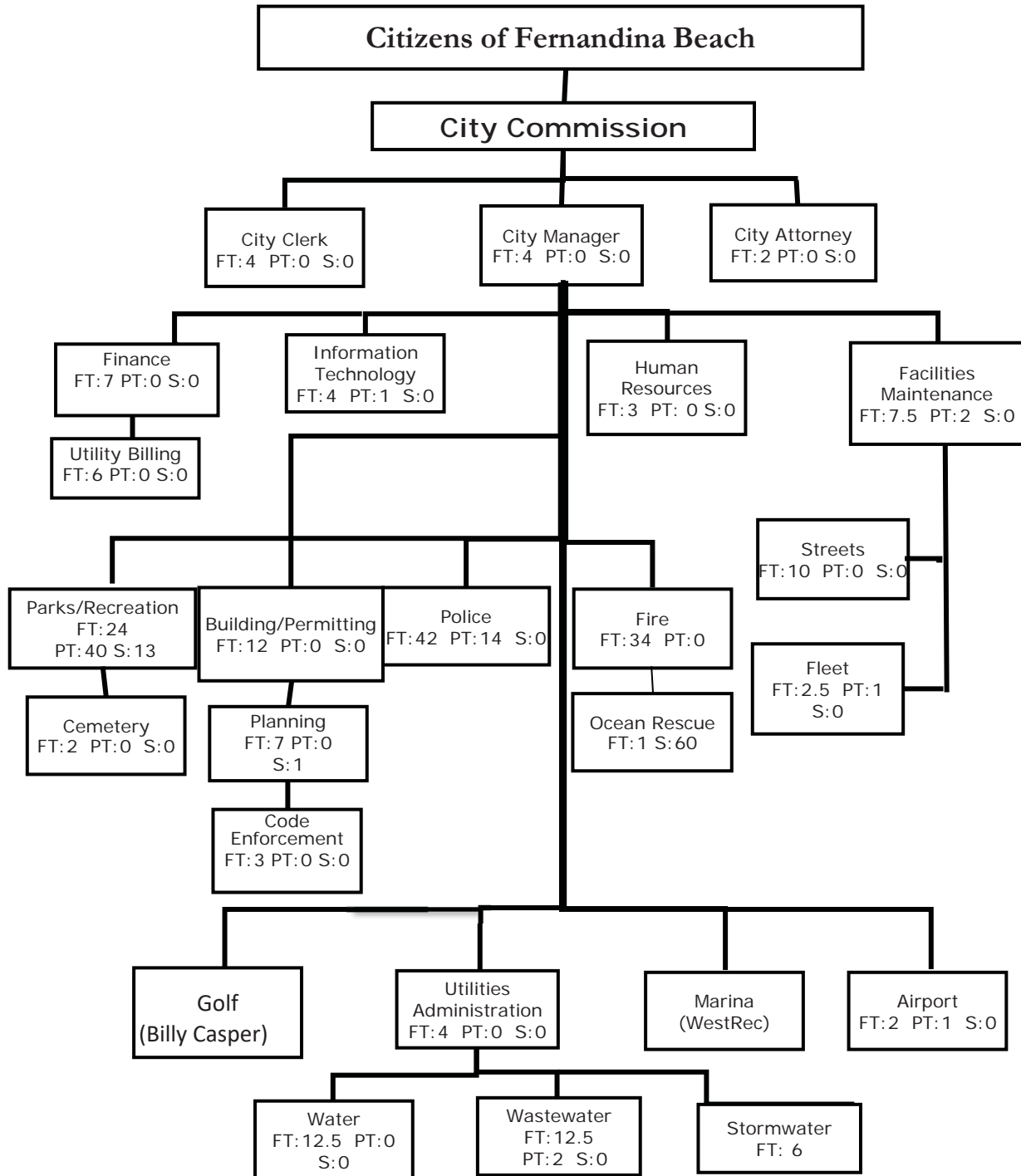
CITY CLERK

Caroline Best

CITY ATTORNEY

Tammi E. Bach

City of Fernandina Beach Organization Chart



Full-Time: 212

Part-Time: 61

Temporary/Seasonal: 74

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Commission,
City of Fernandina 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 Fernandina Beach, Florida** (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 on pages 4 through 14, the budgetary comparison information, schedules of net pension liability and related ratios, schedules of contributions, schedule of pension investment returns, and schedule of the City's total OPEB liability and related ratios on pages 60 through 67 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, 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 schedules, 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 and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (the Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules and the schedule of expenditures of federal awards and state financial assistance 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 schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, 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 solely 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 the effectiveness of the City's 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 21, 2022

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

The City of Fernandina Beach, Florida's (the "City") financial statements are designed to provide the readers of the financial statements easy to understand information and analysis of the City's financial activities based on currently known facts, decisions, and conditions. As management of the City, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. The Management's Discussion and Analysis should be read in conjunction with the transmittal letter beginning on page i and the City's financial statements which immediately follow this discussion.

HIGHLIGHTS

Financial Highlights

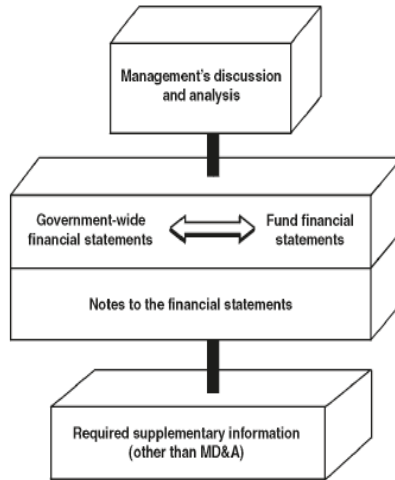
- The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$91,395,676. The Unrestricted portion of the City's Net Position is \$19,596,797. This compares to the Unrestricted Net Position last year of \$13,881,908. Pension and OPEB related changes caused both Deferred Outflows of Resources and Deferred Inflows of Resources to increase year over year. Liabilities increased this year versus last year due to an increase in accounts payable and unearned revenue. This increase was partially offset by a decrease in Long-Term Liabilities - Due within One Year as a result of the refinance of the Marina's Letters of Credit with a long-term loan.
- Revenues from Governmental activities increased by \$2,960,418 or 10.5% when compared to fiscal year 2020. An increase in Charges for Services of \$2,380,120 was partially offset by decreases in Property Taxes of (\$845,767). Operating Grants and Capital Grants Revenue increased by \$526,049 due to funding from the Cares Act. The changes in fund balance of \$2,490,631 in the General Fund this year compares to a deficiency of (\$2,557,959) in 2020. This is due to the transfer of the Building Fee Reserve balance to a Special Revenue Fund in the prior year. The change in fund balance of \$3,912,468 for Total Governmental Funds compares to an excess of \$1,437,372 in 2020, an increase of \$2,475,096. The increase year over year is primarily due to the American Rescue Plan Act funds of \$3,297,871 received in fiscal year 2021.
- Business-type activities (the City's enterprise funds) total revenues increased by \$2,020,709 or 9.7%. The Airport Fund revenues increased by \$2,533,860 due to an increase in Capital Grants which was partially offset by a decrease in Stormwater Capital Grants of (\$624,860). In fiscal year 2021, the City owned Marina began fuel services since being damaged during Hurricane Matthew in 2016. Operating revenue for the Marina increased by \$1,209,491 over last year however, this increase was offset by a decrease in Capital Grants of (\$1,612,633).
- The City decreased the total ad valorem property tax rate from 6.3553 mills, to 5.4683 in 2021. The millage rate in fiscal year 2020 included a ½ mil tax levy to raise funds to purchase land for conservation. Voter-approved debt millage decreased from .1683 in 2020 to .1553 in 2021. The adjusted taxable value (comparable) increased \$166.5 million. This was the seventh increase after six years of declining property tax values.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. As illustrated in the chart below, the financial section has three components: (1) management's discussion and analysis (this section); (2) the basic financial statements; and (3) required supplementary information. The report also contains other supplementary information in addition to the basic financial statements themselves.

Components of the Financial Section



Government-Wide Financial Statements

The government-wide statements are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to those used by a private sector business. These statements also provide both long-term and short-term information about the City's overall financial status. The government-wide financial statements include the first two statements that follow this analysis, the statement of net position and the statement of activities.

The statement of net position presents information on all of the City's assets and 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. It provides a breakdown of revenues and expenses by function. 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter-governmental 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 reflects the City's basic services, including general government, police, fire, protective inspections, public works, cultural and recreation. The business-type activities reflect private sector-type operations, including water, wastewater, solid waste management, airport, marina, and golf course. Fees are charged to customers to recover all or most of the cost of providing these services.

Fund Financial Statements

A fund is a grouping of related accounts that is 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 finance-related legal requirements. The City has three types of funds: Governmental, Proprietary, and Fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds (general, special revenue, debt service and capital projects). These funds use the modified accrual method of accounting which measures cash and other financial assets that may be readily converted to cash. 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.

Because the focus of governmental fund financial statements is narrower than that of the 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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Capital Improvement Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located elsewhere in this report.

The City adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the major governmental funds and General Fund departments to demonstrate compliance with this budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021

Proprietary Funds

Services for which the City charges customers a fee are generally reported in proprietary funds. The City maintains two different types of proprietary funds: enterprise funds, and internal service funds. Enterprise funds are the same as business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City uses enterprise funds to account for its golf course, airport, sanitation, sewer/water, stormwater, and marina operations. The City uses internal service funds to report activities that provide services for the City's other program activities. Vehicle maintenance activities, utility billing and utility administration are the three internal service funds. Because the vehicle maintenance services benefit both governmental activities and business-type activities, they have been included with governmental activities in the government-wide financial statements. The utility billing and administration services primarily benefit business-type activities and so have been included with business-type activities in the government-wide financial statements.

Proprietary fund reporting provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport, sanitation, sewer/water, and marina operations, all of which are considered to be major funds of the City. Data from the other two proprietary funds are combined into a single, aggregated presentation. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these non-major enterprise funds as well as for the internal service funds is provided in the form of combining statements located elsewhere in this report.

Fiduciary Funds

The City is the trustee, or fiduciary, for its employees' pension plans. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate statement of fiduciary net position and a separate statement of changes in fiduciary net position. The City excludes these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting for fiduciary funds is similar to accounting used for proprietary funds. Data from the two pension trust funds is combined into a single aggregated presentation. Individual fund data is provided in the form of combining statements elsewhere in 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 can be found on pages 28 through 59 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 budget compliance.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Summary of Net position

The following table presents the condensed summary of net position for fiscal year 2021 and fiscal year 2020:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FYE 2021	FYE 2020	FYE 2021	FYE 2020	FYE 2021	FYE 2020
Current and Other Assets	\$ 27,479,274	\$ 19,935,632	\$ 23,422,327	\$ 20,153,808	\$ 50,901,601	\$ 40,089,440
Capital Assets	29,970,650	28,481,040	68,202,567	67,388,910	98,173,217	95,869,950
Total Assets	57,449,924	48,416,672	91,624,894	87,542,718	149,074,818	135,959,390
Deferred Outflows of Resources	5,230,079	5,235,942	1,260,041	1,031,809	6,490,120	6,267,751
Current Liabilities	4,453,321	874,346	1,530,859	1,186,200	5,984,180	2,060,546
Non-Current Liabilities	16,612,307	17,662,997	39,954,324	41,368,365	56,566,631	59,031,362
Total Liabilities	21,065,628	18,537,343	41,485,183	42,554,565	62,550,811	61,091,908
Deferred Inflows of Resources	1,361,525	1,068,658	256,926	260,513	1,618,451	1,329,171
Net Position:						
Net Investment in Capital Assets	29,263,400	27,439,500	31,656,480	29,141,671	60,919,880	56,581,171
Restricted	8,949,357	7,286,508	1,929,642	2,056,475	10,878,999	9,342,983
Unrestricted	2,040,093	(679,395)	17,556,704	14,561,303	19,596,797	13,881,908
Total Net Position	\$ 40,252,850	\$ 34,046,613	\$ 51,142,826	\$ 45,759,449	\$ 91,395,676	\$ 79,806,062

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,395,676.

The majority of the City's net position (66.7%) reflects its investment in capital assets, less any outstanding related debt and deferred outflow/inflows used to acquire those assets. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should 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 (11.9%) represents resources that are subject to external restrictions on how they may be used, such as debt or capital projects (restricted assets). The remaining balance of unrestricted net position (21.4%) may be used to meet the City's ongoing obligations to its citizens.

At the end of the current fiscal year, the City can report a positive balance in all three categories on net position for both the business-type activities and for the governmental activities.

There was an overall increase in net position of \$11,589,614 for the current fiscal year. The increase of \$6,206,237 in the governmental activities and \$5,383,377 in business activities is primarily due to an increase in Charges for Services and additional Operating and Capital Grant revenues.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

Summary of Activities

The following table presents the condensed summary of activities for fiscal year 2021 and fiscal year 2020:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FYE 2021	FYE 2020	FYE 2021	FYE 2020	FYE 2021	FYE 2020
REVENUES						
Program Revenues:						
Charges for Services	\$ 5,951,201	\$ 3,571,081	\$ 19,403,019	\$ 17,550,382	\$ 25,354,220	\$ 21,121,463
Operating Grants and Contrib.	1,532,917	574,767		708	1,532,917	575,475
Capital Grants and Contrib.	434,394	866,495	3,180,345	2,951,271	3,614,739	3,817,766
General Revenues:						
Property Taxes	14,952,463	15,798,230			14,952,463	15,798,230
Franchise and Utility Taxes	3,582,576	3,324,199			3,582,576	3,324,199
Sales and Use Taxes	3,098,966	2,603,742			3,098,966	2,603,742
Other Taxes (Insur Premium)	283,290	262,511			283,290	262,511
Local Option Gas Tax	546,417	459,649			546,417	459,649
Unrest. State Revenue Sharing	249,366	222,809			249,366	222,809
Business Tax	199,211	190,265			199,211	190,265
Investment Earnings	164,064	212,694	201,634	247,427	365,698	460,121
Gain on Sale of capital asset	51,995		59,765	74,266	111,760	74,266
Total Revenues	31,046,860	28,086,442	22,844,763	20,824,054	53,891,623	48,910,496
EXPENSES						
Program Activities						
Governmental Activities:						
General Government	6,331,488	5,071,080			6,331,488	5,071,080
Public Safety	12,171,877	12,632,726			12,171,877	12,632,726
Physical Environment	164,652	232,336			164,652	232,336
Transportation	2,180,181	2,296,521			2,180,181	2,296,521
Economic Environment	73,461	69,185			73,461	69,185
Human Services	399,486	383,930			399,486	383,930
Culture and Recreation	3,972,297	3,769,815			3,972,297	3,769,815
Interest	33,009	34,211			33,009	34,211
Business-type Activities:						
Airport			1,414,228	1,293,876	1,414,228	1,293,876
Sanitation			2,869,263	2,652,962	2,869,263	2,652,962
Sewer & Water			7,890,975	7,459,307	7,890,975	7,459,307
Marina			2,051,096	1,133,208	2,051,096	1,133,208
Golf			1,603,647	1,591,193	1,603,647	1,591,193
Stormwater			1,146,349	1,100,082	1,146,349	1,100,082
Total Expenses	25,326,451	24,489,804	16,975,558	15,230,628	42,302,009	39,720,432
Change in net position						
before transfers	5,720,409	3,596,638	5,869,205	5,593,426	11,589,614	9,190,064
Transfers	485,828	(408,300)	(485,828)	408,300		
Change in Net Position	6,206,237	3,188,338	5,383,377	6,001,726	11,589,614	9,190,064
Net Position, beginning	34,046,613	30,858,275	45,759,449	39,757,723	79,806,062	70,615,998
Net Position, ending	\$ 40,252,850	\$ 34,046,613	\$ 51,142,826	\$ 45,759,449	\$ 91,395,676	\$ 79,806,062

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

Revenues

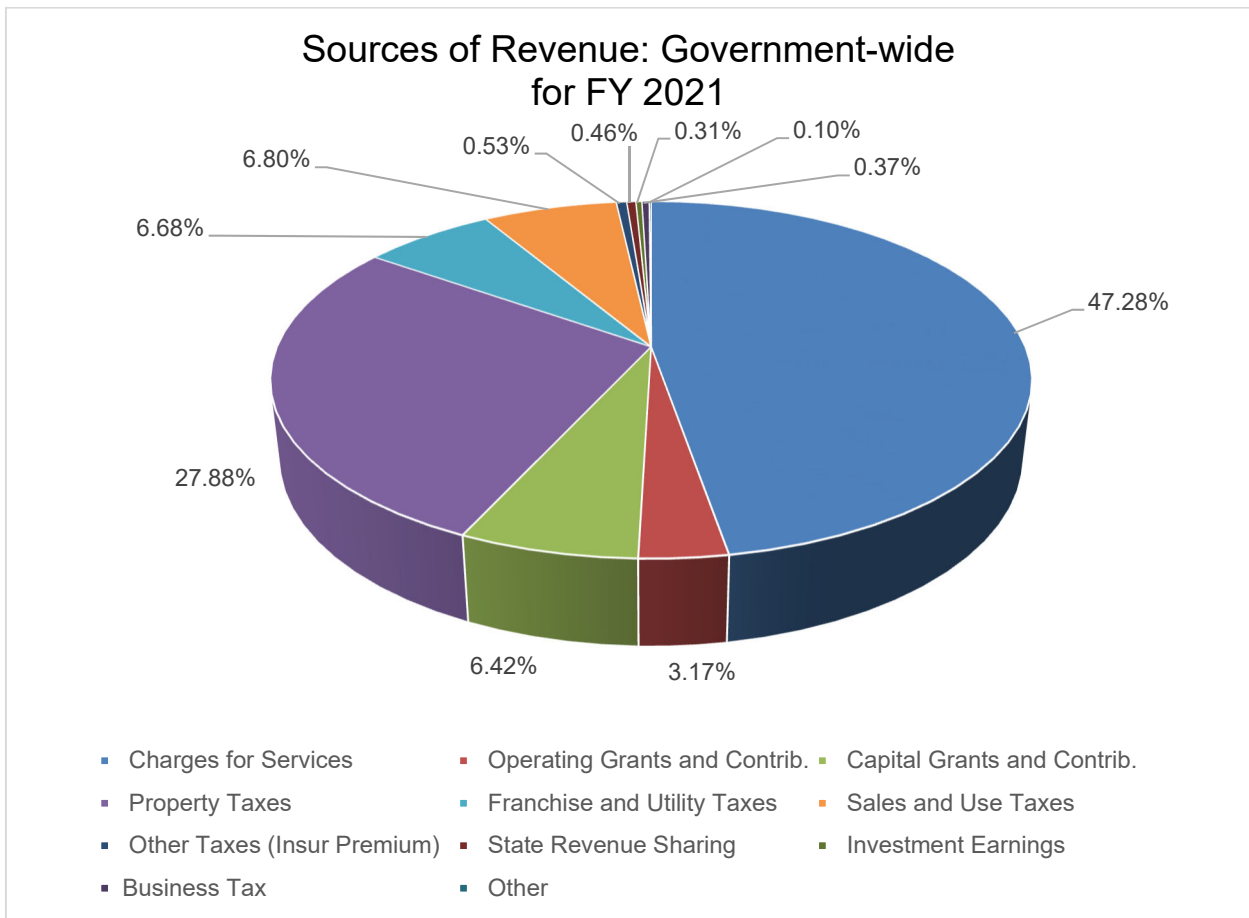
For the fiscal year ended September 30, 2021, revenues from governmental activities totaled \$31,046,860.

The City's property tax revenue was \$14,952,463, a decrease of (\$845,767) or 5.4% compared to the previous fiscal year. In the prior year, the City levied a ½ mil for the purpose of purchasing land for conservation, which generated \$1,207,836 in revenue. The taxable value increased \$166.5 million on a comparable basis.

Charges for services was \$2,380,120 higher than last year. This was due to an increase in revenue for building permits and impact fees along with an increase in the City's program revenue as a result of easing COVID-19 restrictions.

Operating grants and contributions increased by \$1,127,779 from the prior year primarily due to the receipt of Cares Act funding for Non-Profits and COVID-19 expenses.

Revenue from capital grants and contributions decreased by (\$601,730) from fiscal 2020, primarily due to contributions received for conservation land in the prior year.



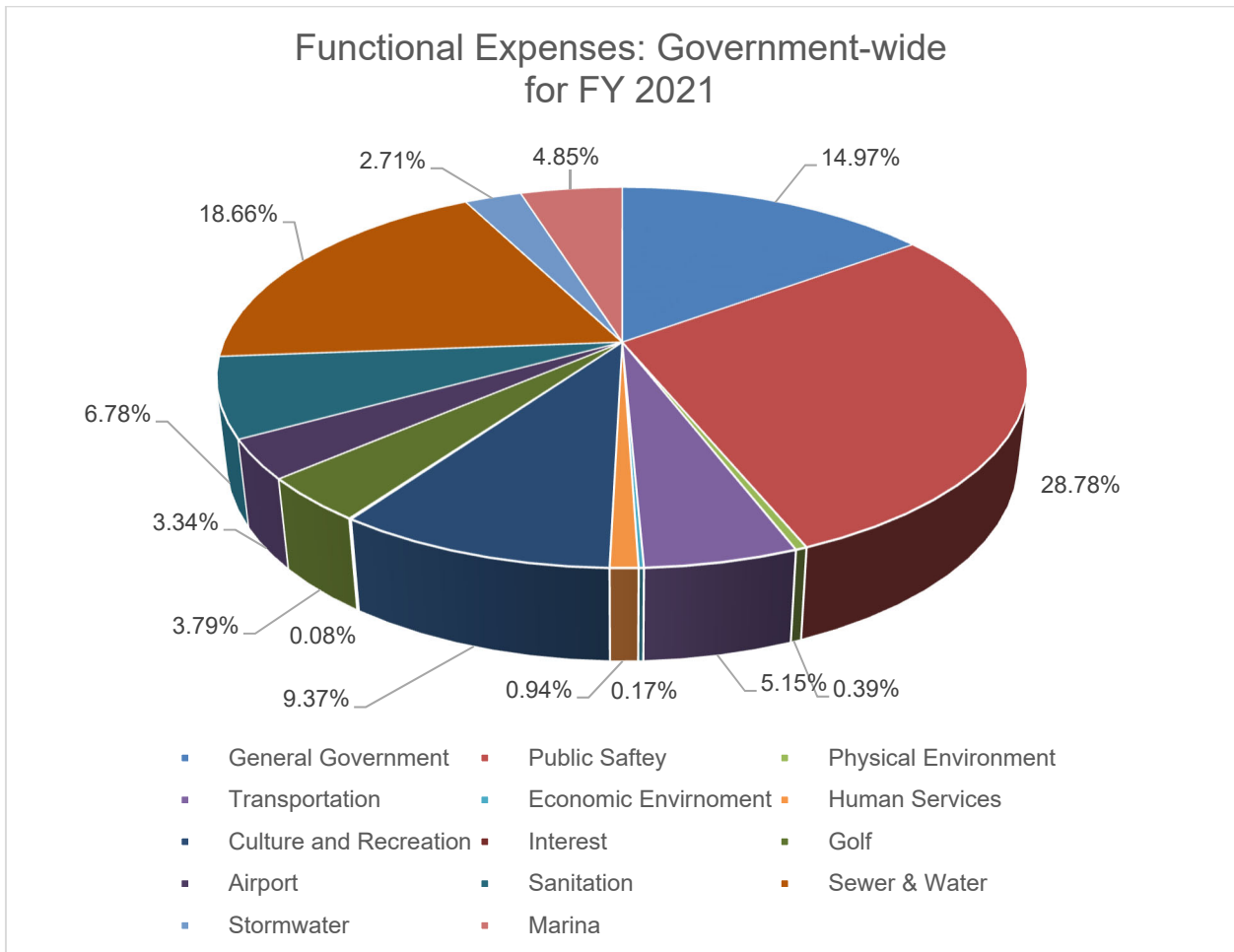
**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

Expenses

For the fiscal year ended September 30, 2021, expenses for governmental activities totaled \$25,326,451, an increase of \$836,647 from the prior fiscal year primarily due to General Government and COVID-19 related expenses coupled with additional legal expenses associated with the City's FEMA appeal

Expenses for the City's business-type activities, which provide water, sewer, sanitation, stormwater services and airport, golf, and marina operations, totaled \$16,975,558. This is an increase of \$1,744,930 which is primarily due to the Marina resuming fuel operations.

A supplementary schedule for the budgetary comparison at the object level detail can be found on the City's website at <https://www.fbl.us/84/Finance>. This schedule shows the budgetary comparison at the legal level of budgetary control.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended September 30, 2021, the governmental funds reflect a combined fund balance of \$22,932,159 an increase of \$3,912,468 compared to the prior year. Approximately 96.4% of this total amount (\$22,109,337) represents spendable fund balance. The remainder of fund balance is non-spendable and not available for new spending because it has already been committed for prepaid items (\$822,822). The Other Governmental Funds fund balance increased by \$779,347 due to an increase in the Capital Expansion fund from impact fees paid related to growth. The Capital Improvements Fund had an increase in fund balance of \$641,474 due to a delay in the Peck Center Repointing capital project. The General Fund had an increase in fund balance of \$2,490,631, due to the CARES Act funds received and unanticipated increases in revenues due to the economic recovery from the COVID-19 pandemic.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended to account for \$332,195 in Cares Act reimbursements and a Fire grant. The largest change in the General Fund appropriations between the adopted budget and the amended budget was an increase of \$269,000 donated to local non-profits for food pantry programs and mental health services because of the pandemic.

General Fund			
	Original Budget	Final Budget	Actual Amounts
Revenues:			
Taxes, Licenses, and Permits	\$ 19,453,969	\$ 19,453,969	\$ 20,793,212
Intergovernmental	1,895,886	2,228,081	3,106,108
Fines and Forfeitures	22,640	22,640	37,102
Charges for Services	1,357,262	1,357,262	1,420,098
Investment earnings	166,000	166,000	79,832
Miscellaneous revenues	198,245	198,245	388,895
Total	<u>23,094,002</u>	<u>23,426,197</u>	<u>25,825,247</u>
Expenditures	<u>22,782,384</u>	<u>23,301,622</u>	<u>21,263,151</u>
Excess of revenues over (under) expenditures	<u>311,618</u>	<u>124,575</u>	<u>4,562,096</u>
Other Financing sources (uses):			
Transfers in	676,000	676,000	676,000
Transfers (out)	<u>(2,747,465)</u>	<u>(2,747,465)</u>	<u>(2,747,465)</u>
Total	<u>(2,071,465)</u>	<u>(2,071,465)</u>	<u>(2,071,465)</u>
Net change in Fund Balance	<u>\$ (1,759,847)</u>	<u>\$ (1,946,890)</u>	<u>\$ 2,490,631</u>

Actual General Fund revenue exceeded the amended budget by \$2,399,050. The increases in revenues for the General Fund are directly related to the State and Local economy due to easing of restrictions related to COVID-19. Actual General Fund expenses were less than the amended budget by \$2,038,471. This favorable variance was due to decreases in public safety for \$584,320, streets for \$258,339, culture and recreation for \$725,418.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities at the end of the fiscal year 2021 totaled \$98,173,217 (net of accumulated depreciation). Approximately 30.5% or 29,970,650 is related to governmental activities and includes land, construction in progress, building and improvements, machinery and equipment and infrastructure. Capital assets held by the City at the end of the current fiscal year are summarized as follows:

Capital Assets at Year-End
(Net of Accumulated depreciation)

	Governmental Activities		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 12,482,276	\$ 11,272,683	\$ 1,546,370	\$ 1,546,370	\$ 14,028,646	\$ 12,819,053
Construction in Progress	1,217,488	921,134	792,280	5,522,961	2,009,768	6,444,095
Building and Improvements	8,244,027	8,332,313	64,238,232	58,780,491	72,482,259	67,112,804
Machinery and Equipment	3,839,780	3,602,894	1,625,684	1,539,088	5,465,464	5,141,982
Infrastructure	4,187,079	4,352,016			4,187,079	4,352,016
Total	\$ 29,970,650	\$ 28,481,040	\$ 68,202,566	\$ 67,388,910	\$ 98,173,216	\$ 95,869,950

In the governmental funds major additions included land for conservation, four police vehicles, a gate access control system, a fire rescue vehicle, two decontamination systems, a bucket truck, a passenger van, a utility tractor, grasshopper mowers, two Polaris vehicles, and the historic Peck Center windows.

In the business-type funds major additions included golf course equipment and Toptracer facility, runway rehabilitation, four vehicles, grapple truck, new marina fueling station, submersible pumps, vacuum truck, and various other utility and stormwater improvement projects.

More detailed information about the City's capital assets is presented in Note 6 of the financial statements.

LONG-TERM DEBT

At the end of the fiscal year, the City had total long-term debt outstanding of \$56,566,631. Of this amount, \$36,248,855 represents bonds and a direct borrowing secured solely by specified revenue sources. More detailed information about the City's long-term debt is presented in Note 8 to the financial statements.

The Series 2013A utility bonds continue to have an A1 rating by Moody's Investor Services. This rating reflects the utility's solid financial position and liquidity supported by ample cash reserves, a strong annual debt service coverage and sufficient capacity.

The City refinanced the Marina's two Letters of Credit and the Refunding Note Series 2016B with the Marina Refunding Note Series 2021. The purpose of the refunding was to extend the term of the loan and obtain lower borrowing costs. The principle will be paid down with anticipated FEMA reimbursements associated with the Marina reconstruction.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF FERNANDINA BEACH, FLORIDA
SEPTEMBER 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

According to the Nassau County Property Appraiser the City of Fernandina Beach's current gross taxable value is \$3,009,887,290. This represents an increase of 9.5% or \$261,106,997 when compared to the prior year. The City's millage rate of \$5.3330 adopted for fiscal year 2022 is expected to generate \$16,051,729 in Ad Valorem taxes. The above increases are evidence that the outlook for fiscal 2022 is good.

The state and local economy continues to recover from the COVID-19 pandemic which started in March of 2020. The City continues to see new businesses opening, citizens returning to work and tourists once again enjoying the City's historic downtown district and beautiful beaches.

REQUEST FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City's Comptroller at City of Fernandina Beach, 204 Ash Street, Fernandina Beach, Florida 32034.

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Basic Financial Statements

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CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 25,263,605	\$ 16,855,604	\$ 42,119,209
Accounts receivables, net	457,499	1,575,410	2,032,909
Due from other governments	893,308	2,346,771	3,240,079
Prepaid items	822,822	281,619	1,104,441
Inventory	42,040	99,947	141,987
Restricted cash and investments	-	2,262,976	2,262,976
Capital assets			
Non-depreciable	13,699,764	2,338,650	16,038,414
Depreciable, net	16,270,886	65,863,916	82,134,802
Total assets	57,449,924	91,624,893	149,074,817
Deferred outflows of resources			
Deferred loss on refunding	-	96,963	96,963
Deferred outflows - pensions	4,560,040	969,229	5,529,269
Deferred outflows - OPEB	670,039	193,849	863,888
Total deferred outflows of resources	5,230,079	1,260,041	6,490,120
Liabilities			
Accounts payable	1,305,827	970,528	2,276,355
Accrued interest payable	16,777	117,593	134,370
Customer deposits payable	-	247,479	247,479
Unearned revenue	3,130,717	195,258	3,325,975
Noncurrent liabilities			
Due within one year	1,061,699	2,545,335	3,607,034
Due in more than one year	15,550,608	37,408,989	52,959,597
Total liabilities	21,065,628	41,485,182	62,550,810
Deferred inflows of resources			
Deferred inflows - pensions	800,330	94,569	894,899
Deferred inflows - OPEB	561,195	162,357	723,552
Total deferred inflows of resources	1,361,525	256,926	1,618,451
Net position			
Net investment in capital assets	29,263,400	31,656,480	60,919,880
Restricted for			
Building inspection	3,357,572	-	3,357,572
Public safety	31,226	-	31,226
Land conservation	207,016	-	207,016
Community development	280,128	-	280,128
Debt service	-	143,666	143,666
Capital projects	5,073,415	1,785,976	6,859,391
Unrestricted	2,040,093	17,556,704	19,596,797
Total net position	\$ 40,252,850	\$ 51,142,826	\$ 91,395,676

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Governmental activities							
General government	\$ 6,331,488	\$ 1,820,424	\$ 205,618	\$ -	\$ (4,305,446)	\$ -	\$ (4,305,446)
Public safety	12,171,877	1,488,415	1,327,299	-	(9,356,163)	-	(9,356,163)
Physical environment	164,652	1,736,117	-	-	1,571,465	-	1,571,465
Transportation	2,180,181	-	-	62,578	(2,117,603)	-	(2,117,603)
Economic environment	73,461	-	-	-	(73,461)	-	(73,461)
Human services	399,486	-	-	-	(399,486)	-	(399,486)
Culture and recreation	3,972,297	906,245	-	371,816	(2,694,236)	-	(2,694,236)
Interest on long-term debt	33,009	-	-	-	(33,009)	-	(33,009)
Total governmental activities	<u>25,326,451</u>	<u>5,951,201</u>	<u>1,532,917</u>	<u>434,394</u>	<u>(17,407,939)</u>	<u>-</u>	<u>(17,407,939)</u>
Business-type activities							
Airport	1,414,228	847,756	-	2,857,803	-	2,291,331	2,291,331
Sanitation	2,869,263	2,949,533	-	-	-	80,270	80,270
Sewer and water	7,890,975	11,671,844	-	-	-	3,780,869	3,780,869
Marina	2,051,096	1,718,845	-	208,242	-	(124,009)	(124,009)
Golf	1,603,647	1,313,641	-	-	-	(290,006)	(290,006)
Stormwater	1,146,349	901,400	-	114,300	-	(130,649)	(130,649)
Total business-type activities	<u>16,975,558</u>	<u>19,403,019</u>	<u>-</u>	<u>3,180,345</u>	<u>-</u>	<u>5,607,806</u>	<u>5,607,806</u>
Total primary government	<u>\$ 42,302,009</u>	<u>\$ 25,354,220</u>	<u>\$ 1,532,917</u>	<u>\$ 3,614,739</u>	<u>(17,407,939)</u>	<u>5,607,806</u>	<u>(11,800,133)</u>
General revenues							
Property taxes					14,952,463	-	14,952,463
Franchise and utility taxes					3,582,576	-	3,582,576
Discretionary sales surtax					2,099,009	-	2,099,009
Half-cent sales tax					999,957	-	999,957
Unrestricted state revenue sharing					249,366	-	249,366
Local option gas tax					546,417	-	546,417
Insurance premium tax					283,290	-	283,290
Business tax					199,211	-	199,211
Investment earnings					164,064	201,634	365,698
Gain on sale of capital assets					51,995	59,765	111,760
Transfers					485,828	(485,828)	-
Total general revenues and transfers					<u>23,614,176</u>	<u>(224,429)</u>	<u>23,389,747</u>
Change in net position					6,206,237	5,383,377	11,589,614
Net position, beginning of year					34,046,613	45,759,449	79,806,062
Net position, end of year					<u>\$ 40,252,850</u>	<u>\$ 51,142,826</u>	<u>\$ 91,395,676</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	American Rescue Plan Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 10,550,276	\$ 3,298,887	\$ 594,595	\$ 10,740,280	\$ 25,184,038
Accounts receivable, net	456,838	-	-	-	456,838
Due from other governments	734,681	2,475	-	156,152	893,308
Prepaid items	822,822	-	-	-	822,822
Total assets	<u>\$ 12,564,617</u>	<u>\$ 3,301,362</u>	<u>\$ 594,595</u>	<u>\$ 10,896,432</u>	<u>\$ 27,357,006</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 964,115	\$ 169,629	\$ 604	\$ 159,782	\$ 1,294,130
Unearned revenue	-	3,130,717	-	-	3,130,717
Total liabilities	<u>964,115</u>	<u>3,300,346</u>	<u>604</u>	<u>159,782</u>	<u>4,424,847</u>
Fund balances					
Nonspendable					
Prepays	822,822	-	-	-	822,822
Restricted for:					
Building inspection	-	-	-	3,357,572	3,357,572
Public safety	2,781	-	-	28,445	31,226
Land conservation	-	-	-	207,016	207,016
Community development	-	1,016	-	279,112	280,128
Capital improvements	-	-	-	5,073,415	5,073,415
Committed for:					
Conservation and resource management	-	-	-	389,836	389,836
Historical District trust	-	-	-	75,010	75,010
Greenway trust	-	-	-	-	-
Cemetery	-	-	-	1,091,378	1,091,378
Emergencies	4,691,137	-	-	-	4,691,137
Assigned for:					
Cemetery	-	-	-	228,300	228,300
Debt service	-	-	-	6,566	6,566
Capital projects	-	-	593,991	-	593,991
Subsequent year's budget	1,882,521	-	-	-	1,882,521
Unassigned	4,201,241	-	-	-	4,201,241
Total fund balances	<u>11,600,502</u>	<u>1,016</u>	<u>593,991</u>	<u>10,736,650</u>	<u>22,932,159</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,564,617</u>	<u>\$ 3,301,362</u>	<u>\$ 594,595</u>	<u>\$ 10,896,432</u>	<u>\$ 27,357,006</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total fund balances for governmental funds		\$ 22,932,159
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 funds.		
Governmental capital assets	\$ 70,360,784	
Accumulated depreciation	<u>(40,718,425)</u>	29,642,359
Deferred outflows and deferred inflows are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds		
Deferred outflows - OPEB	670,039	
Deferred inflows - OPEB	(561,195)	
Deferred outflows - pensions	4,560,040	
Deferred inflows - pensions	<u>(800,330)</u>	3,868,554
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Accrued interest payable	(16,777)	
Compensated absences	(1,154,541)	
Net pension liability	(12,671,343)	
Total OPEB liability	(2,053,071)	
Capital lease payable	<u>(707,250)</u>	(16,602,982)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are reported with governmental activities.		
		<u>412,760</u>
Net position of governmental activities		<u><u>\$ 40,252,850</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	American Rescue Plan Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 14,866,403	\$ -	\$ -	\$ 86,060	\$ 14,952,463
Other taxes	4,399,409	-	-	-	4,399,409
Licenses and permits	46,013	-	-	1,454,486	1,500,499
Impact fees	-	-	-	1,413,497	1,413,497
Intergovernmental revenues	3,106,108	169,629	128,461	260,788	3,664,986
Charges for services	1,420,098	-	-	336,640	1,756,738
Franchise fees	1,481,387	-	-	-	1,481,387
Fines and forfeitures	37,102	-	-	6,815	43,917
Investment earnings	79,832	1,016	6,285	76,383	163,516
Miscellaneous revenues	388,895	-	-	381,355	770,250
Total revenues	25,825,247	170,645	134,746	4,016,024	30,146,662
Expenditures					
Current					
General government	5,109,339	-	-	114,832	5,224,171
Public safety	10,285,153	-	-	1,185,505	11,470,658
Physical environment	-	-	-	165,478	165,478
Transportation	1,539,639	-	-	-	1,539,639
Economic environment	73,461	-	-	-	73,461
Human services	399,486	-	-	-	399,486
Culture and recreation	3,221,774	-	-	-	3,221,774
Debt service					
Principal retirement	119,128	-	568,998	417,000	1,105,126
Interest	1,692	-	9,620	9,841	21,153
Capital outlay	513,479	169,629	1,435,515	1,856,137	3,974,760
Total expenditures	21,263,151	169,629	2,014,133	3,748,793	27,195,706
Excess (deficiency) of revenues over (under) expenditures	4,562,096	1,016	(1,879,387)	267,231	2,950,956
Other financing sources (uses)					
Proceeds from the sale of capital assets	-	-	-	23,975	23,975
Issuance of capital leases	-	-	770,837	-	770,837
Transfers in	676,000	-	1,750,024	552,895	2,978,919
Transfers out	(2,747,465)	-	-	(64,754)	(2,812,219)
Total other financing sources (uses)	(2,071,465)	-	2,520,861	512,116	961,512
Change in fund balances	2,490,631	1,016	641,474	779,347	3,912,468
Fund balances (deficit), beginning of year	9,109,871	-	(47,483)	9,957,303	19,019,691
Fund balances, end of year	\$ 11,600,502	\$ 1,016	\$ 593,991	\$ 10,736,650	\$ 22,932,159

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**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, 2021**

Net change in fund balances – total governmental funds		\$ 3,912,468
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 4,102,922	
Less current year depreciation	<u>(2,583,444)</u>	1,519,478
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.</p>		
		(16,870)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.</p>		
Repayment of principal of long-term debt		1,105,126
Debt proceeds		(770,837)
<p>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 governmental funds.</p>		
Pension expense	384,630	
Change in total OPEB liability and deferred items	(122,193)	
Change in accrued interest	(11,856)	
Change in compensated absences	<u>158,545</u>	409,126
<p>Internal service funds are used by management to charge the cost of certain activities, such as the costs of the central garage, to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
		<u>47,746</u>
Change in net position of governmental activities		<u>\$ 6,206,237</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Sewer and Water Fund</u>	<u>Marina Fund</u>	<u>Stormwater Fund</u>	<u>Nonmajor Golf Course Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Assets								
Current assets								
Cash and investments	\$ 606,361	\$ 1	\$ 15,808,492	\$ 270	\$ -	\$ 1,750	\$ 16,416,874	\$ 518,297
Accounts receivable, net	62,868	325,875	986,275	95,261	97,731	465	1,568,475	7,596
Due from other governments	148,655	-	-	1,958,816	239,300	-	2,346,771	-
Due from other funds	-	-	5,786,132	-	-	-	5,786,132	-
Prepays	1,187	-	420	272,230	-	5,574	279,411	2,208
Inventory	-	-	27,953	30,417	-	41,577	99,947	42,040
Total current assets	<u>819,071</u>	<u>325,876</u>	<u>22,609,272</u>	<u>2,356,994</u>	<u>337,031</u>	<u>49,366</u>	<u>26,497,610</u>	<u>570,141</u>
Noncurrent assets								
Restricted cash and investments	24,150	44,141	2,178,008	-	16,677	-	2,262,976	-
Capital assets, non-depreciable	272,682	-	126,650	1,381,943	269,123	288,252	2,338,650	-
Capital assets, net	<u>18,587,242</u>	<u>144,958</u>	<u>28,354,085</u>	<u>10,946,989</u>	<u>6,206,121</u>	<u>1,618,617</u>	<u>65,858,012</u>	<u>334,195</u>
Total noncurrent assets	<u>18,884,074</u>	<u>189,099</u>	<u>30,658,743</u>	<u>12,328,932</u>	<u>6,491,921</u>	<u>1,906,869</u>	<u>70,459,638</u>	<u>334,195</u>
Total assets	<u>19,703,145</u>	<u>514,975</u>	<u>53,268,015</u>	<u>14,685,926</u>	<u>6,828,952</u>	<u>1,956,235</u>	<u>96,957,248</u>	<u>904,336</u>
Deferred outflows of resources								
Deferred loss on refunding	-	-	96,963	-	-	-	96,963	-
Deferred outflows - pensions	60,396	16,584	761,234	-	108,612	22,403	969,229	-
Deferred outflows - OPEB	8,429	4,214	147,494	-	16,856	16,856	193,849	-
Total deferred outflows of resources	<u>68,825</u>	<u>20,798</u>	<u>1,005,691</u>	<u>-</u>	<u>125,468</u>	<u>39,259</u>	<u>1,260,041</u>	<u>-</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

	Airport Fund	Sanitation Fund	Sewer and Water Fund	Marina Fund	Stormwater Fund	Nonmajor Golf Course Fund	Total	Internal Service Funds
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	29,853	213,796	65,488	453,849	143,124	38,013	944,123	38,102
Revenue bonds, capital leases and notes payable	84,000	-	1,724,000	444,000	101,485	-	2,353,485	-
Accrued interest	2,579	-	85,855	21,615	7,544	-	117,593	-
Customer deposits payable	24,150	44,141	162,511	-	16,677	-	247,479	-
Due to other funds	-	1,195	-	4,390,261	34,468	1,360,208	5,786,132	-
Unearned revenue	59,886	-	-	1,126	-	134,246	195,258	-
Compensated absences	48,302	3,301	81,576	-	13,041	2,657	148,877	69,075
Total current liabilities	<u>248,770</u>	<u>262,433</u>	<u>2,119,430</u>	<u>5,310,851</u>	<u>316,339</u>	<u>1,535,124</u>	<u>9,792,947</u>	<u>107,177</u>
Noncurrent liabilities								
Revenue bonds, capital leases and notes payable, net of current portion	987,000	-	22,762,445	10,143,000	397,119	-	34,289,564	-
Net pension liability	157,371	43,211	1,983,496	-	283,003	58,373	2,525,454	-
Total OPEB liability	25,825	12,912	451,934	-	51,650	51,650	593,971	-
Total non-current liabilities	<u>1,170,196</u>	<u>56,123</u>	<u>25,197,875</u>	<u>10,143,000</u>	<u>731,772</u>	<u>110,023</u>	<u>37,408,989</u>	<u>-</u>
Total liabilities	<u>1,418,966</u>	<u>318,556</u>	<u>27,317,305</u>	<u>15,453,851</u>	<u>1,048,111</u>	<u>1,645,147</u>	<u>47,201,936</u>	<u>107,177</u>
Deferred inflows of resources								
Deferred inflows - pension	5,893	1,618	74,275	-	10,597	2,186	94,569	-
Deferred inflows - OPEB	7,059	3,530	123,532	-	14,118	14,118	162,357	-
Total deferred inflows of resources	<u>12,952</u>	<u>5,148</u>	<u>197,807</u>	<u>-</u>	<u>24,715</u>	<u>16,304</u>	<u>256,926</u>	<u>-</u>
Net position								
Net investment in capital assets	17,788,924	144,958	4,091,253	1,741,932	5,976,640	1,906,869	31,650,576	334,195
Restricted for								
Debt service	-	-	143,666	-	-	-	143,666	-
Capital improvements	-	-	1,785,976	-	-	-	1,785,976	-
Unrestricted	551,128	67,111	20,737,699	(2,509,857)	(95,046)	(1,572,826)	17,178,209	462,964
Total net position	<u>\$ 18,340,052</u>	<u>\$ 212,069</u>	<u>\$ 26,758,594</u>	<u>\$ (767,925)</u>	<u>\$ 5,881,594</u>	<u>\$ 334,043</u>	<u>50,758,427</u>	<u>\$ 797,159</u>
Adjustment to reflect the consolidation of internal service fund activities							384,399	
Total net position of business-type activities							<u>\$ 51,142,826</u>	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Sewer and Water Fund</u>	<u>Marina Fund</u>	<u>Stormwater Fund</u>	<u>Nonmajor Golf Course Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating revenues								
Charges for services	\$ 4,180	\$ 2,878,164	\$ 9,945,921	\$ -	\$ 876,737	\$ 1,313,641	\$ 15,018,643	\$ 1,854,918
Fees, rentals and miscellaneous	843,576	71,369	715,360	1,718,845	24,663	-	3,373,813	3,300
Total operating revenues	<u>847,756</u>	<u>2,949,533</u>	<u>10,661,281</u>	<u>1,718,845</u>	<u>901,400</u>	<u>1,313,641</u>	<u>18,392,456</u>	<u>1,858,218</u>
Operating expenses								
Personnel services and benefits	205,508	99,640	1,838,809	-	311,193	462,681	2,917,831	1,051,132
Materials, supplies and other	316,692	2,745,893	2,332,040	1,556,150	442,752	862,983	8,256,510	746,276
Depreciation and amortization	858,904	23,730	2,156,686	290,489	376,644	276,481	3,982,934	112,358
Total operating expenses	<u>1,381,104</u>	<u>2,869,263</u>	<u>6,327,535</u>	<u>1,846,639</u>	<u>1,130,589</u>	<u>1,602,145</u>	<u>15,157,275</u>	<u>1,909,766</u>
Operating income (loss)	<u>(533,348)</u>	<u>80,270</u>	<u>4,333,746</u>	<u>(127,794)</u>	<u>(229,189)</u>	<u>(288,504)</u>	<u>3,235,181</u>	<u>(51,548)</u>
Nonoperating revenues (expenses)								
Investment earnings	4,729	233	193,310	-	-	-	198,272	3,910
Intergovernmental revenue	-	-	-	-	-	-	-	-
Gain on disposal of capital assets	-	-	33,665	-	26,100	-	59,765	44,890
Interest expense	(33,124)	-	(519,021)	(204,457)	(15,760)	(1,502)	(773,864)	-
Total nonoperating revenues, net	<u>(28,395)</u>	<u>233</u>	<u>(292,046)</u>	<u>(204,457)</u>	<u>10,340</u>	<u>(1,502)</u>	<u>(515,827)</u>	<u>48,800</u>
Income (loss) before contributions and transfers	(561,743)	80,503	4,041,700	(332,251)	(218,849)	(290,006)	2,719,354	(2,748)
Capital grants and contributions	2,857,803	30,372	-	208,242	(215,200)	-	2,881,217	-
Transfers								
Transfers in	-	-	-	300,000	-	220,000	520,000	20,000
Transfers out	-	(156,000)	(540,000)	-	-	-	(696,000)	(10,700)
Total transfers	<u>-</u>	<u>(156,000)</u>	<u>(540,000)</u>	<u>300,000</u>	<u>-</u>	<u>220,000</u>	<u>(176,000)</u>	<u>9,300</u>
Change in net position	2,296,060	(45,125)	3,501,700	175,991	(434,049)	(70,006)	5,424,571	6,552
Total net position, beginning of year	16,043,992	257,194	23,256,894	(943,916)	6,315,643	404,049		790,607
Total net position, end of year	<u>\$ 18,340,052</u>	<u>\$ 212,069</u>	<u>\$ 26,758,594</u>	<u>\$ (767,925)</u>	<u>\$ 5,881,594</u>	<u>\$ 334,043</u>		<u>\$ 797,159</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.							(41,194)	
Changes in net position of business-type activities							<u>\$ 5,383,377</u>	

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Sewer and Water Fund</u>	<u>Marina Fund</u>	<u>Stormwater Fund</u>	<u>Nonmajor Golf Course Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Cash flows from operating activities								
Cash received from customers	\$ 765,565	\$ 2,990,375	\$ 10,833,118	\$ 1,409,631	\$ 1,027,825	\$ 1,345,045	\$ 18,371,559	\$ -
Cash received for interfund services	-	-	-	-	-	-	-	1,858,125
Cash paid to suppliers for goods and services	(314,734)	(2,759,004)	(2,355,179)	(1,272,093)	(324,256)	(910,582)	(7,935,848)	(735,521)
Cash paid to employees for services and benefits	(205,176)	(55,866)	(1,855,005)	-	(373,425)	(384,710)	(2,874,182)	(1,035,760)
Net cash provided by operating activities	<u>245,655</u>	<u>175,505</u>	<u>6,622,934</u>	<u>137,538</u>	<u>330,144</u>	<u>49,753</u>	<u>7,561,529</u>	<u>86,844</u>
Cash flows from noncapital financing activities								
Transfer to other funds	-	(154,805)	(540,000)	(254,474)	(232,025)	-	(1,181,304)	(10,700)
Transfer from other funds	-	-	262,952	300,000	-	442,352	1,005,304	20,000
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(154,805)</u>	<u>(277,048)</u>	<u>45,526</u>	<u>(232,025)</u>	<u>442,352</u>	<u>(176,000)</u>	<u>9,300</u>
Cash flows from capital and related financing activities								
Acquisition and construction of capital assets	(3,006,871)	(138,316)	(535,628)	(563,680)	(538,970)	(377,656)	(5,161,121)	(35,551)
Cash received from sale of capital assets	-	-	35,259	-	26,100	-	61,359	44,890
Principal paid on bonds and notes payable	(82,000)	-	(1,648,000)	(10,510,042)	(104,998)	(111,067)	(12,456,107)	-
Proceeds from issuance of notes payable	-	-	-	10,920,689	414,873	-	11,335,562	-
Interest paid	(33,322)	-	(1,106,391)	(238,972)	(11,575)	(1,632)	(1,391,892)	-
Capital contributions	2,857,803	-	-	208,242	114,300	-	3,180,345	-
Net cash provided by (used in) capital and related financing activities	<u>(264,390)</u>	<u>(138,316)</u>	<u>(3,254,760)</u>	<u>(183,763)</u>	<u>(100,270)</u>	<u>(490,355)</u>	<u>(4,431,854)</u>	<u>9,339</u>
Cash flows from investing activities								
Interest received	4,729	233	193,310	-	-	-	198,272	3,910
Net cash provided by investing activities	<u>4,729</u>	<u>233</u>	<u>193,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,272</u>	<u>3,910</u>
Net change	(14,006)	(117,383)	3,284,436	(699)	(2,151)	1,750	3,151,947	109,393
Cash and investments, beginning of year	644,517	161,525	14,702,064	969	18,828	-	15,527,903	408,904
Cash and investments, end of year	<u>\$ 630,511</u>	<u>\$ 44,142</u>	<u>\$ 17,986,500</u>	<u>\$ 270</u>	<u>\$ 16,677</u>	<u>\$ 1,750</u>	<u>\$ 18,679,850</u>	<u>\$ 518,297</u>
Cash and cash equivalents classified as								
Cash and investments	\$ 606,361	\$ 1	\$ 15,808,492	\$ 270	\$ -	\$ 1,750	\$ 16,416,874	\$ 518,297
Restricted cash and investments	24,150	44,141	2,178,008	-	16,677	-	2,262,976	-
Total cash and investments	<u>\$ 630,511</u>	<u>\$ 44,142</u>	<u>\$ 17,986,500</u>	<u>\$ 270</u>	<u>\$ 16,677</u>	<u>\$ 1,750</u>	<u>\$ 18,679,850</u>	<u>\$ 518,297</u>

(Continued)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Airport Fund</u>	<u>Sanitation Fund</u>	<u>Sewer and Water Fund</u>	<u>Marina Fund</u>	<u>Stormwater Fund</u>	<u>Nonmajor Golf Course Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by operating activities								
Operating income (loss)	\$ (533,348)	\$ 80,270	\$ 4,333,746	\$ (127,794)	\$ (229,189)	\$ (288,504)	\$ 3,235,181	\$ (51,548)
Adjustment to reconcile operating income to net cash provided by operating activities:								
Depreciation	858,904	23,730	2,156,686	290,489	376,644	276,481	3,982,934	112,358
Change in operating assets and liabilities:								
(Increase) decrease in assets:								
Accounts receivable	6,139	46,583	213,214	(93,277)	19,876	(465)	192,070	(93)
Due from other governments	(20,872)	-	-	(205,724)	108,700	-	(117,896)	-
Prepays	(186)	-	1,464	(118,417)	-	3,156	(113,983)	(391)
Inventory	-	-	(2)	(30,417)	-	(941)	(31,360)	2,118
Deferred outflows - pension	(10,637)	(16,584)	(150,117)	-	(1,618)	(22,403)	(201,359)	-
Deferred outflows - OPEB	(493)	(4,214)	(16,548)	-	(983)	(12,888)	(35,126)	-
Increase (decrease) in liabilities:								
Accounts payable	2,144	(13,111)	(24,601)	432,891	118,496	(49,814)	466,005	9,028
Unearned revenue	(69,708)	-	-	(10,213)	-	31,869	(48,052)	-
Compensated absences payable	6,933	3,301	3,272	-	(11,698)	2,657	4,465	15,372
Customer deposits	2,250	(5,741)	(41,377)	-	(2,151)	-	(47,019)	-
Deferred inflows - pension	(3,199)	1,618	(37,394)	-	(8,953)	2,186	(45,742)	-
Deferred inflows - OPEB	1,049	3,530	24,364	-	2,098	11,113	42,154	-
Net pension liability	6,290	43,211	127,987	-	(41,856)	58,373	194,005	-
Total OPEB liability	389	12,912	32,240	-	778	38,933	85,252	-
Net cash provided by operating activities	<u>\$ 245,655</u>	<u>\$ 175,505</u>	<u>\$ 6,622,934</u>	<u>\$ 137,538</u>	<u>\$ 330,144</u>	<u>\$ 49,753</u>	<u>\$ 7,561,529</u>	<u>\$ 86,844</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021**

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 1,823,289
Receivables/prepays	
Employer and employee contributions	803,458
Prepaid items	282,329
Interest receivable	58,415
Total receivables	<u>1,144,202</u>
Investments, at fair value	
U.S. Government and agency securities	1,856,102
Mortgages and federal agency securities	4,808,786
Corporate bonds	4,457,473
Real estate fund	5,573,653
Equity securities	43,638,378
Total investments	<u>60,334,392</u>
Total assets	<u><u>\$ 63,301,883</u></u>
Liabilities	
Accounts payable	\$ 280,180
Total liabilities	<u>280,180</u>
Net position	
Restricted for pension benefits - active and retired members' benefits	<u>63,021,703</u>
Total liabilities and net position	<u><u>\$ 63,301,883</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF FERNANDINA BEACH, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Pension Trust Funds
Additions	
Contributions	
City	\$ 2,682,429
Employees	791,211
State of Florida	281,090
Total contributions	3,754,730
Investment income	
Interest and dividends	976,224
Net appreciation in the fair value of investments	10,442,988
Less: investment expense	(219,808)
Net investment income	11,199,404
Total additions	14,954,134
Deductions	
Pension benefits	4,272,579
Administrative expenses	90,420
Total deductions	4,362,999
Change in net position	10,591,135
Net position, restricted for pension benefits	
Beginning of year	52,430,568
End of year	\$ 63,021,703

The accompanying notes to financial statements are an integral part of this statement.

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CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Fernandina Beach, Florida (the “City”) conform to generally accepted accounting principles for governmental entities. The following is a summary of significant accounting policies:

A. Reporting Entity

The City is a municipality governed by a Commission Manager form of Government. The City was incorporated in 1951 pursuant to Chapter 27543, Laws of Florida. 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 Community Redevelopment Agency of Fernandina Beach (CRA). The CRA was established to provide a method of eliminating blighted areas, expanding employment opportunities, and providing an environment for the social and economic growth of an area designated by Resolution 2004-71 in 2005. The City Commission serves as the Governing Board of the CRA. In addition, the City has operational responsibility for the CRA. Therefore, it was determined that the CRA should be treated as a blended component unit, and included as part of the primary government for financial reporting purposes. The CRA is presented in the financial statements of the City as a special revenue fund.

The City also has two single-employer defined benefit pension plans. The General Employees Pension Plan is administered by a Board of Trustees established by City Ordinance. The Board of Trustees is comprised of two Commission appointees, two members elected by the membership, and a fifth member elected by the other four and appointed by the Commission. The Firefighters’ and Police Officers’ Pension Plan is administered by a Board of Trustees established by City Ordinance. The Board consists of five trustees, two of which are appointed by the City Commission, one must be a police officer elected by a majority of the member police officers, one member must be a firefighter elected by the majority of the member firefighters, and the fifth member is elected by the other four members and appointed by the City Commission. The Plans are reported as fiduciary component units in accordance with Governmental Accounting Standards Board Statement Number 84.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function of segment; and (b) 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*.

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *American Rescue Plan Fund* accounts for the resources accumulated and disbursements made with respect to funds received by the City under the American Rescue Plan Act.
- The *Capital Improvement Fund* accounts for the resources accumulated for major capital improvements, major equipment purchases, and major repairs and renovations.

The City reports the following major proprietary funds:

- The *Airport Fund* accounts for the activities of the government's airport operations.
- The *Sanitation Fund* accounts for the activities of the government's sanitation operations.
- The *Sewer and Water Fund* accounts for the activities of the government's water distribution and sewer collection operations.
- The *Marina Fund* accounts for the activities of the government's marina operations.
- The *Stormwater Fund* was formed due to the critical need for improvements to the City's storm drains, drainage system and the development of a comprehensive plan for stormwater so that the City would be prepared to comply with future state and federal requirements. The Stormwater Department is responsible for finding solutions to existing flooding and drainage problems in City streets, as well as maintenance and improvement to the existing drainage systems. The Stormwater Management staff is also responsible for reviewing all construction plans for commercial projects, residential developments, parking lots and storm drainage systems throughout the City.

Additionally, the City reports the following fund types:

- The *internal services funds* account for fleet management, utility billing services, and utility administration services provided to other departments or agencies of the City on a cost reimbursement basis.
- The *pension trust funds* account for the activities of the General Employees' Pension and the Firefighters' and Police Officers' Pension Plans, which accumulate resources for defined benefit payments to qualified employees.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are for interfund services provided and used between functions.

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 or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise funds and of the government's internal service funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

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. For purposes of the statement of cash flows for the proprietary fund types, cash and cash equivalents include demand deposits, certificates of deposit, petty cash, state pooled investments, 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.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivables/payables” (i.e., the current portion of interfund loans). 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

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, 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. For financial reporting purposes, capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 for governmental funds or \$2,500 for enterprise funds and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. 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.

Property, plant, equipment, and infrastructure assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 - 30
Infrastructure	15 - 60
Vehicles	5
Office equipment	10
Computer equipment	5

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance
(Continued)**

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay, sick pay, and/or personal time-off (PTO) benefits. All vacation pay, sick pay, and PTO is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Liabilities

Long-term debt and other liabilities are reported in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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 received, are reported as debt service expenditures.

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources until that future time. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period and, therefore, will not be recognized as an inflow of resources until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities. The City reports the following deferred inflows and outflows of resources:

Deferred Loss on Refunding – the difference between the net reacquisition cost of new debt and the net carrying amount of old debt. This refunding loss is amortized to expense over the remaining term of the new debt using the straight-line method.

Pension and OPEB Related – the differences between expected and actual earnings on plan investments and expected and actual experience with regard to economic or demographic factors in the measurement of total pension and OPEB liability are reported as deferred inflows or outflows of resources, to be recognized in expense as disclosed in Note 9 and Note 10. Employer contributions made between the net pension or total OPEB liability measurement date and the employer's fiscal year-end are recognized as deferred outflows of resources, to be recognized as a reduction of the net pension or total OPEB liability in the subsequent fiscal year.

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance
(Continued)**

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 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.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components:

- **Net Investment in Capital Assets** – consists of capital assets, net of accumulated depreciations and amortization, and reduced by the outstanding balances of any long-term borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- **Restricted** – consists of non-capital assets that must be used for a particular purpose as specified by creditors, contributors, grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – consists of assets that do not meet the definition of net investment in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The City's governmental funds report the following, based on the nature of any limitations requiring the use of resources for specific purposes:

- **Non-Spendable** – This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted** – This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance (Continued)

- **Committed** – This component includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. Formal actions include ordinances (for more permanent regulations) and resolutions (for shorter term actions) approved by the City Commission. Ordinances require two readings for approval, and therefore, are technically considered the most binding. This formal action must occur prior to the end of the reporting period, but the amount of the commitment may be determined in the subsequent period.
- **Assigned** – This component of fund balance consists of amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- **Unassigned** – This classification is used for: (a) deficit unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

The City passed Resolution 2012-128 which formally established a fund balance policy. As part of this policy, the City committed a portion of fund balance for unanticipated events or emergencies. An amount of fund balance in the General Fund at the end of each fiscal year is to be committed equal to the lesser of all otherwise unrestricted, uncommitted, or unassigned balances or 20% of the subsequent year’s General Fund budget for expenditures. This committed amount can only be used for the purpose of ensuring the maintenance of services to the public during emergency or disaster situations, or for a major unanticipated event that was not budgeted for in the approved budget. Expenditures from these funds for an emergency must be approved by the City Manager and reported to the City Commission within 30 days of the emergency. Expenditures from these funds made for major unanticipated unbudgeted events require City Commission approval and subsequent modification to the General Fund budget.

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, it is the City’s policy to use committed resources first, then assigned, and then unassigned as needed.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 – PROPERTY TAX CALENDAR

Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute, under the following calendar:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	November 1 through March of the Following Year
Delinquency Date:	April 1, of the Following Year

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City Charter, Sections 71 through 72, specifies the budget procedures. A brief description is as follows:

- The City Manager is responsible for preparation and submission of a proposed budget to the Commission no later than August 1. The budget includes proposed expenditures and the means to finance them.
- Public hearings are held to obtain taxpayer comments.
- On or before the last day of the fiscal year, the budget is adopted by ordinance.
- The City Manager is authorized to transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency not to exceed \$7,500. Upon written request by the City Manager, the Commission, by motion, may transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another.
- Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

A detailed budgetary comparison schedule in sufficient detail to demonstrate compliance at the legal level of budgetary control may be found at <https://www.fbf.us/84/Finance> or by contacting the City's Comptroller at City of Fernandina Beach, 204 Ash Street, Fernandina Beach, Florida 32034.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – CASH AND INVESTMENTS

At year-end, the carrying amount of the City’s cash deposits was \$33,663,642 and the bank balance was \$35,756,863. The bank balance was covered by federal depository insurance or by collateral held by the City’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of Federal Deposit Insurance Corporation (FDIC) coverage in accordance with the *Florida Security for Public Deposits Act*, Chapter 280, Florida Statutes.

The *Florida Security for Public Deposits Act* established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The total cash and investment balances of the City at September 30, 2021 are comprised of the following items:

Cash	Fair Value	Credit Rating	Investment Maturity
Petty cash	\$ 5,010	N/A	N/A
Public depository accounts			
Checking	33,663,642	N/A	N/A
Total cash and cash equivalents	33,668,652		
<u>Investments</u>			
Investment with State Board of Administration:			
Florida PRIME (S&P Rating)	6,221,907	AAAm	Less than 1 year
Certificates of deposit	4,491,626	Unrated	Less than 1 year
Total investments	10,713,533		
Total cash and investments	\$ 44,382,185		
Amounts as presented on the entity wide statement of net position:			
Cash and investments	\$ 42,119,209		
Restricted cash and investments	2,262,976		
Total cash and investments	\$ 44,382,185		

Governmental entities are required to record investments at fair value, unless an exception applies, and disclose the fair value measurement and hierarchy. Investments in non-participating interest-earning investment contracts (certificates of deposit) are recorded at cost and are excluded from fair value measurement.

The City’s investment with the State Board of Administration (Florida PRIME) qualifies under the provisions of GASB Statement No. 79, to be measured at amortized cost for financial reporting purposes. The Florida PRIME generally has no limitations or restrictions on participant withdrawals including redemption notices and maximum transaction amounts. With regard to redemption gates, the SBA may, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, limit contributions to or withdrawals from the trust fund for up to 17 days.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Restricted Cash

Restricted cash and cash equivalents at September 30, 2021 in the enterprise funds are as follows:

<u>Enterprise Fund</u>	<u>Customer Deposits</u>	<u>Renewal and Replacement</u>	<u>Debt Service</u>	<u>Impact Fees</u>	<u>Total</u>
Sanitation	\$ 44,141	\$ -	\$ -	\$ -	\$ 44,141
Sewer and Water	162,511	200,000	229,522	1,585,975	2,178,008
Stormwater	16,677	-	-	-	16,677
Airport	24,150	-	-	-	24,150
Total	<u>\$ 247,479</u>	<u>\$ 200,000</u>	<u>\$ 229,522</u>	<u>\$ 1,585,975</u>	<u>\$ 2,262,976</u>

Pension Investments

The City's pension trust funds contain cash and money market funds of \$1,823,289. Listed below are the investments and maturities in the City's pension trust funds at September 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Equities	\$ 43,638,378	\$ 43,638,378	\$ -	\$ -	\$ -
Mortgages	4,808,786	-	-	161,271	4,647,515
U.S. Government Securities	1,856,102	-	856,753	999,349	-
Corporate bonds	4,457,473	802,933	2,557,293	1,097,247	-
Real Estate Fund	5,573,653	5,573,653	-	-	-
Totals	<u>\$ 60,334,392</u>	<u>\$ 50,014,964</u>	<u>\$ 3,414,046</u>	<u>\$ 2,257,867</u>	<u>\$ 4,647,515</u>

Authorized Investments

The City has adopted an investment policy for operating funds pursuant to Florida State Statutes. The objectives of the policy are to provide safety of capital, liquidity of funds, and investment income in that order of importance, as authorized by Florida Statute, 218.415. The City's authorized investments include the following:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act* as provided in Section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality ratings (AAA/AA) from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- Direct Obligations of the United States Treasury.
- Federal Agencies and Instrumentalities.
- Derivative products and margin purchases are expressly prohibited.

Florida Statute, 218.415 authorizes the City to invest in the state pools and in obligations of the United States Treasury and agencies. Throughout the year and as of September 30, 2021, the pools contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three-month LIBOR rates.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The Pension Boards have also adopted formal investment policies for each of the pension plans which conform to Florida Statutes. Authorized investments of the pension plans are as follows:

Equities

- Must be traded on a national exchange or electronic network.
- Not more than 5% of the plans' assets, at the time of purchase, shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- Additional criteria may be outlined by the investment manager.

Fixed Income

- All fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service.
- The value of bonds issued by any single corporation shall not exceed 10% of the total fund.
- The value of bonds denominated in U.S. dollars that are issued by a foreign bank or corporation shall not exceed 15% of the total fund.
- Additional criteria may be outlined by the investment manager.

Money Market

- The money market fund or STIF options provided by the plan's custodian.
- Maintain a minimum rating of Standard & Poor's A1 or Moody's P1.

Risk Disclosure

The City's investments conform to the provisions of Florida Statutes, Section 218.415. The following items discuss the City and pension plans' exposure to various risks:

Interest Rate Risk – The City has fixed rate investments that would be subject to interest rate risk. The City's investment policy states that investment maturities will be structured to match known cash needs and anticipated cash flow requirements. Currently, all of the City's investments have maturities of less than one year. The pension plans' investment policies do not have any restrictions as to the maturity or duration of fixed income securities.

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 and the pension plans generally utilize third party custodians to help manage custodial credit risk.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – The pension plans’ investment policies and practices require investments to be diversified to the extent practicable to control the risk of loss resulting from an overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. No more than 5% of the plans’ assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. The value of bonds issued by any one single corporation shall not exceed 10% of the total fund. The value of bonds denominated in U.S. dollars that are issued by a foreign bank or corporation shall not exceed 15% of the total fund. Investments in corporate common stock and convertible bonds shall not exceed 75% of plan assets at market value. Foreign securities (including equity and fixed income securities) shall not exceed 25% of plan assets at market value.

Credit Quality Risk – Credit quality risk is the risk that investments in debt securities will default. The City’s investment policy authorizes investment in SEC registered securities with the highest credit quality ratings (AAA/AA) from nationally recognized rating agencies. The pension plans’ investment policy requires that fixed income securities have a minimum rating of investment grade or higher as reported by a major credit rating service. Any money market funds must have a minimum rating of Standard & Poor’s A1 or Moody’s P1.

The credit quality distribution for the City’s pension trust fund investments is as follows:

Investment Type	Fair Value	Unrated	Credit Rating			
			AAA	AA	A	BBB
Equities	\$ 43,638,378	\$ 43,638,378	\$ -	\$ -	\$ -	\$ -
Mortgages	4,808,786	1,088,638	-	3,720,148	-	-
U.S. Government Securities	1,856,102	-	-	1,856,102	-	-
Corporate bonds	4,457,473	45,041	21,060	60,445	1,915,610	2,415,317
Real Estate Fund	5,573,653	5,573,653	-	-	-	-
Totals	<u>\$ 60,334,392</u>	<u>\$ 50,345,710</u>	<u>\$ 21,060</u>	<u>\$ 5,636,695</u>	<u>\$ 1,915,610</u>	<u>\$ 2,415,317</u>

Fair Value Measurements

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

- **Level 1 Inputs** – are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs** – are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3 Inputs** – are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for 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.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The fair value measurements for the City's pension trust fund investments are as follows at September 30, 2021:

<u>Investment</u>	<u>Fair Value Hierarchy</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$43,638,378	\$43,638,378	\$ -	\$ -
Mortgages	4,808,786	-	4,808,786	-
U.S. Government Securities	1,856,102	1,856,102	-	-
Corporate bonds	4,457,473	-	4,457,473	-
Total investments at fair value level	<u>\$54,760,739</u>	<u>\$45,494,480</u>	<u>\$ 9,266,259</u>	<u>\$ -</u>

<u>Investments Measured at Net Asset Value (NAV)</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Real Estate Fund	\$ 5,573,653	\$ -	Quarterly	10 business days
Total investments	<u>\$60,334,392</u>			

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 and Mortgages 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. Real Estate funds are valued at Net Asset Value (NAV) which is determined using certified annual appraisals of investment properties held by the fund.

NOTE 5 – RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Allowance</u>	<u>Net Total Receivables</u>
Governmental Activities				
General	\$ 920,253	\$ 17,274	\$ (480,689)	\$ 456,838
Internal service:				
Central garage	661	-	-	661
	<u>\$ 920,914</u>	<u>\$ 17,274</u>	<u>\$ (480,689)</u>	<u>\$ 457,499</u>
	<u>Accounts Receivable</u>	<u>Unbilled Receivable</u>	<u>Allowance</u>	<u>Net Total Receivables</u>
Business-Type Activities				
Airport	\$ 69,524	\$ -	\$ (6,656)	\$ 62,868
Sanitation	219,362	139,093	(32,580)	325,875
Sewer and water	683,812	406,384	(103,921)	986,275
Golf course	465	-	-	465
Stormwater	68,187	39,868	(10,324)	97,731
Marina	100,653	-	(5,392)	95,261
Internal service:				
Utility billing	6,935	-	-	6,935
	<u>\$1,148,938</u>	<u>\$ 585,345</u>	<u>\$ (158,873)</u>	<u>\$1,575,410</u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1	Increases	Decreases	Transfers	Balance September 30
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 11,272,683	\$ 1,209,593	\$ -	\$ -	\$12,482,276
Construction in progress	921,134	1,389,580	(3,750)	(1,089,476)	1,217,488
Total capital assets, not being depreciated	<u>12,193,817</u>	<u>2,599,173</u>	<u>(3,750)</u>	<u>(1,089,476)</u>	<u>13,699,764</u>
Capital assets, being depreciated					
Buildings and improvements	20,746,947	-	-	702,183	21,449,130
Equipment, furniture, fixtures and vehicles	11,040,118	1,191,767	(281,592)	375,480	12,325,773
Infrastructure	23,460,801	46,811	-	242,604	23,750,216
Total capital assets, being depreciated	<u>55,247,866</u>	<u>1,238,578</u>	<u>(281,592)</u>	<u>1,320,267</u>	<u>57,525,119</u>
Less accumulated depreciation for					
Buildings and improvements	(12,414,634)	(790,469)	-	-	(13,205,103)
Equipment, furniture, fixtures and vehicles	(7,437,224)	(1,387,172)	270,066	68,337	(8,485,993)
Infrastructure	(19,108,785)	(454,352)	-	-	(19,563,137)
Total accumulated depreciation	<u>(38,960,643)</u>	<u>(2,631,993)</u>	<u>270,066</u>	<u>68,337</u>	<u>(41,254,233)</u>
Total capital assets, being depreciated, net	<u>16,287,223</u>	<u>(1,393,415)</u>	<u>(11,526)</u>	<u>1,388,604</u>	<u>16,270,886</u>
Governmental activities capital assets, net	<u>\$ 28,481,040</u>	<u>\$ 1,205,758</u>	<u>\$ (15,276)</u>	<u>\$ 299,128</u>	<u>\$29,970,650</u>
	Balance October 1	Increases	Decreases	Transfers	Balance September 30
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 1,546,370	\$ -	\$ -	\$ -	\$ 1,546,370
Construction in progress	5,522,961	4,359,669	-	(9,090,350)	792,280
Total capital assets, not being depreciated	<u>7,069,331</u>	<u>4,359,669</u>	<u>-</u>	<u>(9,090,350)</u>	<u>2,338,650</u>
Capital assets, being depreciated					
Buildings and improvements	119,760,002	24,997	-	8,760,850	128,545,849
Equipment, furniture, fixtures and vehicles	4,652,026	776,455	(386,420)	30,372	5,072,433
Total capital assets, being depreciated	<u>124,412,028</u>	<u>801,452</u>	<u>(386,420)</u>	<u>8,791,222</u>	<u>133,618,282</u>
Less accumulated depreciation for					
Buildings and improvements	(60,979,511)	(3,328,106)	-	-	(64,307,617)
Equipment, furniture, fixtures and vehicles	(3,112,938)	(718,637)	384,826	-	(3,446,749)
Total accumulated depreciation	<u>(64,092,449)</u>	<u>(4,046,743)</u>	<u>384,826</u>	<u>-</u>	<u>(67,754,366)</u>
Total capital assets, being depreciated, net	<u>60,319,579</u>	<u>(3,245,291)</u>	<u>(1,594)</u>	<u>8,791,222</u>	<u>65,863,916</u>
Business-type activities capital assets, net	<u>\$ 67,388,910</u>	<u>\$ 1,114,378</u>	<u>\$ (1,594)</u>	<u>\$ (299,128)</u>	<u>\$68,202,566</u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Included in governmental activities capital assets are \$328,291 of assets from internal service funds. Included in business-type activities are \$5,904 of assets from internal service funds. Depreciation expense was charged to the functions of the government as follows:

Governmental Activities		
General government	\$	268,971
Public safety		963,817
Transportation		581,983
Culture and recreation		768,673
Internal service - garage		48,549
Total depreciation expense, governmental activities	<u>\$</u>	<u>2,631,993</u>
Business-Type Activities		
Airport	\$	858,904
Sanitation		23,730
Sewer and water		2,156,686
Marina		290,489
Non-Major - Golf Course		276,481
Stormwater		376,644
Internal service - utility		63,809
Total depreciation expense, business-type activities	<u>\$</u>	<u>4,046,743</u>

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2021 is as follows:

	Sanitation Fund	Marina Fund	Due From Non-Major Golf Course Fund	Stormwater Fund	Total
Due To					
Sewer and Water Fund	\$ 1,195	\$ 4,390,261	\$ 1,360,208	\$ 34,468	\$ 5,786,132
Total	<u>\$ 1,195</u>	<u>\$ 4,390,261</u>	<u>\$ 1,360,208</u>	<u>\$ 34,468</u>	<u>\$ 5,786,132</u>

The interfund amounts were used to cover deficits in cash balances. No amounts are expected to be repaid within one year related to the interfund borrowings of the Golf Course and Marina Funds.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund Transfers:

	Transfers In						Total
	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Marina Fund	Non-Major Enterprise Fund	Internal Service Funds	
Transfers Out							
General Fund	\$ -	\$ 1,739,324	\$ 488,141	\$ 300,000	\$ 220,000	\$ -	\$ 2,747,465
Non-Major Governmental Funds	-	-	64,754	-	-	-	64,754
Sanitation Fund	136,000	-	-	-	-	20,000	156,000
Sewer and Water Fund	540,000	-	-	-	-	-	540,000
Internal Services Fund	-	10,700	-	-	-	-	10,700
Total	\$ 676,000	\$ 1,750,024	\$ 552,895	\$ 300,000	\$ 220,000	\$ 20,000	\$ 3,518,919

Interfund transfers out of the General Fund were used to assist with funding expenses/expenditures in the Capital Improvement, Golf Course and Marina Funds. Interfund transfers into the General Fund from the Sanitation and Sewer and Water Funds were used to pay for overhead costs.

NOTE 8 – LONG-TERM DEBT

Capital Leases

The City has entered into three lease agreements as a lessee for financing a fire truck, a lessee for financing police and fire radios, and a lessee for financing a street sweeper. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the lease. The assets acquired through capital lease, reported as of September 30, 2021 were as follows:

	Governmental Activities	Business-Type Activities
Equipment, furnitures, fixtures and vehicles	\$ 1,694,724	\$ 643,381
Less accumulated depreciation	(954,131)	(149,826)
Total	\$ 740,593	\$ 493,555

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021 were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities
2022	\$ 149,116	\$ 116,572
2023	149,116	116,572
2024	149,116	116,572
2025	83,102	109,359
2026	83,102	83,000
2027-2028	166,204	-
Total minimum lease payments	779,756	542,075
Less interest amounts	(72,506)	(43,470)
Present value of minimum lease payments	\$ 707,250	\$ 498,605

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

General Obligations Notes – Direct Placement

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The General Obligation Bonds, Series 2001, with an original issuance amount of \$6,000,000 were used to acquire environmentally sensitive lands and for other parks and recreation improvements. On October 20, 2010, the City refinanced the Series 2001 General Obligation Bonds with the Series 2010, General Obligation Refunding Notes. The total amount of the refunding was \$4,033,000. The purpose of the refunding was to obtain lower borrowing costs. The notes mature in 2021.

Revenue Bonds and Notes

The City also issues bonds and revenue notes where the City pledges income derived from the acquired or constructed assets or other governmental fees and taxes to pay debt service. Revenue bonds and notes outstanding at year-end are as follows:

Issue and Purpose	Interest Rate	Amount Outstanding	Maturity Date
Business-Type Activities			
Sewer and Water:			
Utility System Subordinate Refunding Revenue Note, Series 2015	2.19%	\$ 2,820,000	2024
Utility System Refunding Bonds, Series 2013A	3%-5%	20,565,000	2033
Marina:			
Capital Improvement Revenue Refunding Notes, Series 2021	2.45%	10,587,000	2040
Airport:			
Airport Refunding Revenue Note, Series 2017	4.28%	1,071,000	2032
Total Business-Type Activities Revenue Bonds and Notes		<u><u>\$ 35,043,000</u></u>	

Business-type activities revenue bonds and notes debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 2,252,000	\$ 1,320,591	\$ 3,572,591
2023	2,344,000	1,227,521	3,571,521
2024	2,428,000	1,143,914	3,571,914
2025	2,223,000	1,088,906	3,311,906
2026	2,323,000	991,839	3,314,839
2027-2031	13,101,000	3,459,229	16,560,229
2032-2036	7,722,000	900,700	8,622,700
2037-2040	2,650,000	164,150	2,814,150
	<u><u>\$ 35,043,000</u></u>	<u><u>\$ 10,296,850</u></u>	<u><u>\$ 45,339,850</u></u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Line of Credit Notes – Direct Placement

Pursuant to a loan agreement with Branch Banking and Trust Company (BB&T), the City issued Line of Credit Note, Series 2018 in the amount of \$6,600,000. The Line of Credit Note, Series 2018 was payable from the pledged revenues, which consisted primarily of FEMA reimbursements and non-ad valorem revenues. The Line of Credit Note, Series 2018 expired on July 1, 2021. The balance as of September 30, 2021 was \$0.

Pursuant to a loan agreement with BB&T, the City issued Line of Credit Note, Series 2019 in the amount of \$3,000,000. The Line of Credit Note, Series 2019 was payable from the pledged revenues, which consisted primarily of FEMA reimbursements and non-ad valorem revenues. The Line of Credit Note, Series 2019 expired on July 1, 2021. The balance as of September 30, 2021 was \$0.

Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Direct placements:					
General obligation notes	\$ 417,000	\$ -	\$ (417,000)	\$ -	\$ -
Revenue notes payable	577,933	-	(577,933)	-	-
Capital leases	46,606	770,837	(110,193)	707,250	128,744
Compensated absences	1,335,875	1,221,479	(1,376,711)	1,180,643	932,955
Total OPEB liability	1,971,292	407,451	(325,672)	2,053,071	-
Net pension liability	13,314,290	5,807,128	(6,450,075)	12,671,343	-
Total governmental activities	<u>\$ 17,662,996</u>	<u>\$ 8,206,895</u>	<u>\$ (9,257,584)</u>	<u>\$ 16,612,307</u>	<u>\$ 1,061,699</u>
Business-type activities					
Revenue bonds	\$ 21,990,000	\$ -	\$ (1,425,000)	\$ 20,565,000	\$ 1,495,000
Bond premiums	1,690,723	-	(589,279)	1,101,444	-
Total revenue bonds	23,680,723	-	(2,014,279)	21,666,444	1,495,000
Direct placements:					
Revenue notes	6,515,068	10,587,000	(2,624,068)	14,478,000	757,000
Capital leases	188,729	414,873	(104,997)	498,605	101,485
Line of credit	7,968,352	333,690	(8,302,042)	-	-
Compensated absences	175,324	203,666	(187,140)	191,850	191,850
Total OPEB liability	508,719	117,879	(32,627)	593,971	-
Net pension liability	2,331,449	1,073,824	(879,819)	2,525,454	-
Total business-type activities	<u>\$ 41,368,364</u>	<u>\$ 12,730,932</u>	<u>\$ (14,144,972)</u>	<u>\$ 39,954,324</u>	<u>\$ 2,545,335</u>

Compensated absences, the total OPEB liability, and the net pension liability are liquidated by the fund which pays the corresponding employee's payroll expenses, retirement contribution, and health insurance expenses. For governmental activities, this is primarily paid by the General Fund.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Pledged Revenue

Pledged revenues on the City's outstanding debt for the year ended September 30, 2021 was as follows:

<u>Pledged Revenue</u>		<u>Pledged Through</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Principal and Interest Payments</u>	<u>Revenue Received</u>	<u>Estimated Percentage Pledged</u>
Net airport revenue	Airport Refunding Revenue Note, Series 2017	2032	1,381,000	1,071,000	<u>\$ 115,322</u>	<u>\$ 849,433</u>	14%
Net sewer and water utility revenue	Utility System Refunding Bonds, Series 2013A	2033	29,720,000	20,565,000	\$ 2,464,750		
	Utility System Subordinate Refunding Revenue Note, Series 2015	2024	4,285,000	2,820,000	289,642		
					<u>\$ 2,754,392</u>	<u>\$ 6,028,307</u>	46%

NOTE 9 – EMPLOYEE PENSION PLANS

General Employees' Pension Plan (GEP Plan)

Plan Description – All regular full-time City employees who are not classified as full-time sworn police officers or firefighters are eligible to participate in the GEP Plan, a single-employer, defined benefit pension plan.

Plan Administration – The GEP Plan is administered by a Board of Trustees established by City Ordinance. The Board of Trustees is comprised of two Commission appointees, two members elected by the membership, and a fifth member elected by the other four and appointed by the Commission. The GEP Plan provides retirements, disability, and death benefits to plan members. These benefits are established and can be amended by City Ordinance. Revisions to the GEP Plan were effective in 2007, allowing vesting in the plan to occur after six years of credited service instead of ten.

Plan Membership – GEP Plan membership as of October 1, 2020 and 2019 consisted of the following:

	<u>October 1, 2020</u>	<u>October 1, 2019</u>
Retirees and beneficiaries		
Inactive plan members or beneficiaries currently receiving benefits	83	83
Inactive plan members entitled to but not yet receiving benefits	44	38
Active plan members	127	116
Total retirees and beneficiaries	<u>254</u>	<u>237</u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

General Employees' Pension Plan (GEP Plan) (Continued)

Benefits Provided – The plan provides retirement, termination, disability, and death benefits. Normal retirement is the earlier of: (1) age 55 and 25 years of credited service, (2) age 65 and six years of credited service, or (3) 35 years of credited service regardless of age. Early retirement is the earlier of: (1) age 55 and have completed six years of credited service, or (2) 25 years of credited service, regardless of age. Vesting in the plan occurs 100% after six years of credited service. Employees employed prior to February 1, 1993, had the option to elect either Plan A or Plan B. Any employees employed after February 1, 1993, are under Plan A. Benefits under Plan A are 2.75% of Average Final Compensation times Credited Service. Benefits under Plan B are 1.9% of Average Final Compensation times Credited Service. Benefits under early retirement are reduced by 2% per year. Eligibility for disability is based upon the date through which service is considered incurred from the date of employment, while nonservice incurred is based upon ten years of credited service. Disability benefits are accrued to the date of disability but not less than 42% of average final compensation (service incurred) or 25% of average final compensation (non-service incurred). Pre-retirement death benefits for vested employees pay the monthly accrued benefit payable to the designated beneficiary for ten years beginning at otherwise early (reduced) or normal (unreduced) retirement date. Pre-retirement death benefits for non-vested employees include a refund of accumulated contributions, if any.

Funding Policy – The funding policy is established by City Ordinance. The City's funding policy is to provide amounts required to pay current costs and amortize unfunded past service costs. Employees who are Plan A members are required to contribute 6.5% of the covered payroll to the plan. Employees who are Plan B members do not contribute to the plan. The City's contribution is actuarially determined. Based on the actuarial valuation performed as of October 1, 2018, the City's required contribution as a percentage of covered payroll was 23.96% for fiscal year 2020.

Firefighters' and Police Officers' Pension Plan (FPOP Plan)

Plan Description – All of the City's full-time police officers and full-time firefighters are eligible to participate in the FPOP Plan, a single-employer, defined benefit pension plan. The FPOP Plan provides retirement, disability, and death benefits to Plan members. Plan members vest in the FPOP Plan after six years of creditable service. These benefits are established and amended by City Ordinance.

Plan Administration – The FPOP Plan is administered by a Board of Trustees established by City Ordinance. The Board consists of five trustees, two of which are appointed by the City Commission, one must be a police officer elected by a majority of the member police officers, one member must be a firefighter elected by the majority of the member firefighters, and the fifth member is elected by the other four members and appointed by the City Commission.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters’ and Police Officers’ Pension Plan (FPOP Plan) (Continued)

Plan Membership – FPOP Plan membership as of October 1, 2020 and 2019, consisted of the following:

	October 1, 2020	October 1, 2019
Retirees and beneficiaries		
Inactive plan members or beneficiaries currently receiving benefits	50	50
Inactive plan members entitled to but not yet receiving benefits	14	11
Active plan members	65	66
Total retirees and beneficiaries	129	127

Benefits Provided – The plan provides retirement, termination, disability, and death benefits. Normal retirement is the earlier of age 55 and six years of credited service or 25 years of credited service, regardless of age. Early retirement is age 50 and six years of credited service. Benefits under early retirement are reduced by 3% for each year prior to normal retirement (if employed prior to January 1, 2000, normal retirement date is determined as if the member continued employment). Vesting in the plan occurs 100% after six years of credited service. The member will receive the accrued benefit payable at the otherwise early or normal retirement date. If employed prior to January 1, 2000, early and normal retirement date determined as if the member continued employment. Eligibility for disability is based upon the date through which service is considered incurred from the date of employment, while the non-service incurred date is based upon ten years of credited service. Disability benefits are accrued to the date of disability but not less than 42% of average final compensation (service incurred). Pre-retirement death benefits for vested employees pay the monthly accrued benefit payable to the designated beneficiary for ten years beginning at otherwise early (reduced) or normal (unreduced) retirement date. Pre-retirement death benefits for non-vested employees include a refund of accumulated contributions without interest.

Funding Policy – FPOP Plan members are required to contribute 7.7% of salary to the FPOP Plan. The State of Florida also contributes to the FPOP Plan on behalf of the City. The City is required to contribute the remaining amounts, per an actuarial valuation, necessary to pay current costs and amortize unfunded past service costs over 30 years. Based on the actuarial valuation performed as of October 1, 2017, the City’s required contribution as a percentage of covered payroll was 42.54%.

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Additional Disclosures

The following disclosures pertain to both the GEP and the FPOP Plans:

Investments:

Investment Policy – The following table illustrates the GEP and FPOP Plans Board of Trustees' adopted asset allocation policy as of September 30, 2021 and 2020:

<u>Asset Class</u>	<u>2020 Target Allocation</u>
Domestic equity	50.0%
International equity	15.0%
Broad market fixed income	15.0%
Global fixed income	5.0%
Real estate	10.0%
GTAA	5.0%
Total	<u>100.0%</u>

Investment Value – Equities and fixed income instruments are reported at fair value based upon quoted market prices. Real Estate is reported at fair value based upon appraisals of the underlying assets.

Concentrations – The GEP and FPOP Plans did not hold investments in any one organization that represent 5% or more of their respective fiduciary net positions.

Rate of Return – For the year ended September 30, 2020, the annual money-weighted rate of return on plan investments, net of pension plan investment expenses, was 4.18% for the GEP and 7.79% for FPOP Plan. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP) – For both plans, eligibility for DROP occurs upon satisfaction of normal or early retirement requirements. Participation in DROP cannot be more than 60 months. A DROP member may elect the actual rate of investment return, or 6.5% rate of return. Earnings are credited to DROP each fiscal quarter. The DROP balance as of September 30, 2021, is \$0 for GEP Plan and \$540,460 for FPOP Plan.

Measurement Date:

As permitted by generally accepted accounting standards, the City has elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2020, one year prior to the reporting date. The GEP and FPOP Plans do not issue separate financial statements. Therefore, the disclosures required for pension plans, as of September 30, 2021, are also included below.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Additional Disclosures (Continued)

Net Pension Liability:

The components of the net pension liability for each plan as of the September 30, 2020 measurement date, and for the year then ended, were as follows:

General Employees Pension	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at September 30, 2019	\$ 29,869,136	\$ 22,555,493	\$ 7,313,643
Changes for the year:			
Service cost	795,773	-	795,773
Interest on total pension liability	2,314,735	-	2,314,735
Changes of benefit terms	-	-	-
Differences between expected and actual experience	171,770	-	171,770
Change in assumptions	51,601	-	51,601
Benefit payments, including refunds of contributions	(1,594,721)	(1,594,721)	-
Contributions - employer	-	1,507,515	(1,507,515)
Contributions - employee	-	404,342	(404,342)
Net investment income	-	935,083	(935,083)
Administrative expenses	-	(40,144)	40,144
Net change	<u>1,739,158</u>	<u>1,212,075</u>	<u>527,083</u>
Balances at September 30, 2020	<u>\$ 31,608,294</u>	<u>\$ 23,767,568</u>	<u>\$ 7,840,726</u>
Firefighters and Police Officers Pension	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at September 30, 2019	\$ 34,768,127	\$ 26,436,031	\$ 8,332,096
Changes for the year:			
Service cost	818,624	-	818,624
Interest on total pension liability	2,675,798	-	2,675,798
Share plan allocation	21,114	-	21,114
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(340,638)	-	(340,638)
Change in assumptions	(251,710)	-	(251,710)
Benefit payments, including refunds of contributions	(1,672,244)	(1,672,244)	-
Contributions - employer	-	1,567,698	(1,567,698)
Contributions - employee	-	336,298	(336,298)
Net investment income	-	2,086,610	(2,086,610)
Administrative expenses	-	(91,393)	91,393
Net change	<u>1,250,944</u>	<u>2,226,969</u>	<u>(976,025)</u>
Balances at September 30, 2020	<u>\$ 36,019,071</u>	<u>\$ 28,663,000</u>	<u>\$ 7,356,071</u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Additional Disclosures (Continued)

The components of the City’s net pension liability measured as of September 30, 2021 are as follows:

	General Employees	Firefighters and Police Officers	Total
Total pension liability	\$ 34,449,245	\$ 38,571,060	\$ 73,020,305
Plan fiduciary net position	(28,749,199)	(34,272,504)	(63,021,703)
City’s net pension liability	<u>\$ 5,700,046</u>	<u>\$ 4,298,556</u>	<u>\$ 9,998,602</u>
Plan fiduciary net position as a percentage of the net pension liability	83.45%	88.86%	86.31%

Differences between plan fiduciary net position presented above and the amounts presented in the financial statements are due to certain accruals which are the result of timing differences. These differences are not considered to be significant.

For the year ended September 30, 2021, the City recognized total pension expense of \$2,520,420 (\$1,223,163 from GEP Plan and \$1,297,257 from FPOP Plan). The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees	Firefighters and Police Officers	Total
Deferred Outflows of Resources			
Changes of assumptions	\$ 38,700	\$ 424,118	\$ 462,818
Net difference between projected and actual earnings on plan investments	1,387,998	570,843	1,958,841
Differences between expected and actual experience	134,655	9,436	144,091
Contributions made after the measurement date	1,446,017	1,517,502	2,963,519
	<u>\$ 3,007,370</u>	<u>\$ 2,521,899</u>	<u>\$ 5,529,269</u>
Deferred Inflows of Resources			
Changes of assumptions	\$ -	\$ 201,368	\$ 201,368
Differences between expected and actual experience	293,432	400,099	693,531
	<u>\$ 293,432</u>	<u>\$ 601,467</u>	<u>\$ 894,899</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	General Employees	Firefighters and Police Officers	Total
2022	\$ 244,357	\$ 122,238	\$ 366,595
2023	348,319	137,780	486,099
2024	510,469	258,724	769,193
2025	164,776	(115,812)	48,964
	<u>\$ 1,267,921</u>	<u>\$ 402,930</u>	<u>\$ 1,670,851</u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Additional Disclosures (Continued)

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1 updated to September 30, using the following actuarial assumptions applied to all measurement periods.

	General Employees	
	10/1/2020	10/1/2019
Valuation date	10/1/2020	10/1/2019
Inflation	2.50%	2.50%
Salary increases	Service based	Service based
Investment rate of return	7.75%	7.75%
Discount rate	7.75%	7.75%
	Firefighters and Police Officers	
	10/1/2020	10/1/2019
Valuation date	10/1/2020	10/1/2019
Inflation	2.50%	2.50%
Salary increases	Service based	Service based
Investment rate of return	7.70%	7.70%
Discount rate	7.70%	7.70%

For the GEP Plan, the RP 2010 Combined Healthy Table projected to valuation date using scale AA was used in the actuarial valuation. Disabled lives are set forward three years. For the FPOP Plan, the RP 2010 Combined Healthy Mortality Table, sex distinct was used in the actuarial valuation.

The long-term expected rate of return on pension investments was determined using a building block method in which best-estimate ranges of expected future rates of return (expected returns, net of 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 GEP and FPOP Plans' target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%
GTAA	3.50%

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Additional Disclosures (Continued)

Discount Rate:

The discount rate used to measure the total pension liability for the GEP and FPOP Plans was 7.75% and 7.70%, respectively for the year ended September 30, 2020 and 7.25% and 7.50%, respectively for the year ended September 30, 2021. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net positions 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

As of September 30, 2021:	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
GEP Plan Net Pension Liability	\$ 9,700,180	\$ 5,700,046	\$ 2,342,312
	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
FPOP Plan Net Pension Liability	\$ 8,584,561	\$ 4,298,556	\$ 686,155
	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
As of September 30, 2020:			
GEP Plan Net Pension Liability	\$ 11,427,795	\$ 7,840,726	\$ 4,815,285
	1% Decrease 6.70%	Current Rate 7.70%	1% Increase 8.70%
FPOP Plan Net Pension Liability	\$ 11,280,578	\$ 7,356,071	\$ 4,042,839

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Statements of fiduciary net position and statements of changes in fiduciary net position for the City's defined benefit pension plans are as follows, as of and for the year ended September 30, 2021:

STATEMENTS OF FIDUCIARY NET POSITION

	<u>General Employees' Pension Plan</u>	<u>Firefighters' and Police Officers' Pension Plan</u>
ASSETS		
Cash and cash equivalents	\$ 1,144,473	\$ 678,816
Contributions receivable	459,816	343,642
Interest receivable	24,649	33,766
Prepaid benefits	146,716	135,613
Investments, at fair value		
U.S. Government and agency securities	823,772	1,032,330
Mortgages and federal agency securities	2,097,704	2,711,082
Corporate bonds	1,894,317	2,563,156
Real estate fund	2,598,223	2,975,430
Equity securities	19,833,149	23,805,229
Total investments	<u>27,247,165</u>	<u>33,087,227</u>
 Total Assets	 <u>\$ 29,022,819</u>	 <u>\$ 34,279,064</u>
LIABILITIES		
Accounts payable	\$ 273,620	\$ 6,560
Total liabilities	<u>273,620</u>	<u>6,560</u>
NET POSITION		
Restricted for pension benefits	28,749,199	34,272,504
Total Liabilities and Net Position	<u>\$ 29,022,819</u>	<u>\$ 34,279,064</u>

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	<u>General Employees' Pension Plan</u>	<u>Firefighters' and Police Officers' Pension Plan</u>
ADDITIONS		
Contributions		
City	\$ 1,446,017	\$ 1,236,412
Employees	436,377	354,834
State of Florida	-	281,090
Total contributions	<u>1,882,394</u>	<u>1,872,336</u>
Investment income		
Interest and dividends	451,645	524,579
Net appreciation in the fair value of investments	4,726,690	5,716,298
Investment expense	(95,868)	(123,940)
Net investment income	<u>5,082,467</u>	<u>6,116,937</u>
Total Additions	<u>6,964,861</u>	<u>7,989,273</u>
DEDUCTIONS		
Pension benefits	1,938,818	2,333,761
Administrative expenses	44,412	46,008
Total Deductions	<u>1,983,230</u>	<u>2,379,769</u>
Net change in plan net position	4,981,631	5,609,504
Plan net position, restricted for pension benefits:		
Beginning of year	23,767,568	28,663,000
End of year	<u>\$ 28,749,199</u>	<u>\$ 34,272,504</u>

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City offers post-employment medical, dental, and life insurance benefits to any employee who satisfies the vesting, disability, early or normal retirement provisions of the applicable retirement plan (GEP or FPOP Plans). Eligibility requirements for retirement under the City's two retirement systems may be obtained by writing to the City Clerk, City of Fernandina Beach, 204 Ash Street, Fernandina Beach, Florida 32034, or by calling (904) 310-3115. The OPEB Plan is a single-employer defined benefit plan that permits retired police officers, firefighters, and general employees as well as their dependents to remain covered under the City's medical plans as long as they pay the premium charged by the insurance company for the plan and coverage elected. This conforms to the minimum requirements of governmental employers under Chapter 112.08, Florida Statutes. The OPEB Plan does not issue separate financial statements.

As of October 1, 2019, the latest actuarial valuation date, there were 200 active participants and eight retirees (or their spouses) receiving medical benefits. The amount of the contributions required for retiree and dependent coverage may change from time-to-time. Life insurance coverage was not considered other postemployment benefits for purposes of this actuarial valuation.

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 OPEB was completed to measure current year's subsidies and project future subsidies, the City Council has determined that a separate trust fund or equivalent arrangement will not be established.

Total OPEB Liability

The total OPEB liability was based on an actuarial valuation dated October 1, 2019, rolled forward to October 1, 2020 using standard actuarial practices. The total OPEB liability of \$2,647,042 was measured as of October 1, 2020.

Changes in the Total OPEB Liability

Balances at September 30, 2020	\$ 2,480,012
Changes for the year:	
Service cost	168,967
Interest	93,499
Differences between expected and actual experience	(283,095)
Changes of assumptions	262,864
Benefit payments	(75,205)
Net changes	167,030
Balances at September 30, 2021	<u>\$ 2,647,042</u>

Changes of assumptions and other inputs include an increase of the discount rate from 3.58% as of the beginning of the measurement period to 2.41% at the end of the measurement period.

CITY OF FERNANDINA BEACH, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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:

	1% Decrease <u>(1.41%)</u>	Current Discount Rate <u>(2.41%)</u>	1% Increase <u>(3.41%)</u>
Total OPEB liability	\$ 2,900,709	\$ 2,647,042	\$ 2,420,267

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:

	1% Decrease <u>(6.50 - 3.50%)</u>	Healthcare Cost Trend Rates <u>(7.50 - 4.50%)</u>	1% Increase <u>(8.85 - 5.50%)</u>
Total OPEB liability	\$ 2,358,421	\$ 2,647,042	\$ 2,987,024

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

For the fiscal year ended September 30, 2021, the City recognized OPEB expense of \$288,673. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 426,377	\$ 586,989
Change of assumptions and other inputs	363,307	136,563
City contributions subsequent to the measurement date	74,204	-
	<u>\$ 863,888</u>	<u>\$ 723,552</u>

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent reporting period. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2022	\$ 26,207
2023	26,207
2024	26,207
2025	26,212
2026	(35,810)
Thereafter	(2,891)
Total	<u>\$ 66,132</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:

Actuarial Valuation Date:	October 1, 2019
Measurement Date:	October 1, 2020
Reporting Date:	September 30, 2021
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	0.0% per year for General, 2.3% per year for Police/Fire
Discount Rate:	2.41% as of October 1, 2020
Projected Salary Increases:	Salary increase rates used for General, Firefighters, and Police Officers in the applicable pension actuarial valuation: 4.0% - 12.3% including inflation
Healthcare Cost Trend Rate:	The trend rate selected was based on historical medical CPI information.

NOTE 11 – TAX ABATEMENTS

In 2006, the City established a tax abatement program by adopting Ordinance 2006-99. This ordinance allows the City to grant ad valorem tax exemptions for historic properties within the City limits. Upon meeting certain eligibility requirements specified in Florida Statutes, Section 196.1961, the available tax exemption is 50% of the assessed value. In order to qualify for the exemption, the establishment must be regularly open to the public and be maintained in good repair and condition to the extent necessary to preserve the historic value and significance of the property. The amount of tax abated under the program for eligible establishments totaled \$53,235 for the year ended September 30, 2021.

CITY OF FERNANDINA BEACH, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 12 – OTHER DISCLOSURES

Commitments and Contingencies

Grant Programs:

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects amounts, if any, to be immaterial.

Litigation:

The City is currently involved in various forms of litigation. These cases are either in the early stages of litigation or are not expected to have a material effect on the financial position or results of operations of the City.

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 for which the City carries commercial insurance.

Deferred Compensation Plan:

The City maintains two deferred compensation plans created in accordance with Internal Revenue Code, Section 457.

Construction Contract Commitments:

The following is a summary of construction contract commitments remaining at fiscal year-end:

OS Construction:

<u>Project</u>	<u>Contract Amount</u>	<u>Expended To-Date</u>	<u>Contract Balance</u>
Various projects	\$ 6,220,657	\$ 782,494	\$ 5,438,163

NOTE 13 – SUBSEQUENT EVENT

In January 2022, the City Commission authorized the issuance of up to \$6 million of capital improvement revenue notes for various capital project improvements in the City.

**Required
Supplementary
Information**

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General Fund

The General Fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City (i.e., general government, public safety, transportation, and culture and recreation). These activities are funded principally by property taxes, user fees, and grants from other governmental units.

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CITY OF FERNANDINA BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes, licenses and permits	\$ 19,453,969	\$ 19,453,969	\$ 20,793,212	\$ 1,339,243
Intergovernmental	1,895,886	2,228,081	3,106,108	878,027
Fines and forfeitures	22,640	22,640	37,102	14,462
Charges for services	1,357,262	1,357,262	1,420,098	62,836
Investment earnings	166,000	166,000	79,832	(86,168)
Miscellaneous revenues	198,245	198,245	388,895	190,650
Total revenues	<u>23,094,002</u>	<u>23,426,197</u>	<u>25,825,247</u>	<u>2,399,050</u>
Expenditures:				
Current				
General government				
City Commission	314,800	314,800	286,015	28,785
City Clerk	573,351	593,283	565,248	28,035
City Manager	584,920	497,257	428,666	68,591
Finance	671,837	706,837	681,476	25,361
Information technology	802,763	802,763	725,737	77,026
Personnel/human resources	357,951	357,951	314,225	43,726
Legal	350,633	477,583	475,669	1,914
Planning	732,562	820,225	681,402	138,823
Non-departmental	312,603	312,603	285,905	26,698
Facilities management	734,424	734,424	725,573	8,851
Total general government	<u>5,435,844</u>	<u>5,617,726</u>	<u>5,169,916</u>	<u>447,810</u>
Public safety:				
Police	6,072,901	6,072,901	5,840,002	232,899
Fire	4,852,127	4,915,322	4,610,667	304,655
Building and code enforcement	282,506	282,506	235,740	46,766
Total public safety	<u>11,207,534</u>	<u>11,270,729</u>	<u>10,686,409</u>	<u>584,320</u>
Transportation:				
Streets	<u>1,871,687</u>	<u>1,871,687</u>	<u>1,613,348</u>	<u>258,339</u>
Economic environment:				
Downtown District	<u>92,530</u>	<u>108,691</u>	<u>89,621</u>	<u>19,070</u>
Human services:				
Public assistance	<u>145,000</u>	<u>403,000</u>	<u>399,486</u>	<u>3,514</u>
Culture and recreation:				
Library	32,341	32,341	24,136	8,205
Recreation	1,374,624	1,439,624	1,221,683	217,941
Parks	1,323,927	1,288,727	1,064,795	223,932
Peck Center/Gym	316,953	286,953	250,152	36,801
MLK Center	225,631	225,831	158,230	67,601
Youth programs	358,513	358,513	270,739	87,774
Aquatics	397,800	397,800	314,636	83,164
Total culture and recreation	<u>4,029,789</u>	<u>4,029,789</u>	<u>3,304,371</u>	<u>725,418</u>
Total expenditures	<u>22,782,384</u>	<u>23,301,622</u>	<u>21,263,151</u>	<u>2,038,471</u>

(Continued)

CITY OF FERNANDINA BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	\$ 311,618	\$ 124,575	\$ 4,562,096	\$ (4,437,521)
Other financing sources (uses)				
Transfers in	676,000	676,000	676,000	-
Transfers out	(2,747,465)	(2,747,465)	(2,747,465)	-
Total other financing uses, net	(2,071,465)	(2,071,465)	(2,071,465)	-
Net change in fund balance	(1,759,847)	(1,946,890)	2,490,631	(4,437,521)
Fund balances, beginning of year	9,109,871	9,109,871	9,109,871	-
Fund balances, end of year	\$ 7,350,024	\$ 7,162,981	\$ 11,600,502	\$ (4,437,521)

Note 1 - Basis of Presentation

Explanation of differences between the General Fund budgetary basis revenues, expenditures, and changes in fund balance and GAAP Basis as reported in the statement of revenues, expenditures, and changes in fund balance:

	Non-GAAP (Budgetary) Basis	Utility Tax Fund ⁽¹⁾	Law Enforcement Trust Fund ⁽¹⁾	GAAP Basis
Total revenues	\$ 25,825,247	\$ 2,107,671	\$ 22	\$ 27,932,940
Total expenditures	(21,263,151)	-	-	(21,263,151)
Other financing sources - transfers	(371,465)	(1,700,000)	-	(2,071,465)
Net change in fund balance	4,190,631	407,671	22	4,598,324
Fund balance, beginning of year	8,257,111	850,000	2,760	9,109,871
Fund balance, end of year	\$ 12,447,742	\$ 1,257,671	\$ 2,782	\$ 13,708,195

⁽¹⁾ Pursuant to GASB Statement No. 54, these funds no longer meet the definition of a Special Revenue Fund and have been consolidated with the General Fund for financial statement reporting purposes.

Expenditures are controlled at the department level for the General Fund. All appropriations, except for amounts corresponding to outstanding encumbrances, lapse at year-end.

A detailed budgetary comparison schedule in sufficient detail to demonstrate compliance at the legal level of budgetary control may be found at www.fbfl.org or by contacting the City's Comptroller at the City of Fernandina Beach, 204 Ash Street, Fernandina Beach, Florida 32034.

CITY OF FERNANDINA BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY
 AND RELATED RATIOS – GENERAL EMPLOYEES' PENSION PLAN

Reporting period ending measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total pension liability									
Service cost	\$ 795,773	\$ 731,482	\$ 689,139	\$ 623,020	\$ 640,943	\$ 658,841	\$ 638,941	\$ 591,612	
Interest on total pension liability	2,314,735	2,253,079	2,154,276	2,080,456	2,040,323	1,992,049	1,905,236	1,829,639	
Differences between expected and actual experience	171,770	(586,865)	23,304	80,987	(289,022)	(458,339)	-	-	
Change of assumptions	51,601	-	-	-	996,058	-	-	-	
Benefit payments	(1,594,721)	(1,738,128)	(1,530,235)	(2,265,908)	(1,793,747)	(1,348,707)	(1,609,123)	(1,438,098)	
Net change in total pension liability	1,739,158	659,568	1,336,484	518,555	1,594,555	843,844	935,054	983,153	
Total pension liability - beginning	29,869,136	29,209,568	27,873,084	27,354,529	25,759,974	24,916,130	23,981,076	22,997,923	
Total pension liability - ending (a)	\$ 31,608,294	\$ 29,869,136	\$ 29,209,568	\$ 27,873,084	\$ 27,354,529	\$ 25,759,974	\$ 24,916,130	\$ 23,981,076	
Plan fiduciary net position									
Contributions - employer	\$ 1,507,515	\$ 1,798,603	\$ 1,739,561	\$ 1,745,906	\$ 1,590,471	\$ 1,291,060	\$ 1,222,791	\$ 1,018,294	
Contributions - employee	404,342	377,735	344,206	324,519	302,123	265,734	268,700	274,302	
Net investment income	935,083	262,957	1,627,575	1,938,085	1,445,907	209,869	1,372,873	1,716,113	
Benefit payments	(1,594,721)	(1,738,128)	(1,530,235)	(2,265,908)	(1,793,747)	(1,348,707)	(1,609,123)	(1,438,098)	
Administrative expenses	(40,144)	(39,095)	(32,246)	(40,481)	(33,274)	(31,336)	(23,443)	(31,129)	
Net change in plan fiduciary net position	1,212,075	662,072	2,148,861	1,702,121	1,511,480	386,620	1,231,798	1,539,482	
Plan fiduciary net position - beginning	22,555,493	21,893,421	19,744,560	18,042,439	16,530,959	16,144,339	14,912,541	13,373,059	
Plan fiduciary net position - ending (b)	\$ 23,767,568	\$ 22,555,493	\$ 21,893,421	\$ 19,744,560	\$ 18,042,439	\$ 16,530,959	\$ 16,144,339	\$ 14,912,541	
City's net pension liability - ending (a) - (b)	\$ 7,840,726	\$ 7,313,643	\$ 7,316,147	\$ 8,128,524	\$ 9,312,090	\$ 9,229,015	\$ 8,771,791	\$ 9,068,535	
Plan fiduciary net position as a percentage of the total pension liability	75.19%	75.51%	74.95%	70.84%	65.96%	64.17%	64.79%	62.18%	
Covered payroll	\$ 6,291,822	\$ 5,811,317	\$ 5,295,468	\$ 4,992,596	\$ 4,648,051	\$ 4,533,367	\$ 4,133,843	\$ 4,220,035	
City's net pension liability as a percentage of covered payroll	124.62%	125.85%	138.16%	162.81%	200.34%	203.58%	212.19%	214.89%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF FERNANDINA BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS – FIREFIGHTERS' AND POLICE OFFICERS' PENSION PLAN

Reporting period ending Measurement date	9/30/2021 9/30/2020	9/30/2020 9/30/2019	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014	9/30/2014 9/30/2013
Total pension liability								
Service cost	\$ 818,624	\$ 762,325	\$ 690,258	\$ 634,067	\$ 691,242	\$ 673,931	\$ 629,885	\$ 583,227
Interest	2,675,798	2,557,460	2,465,950	2,351,027	2,244,457	2,135,586	2,065,964	2,012,184
Change in excess state money	-	-	(6,262)	(6,566)	-	-	-	-
Share plan allocation	21,114	11,072	10,654	14,521	-	-	-	-
Change of benefit terms	-	(5,346)	-	-	-	-	-	-
Differences between expected and actual experience	(340,638)	(50,157)	(243,733)	47,179	(583,314)	-	-	-
Changes in assumptions	(251,710)	349,722	333,666	404,100	658,065	94,951	-	-
Contributions - buy back	-	-	-	-	-	-	9,362	-
Benefit payments	(1,672,244)	(1,775,840)	(1,724,415)	(1,636,299)	(1,606,010)	(1,515,765)	(2,242,194)	(1,697,467)
Net change in total pension liability	<u>1,250,944</u>	<u>1,849,236</u>	<u>1,526,118</u>	<u>1,808,029</u>	<u>1,404,440</u>	<u>1,388,703</u>	<u>463,017</u>	<u>897,944</u>
Total pension liability - beginning	<u>34,768,127</u>	<u>32,918,891</u>	<u>31,392,773</u>	<u>29,584,744</u>	<u>28,180,304</u>	<u>26,791,601</u>	<u>26,328,584</u>	<u>25,430,640</u>
Total pension liability - ending (a)	<u>\$ 36,019,071</u>	<u>\$ 34,768,127</u>	<u>\$ 32,918,891</u>	<u>\$ 31,392,773</u>	<u>\$ 29,584,744</u>	<u>\$ 28,180,304</u>	<u>\$ 26,791,601</u>	<u>\$ 26,328,584</u>
Plan fiduciary net position								
Contributions - employer	\$ 1,304,143	\$ 1,577,387	\$ 1,413,664	\$ 1,222,727	\$ 1,285,152	\$ 1,321,071	\$ 1,442,276	\$ 1,415,926
Contributions - state	263,555	248,819	227,005	234,807	228,116	224,969	223,515	228,126
Contributions - employee	336,298	324,322	299,515	288,097	293,641	287,839	271,215	260,746
Contributions - buy back	-	-	-	-	-	-	9,362	-
Net investment income	2,086,610	441,765	2,516,831	2,189,459	1,569,990	216,827	1,579,432	1,888,434
Benefit payments	(1,672,244)	(1,775,840)	(1,724,415)	(1,636,299)	(1,606,010)	(1,515,765)	(2,242,194)	(1,697,467)
Administrative expenses	(91,393)	(49,691)	(42,005)	(42,590)	(36,728)	(32,903)	(23,615)	(30,576)
Net change in plan fiduciary net position	<u>2,226,969</u>	<u>766,762</u>	<u>2,690,595</u>	<u>2,256,201</u>	<u>1,734,161</u>	<u>502,038</u>	<u>1,259,991</u>	<u>2,065,189</u>
Plan fiduciary net position - beginning	<u>26,436,031</u>	<u>25,669,269</u>	<u>22,978,674</u>	<u>20,722,473</u>	<u>18,988,312</u>	<u>18,486,274</u>	<u>17,226,283</u>	<u>15,161,094</u>
Plan fiduciary net position - ending (b)	<u>\$ 28,663,000</u>	<u>\$ 26,436,031</u>	<u>\$ 25,669,269</u>	<u>\$ 22,978,674</u>	<u>\$ 20,722,473</u>	<u>\$ 18,988,312</u>	<u>\$ 18,486,274</u>	<u>\$ 17,226,283</u>
City's net pension liability - ending (a) - (b)	<u>\$ 7,356,071</u>	<u>\$ 8,332,096</u>	<u>\$ 7,249,622</u>	<u>\$ 8,414,099</u>	<u>\$ 8,862,271</u>	<u>\$ 9,191,992</u>	<u>\$ 8,305,327</u>	<u>\$ 9,102,301</u>
Plan fiduciary net position as a percentage of the total pension liability	79.58%	76.04%	77.98%	73.20%	70.04%	67.38%	69.00%	65.43%
Covered payroll	\$ 4,539,309	\$ 4,211,980	\$ 3,889,808	\$ 3,741,515	\$ 3,813,519	\$ 3,746,766	\$ 3,522,270	\$ 3,386,307
City's net pension liability as a percentage of covered payroll	162.05%	197.82%	186.37%	224.88%	232.39%	245.33%	235.79%	268.80%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF FERNANDINA BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Reporting period ending									
Actuarially determined contribution	\$ 1,446,017	\$ 1,507,521	\$ 1,798,603	\$ 1,739,561	\$ 1,745,911	\$ 1,574,760	\$ 1,291,060	\$ 1,222,791	\$ 1,018,294
Contributions in relation to the actuarially determined contribution	1,446,017	1,507,515	1,798,603	1,739,561	1,745,906	1,590,471	1,291,060	1,222,791	1,018,294
Contribution deficiency (excess)	\$ -	\$ 6	\$ -	\$ -	\$ 5	\$ (15,711)	\$ -	\$ -	\$ -
Covered payroll	\$ 6,713,172	\$ 6,291,822	\$ 5,811,317	\$ 5,295,468	\$ 4,992,596	\$ 4,648,051	\$ 4,533,367	\$ 4,133,843	\$ 4,220,035
Contributions as a percentage of covered payroll	21.54%	23.96%	30.95%	32.85%	34.97%	34.22%	28.48%	29.58%	24.13%

Notes to the Schedule:

Valuation date: October 1, 2019
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:
 Funding method: Entry age normal actuarial cost method.

Amortization method: New UAAL amortization bases are amortized over the following amortization periods:
 Experience: 10 years
 Assumption/Method Changes: 20 years.
 Benefit Changes: 30 years.

Mortality: Healthy Active Lives: Female: RP2000 Generational, 100% White Collar, Scale BB
 Male: RP 2000 Generational, 50% White Collar / 50% Blue Collar, Scale BB
 Healthy Retiree Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
 Male: RP 2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB
 Beneficiary Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
 Male: RP 2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB
 Disables Lives: Female: 100% RP2000 Disabled Female set forward two years.
 Male: RP 2000 100% RP2000 Disabled Male set back four years.

Termination rates:	<u>Credited Service</u>	<u>Probability</u>
	Less than 2 Years	25.00%
	2-3 Years	10.00%
	4-9 Years	8.50%
	10 Years and Greater	5.00%

Retirement age: For members with less than 25 years of credited service, a 100% assumption at age 65. For members with 25 or more years of credited service, an 80% assumption at ages 55 and 56, and a 100% assumption for ages 57 and older. For 35 or more years of credited service, no change to prior assumption of 100% assumed retirement upon the completion of 35 years of credited service.

Early retirement: For Members with less than 25 years of Credited Service, an 8% assumption for each year of eligibility from ages 55-59, and a 25% assumption for each year of eligibility for ages 60-64. For Members with 25 or more years of Credited Service, a 25% assumption for 25 to 28 years of Credited Service, and a 100% assumption for 29 or more years of Credited Service.

Salary increases: Less than 1 Year, 10.0%; 1 Year, 6.0%; 2-5 Years, 4.5%; 6 Years and Greater, 4.0%

Interest rate: 7.75% per year, compounded annually, net of investment-related expenses.

Payroll growth: None.

Asset valuation method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

The schedule will present 10 years of information once it is accumulated.

CITY OF FERNANDINA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' AND POLICE OFFICERS' PENSION

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Reporting period ending									
Actuarially determined contribution	\$ 1,475,095	\$ 1,548,358	\$ 1,803,149	\$ 1,654,724	\$ 1,435,619	\$ 1,494,900	\$ 1,544,613	\$ 1,665,681	\$ 1,644,052
Contributions in relation to the actuarially determined contribution	<u>1,470,878</u>	<u>1,545,540</u>	<u>1,815,134</u>	<u>1,633,145</u>	<u>1,446,296</u>	<u>1,513,268</u>	<u>1,546,040</u>	<u>1,665,791</u>	<u>1,644,052</u>
Contribution deficiency (excess)	<u>\$ 4,217</u>	<u>\$ 2,818</u>	<u>\$ (11,985)</u>	<u>\$ 21,579</u>	<u>\$ (10,677)</u>	<u>\$ (18,368)</u>	<u>\$ (1,427)</u>	<u>\$ (110)</u>	<u>\$ -</u>
Covered payroll	\$ 4,608,232	\$ 4,539,309	\$ 4,211,980	\$ 3,889,808	\$ 3,741,515	\$ 3,813,519	\$ 3,748,766	\$ 3,522,270	\$ 3,386,307
Contributions as a percentage of covered payroll	31.92%	34.05%	43.09%	41.99%	38.66%	39.68%	41.24%	47.29%	48.55%

Notes to the Schedule:

Valuation date: October 1, 2019
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:
Funding method: Entry age normal actuarial cost method.

Amortization method: New UAAL amortization bases are amortized over the following amortization periods:
Experience: 10 years
Assumption/Method Changes: 20 years.
Benefit Changes: 30 years.

Mortality: Healthy Active Lives: Female: RP2000 Generational, 100% White Collar, Scale BB
Male: RP 2000 Generational, 50% White Collar / 50% Blue Collar, Scale BB
Healthy Retiree Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
Male: RP 2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB
Beneficiary Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB
Male: RP 2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB
Disables Lives: Female: 100% RP2000 Disabled Female set forward two years.
Male: RP 2000 100% RP2000 Disabled Male set back four years.

Termination rates:	<u>Credited Service</u>	<u>Probability</u>
	Less than 2 Years	25.00%
	2-3 Years	10.00%
	4-9 Years	8.50%
	10 Years and Greater	5.00%

Retirement age: Earlier of age 55 and 6 years of service or 25 years of service, regardless of age.
Early retirement: Commencing with the earliest Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year.
Salary increases: Range from 10% with 0 Years of Service to 4.5% with 10+ years of service
Interest rate: 7.70% per year, compounded annually, net of investment-related expenses.
Payroll growth: 2.30% for purposes of amortizing the Unfunded Actuarial Accrued Liability.
Asset valuation method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

The schedule will present 10 years of information once it is accumulated.

CITY OF FERNANDINA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURNS

Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
General Employees: Annual money-weighted rate of return, net of investment expenses	21.66%	4.18%	1.21%	8.31%	11.09%	8.95%	1.31%	9.41%	12.91%
Firefighters' and Police Officers' Pension Plan: Annual money-weighted rate of return, net of investment expenses		7.79%	1.74%	11.09%	10.77%	8.42%	1.19%	9.27%	12.38%

Notes to the Schedules:

The schedules will present 10 years of information once it is accumulated.

CITY OF FERNANDINA BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

Reporting period ending Measurement date	<u>9/30/2021</u> <u>9/30/2020</u>	<u>9/30/2020</u> <u>9/30/2019</u>	<u>9/30/2019</u> <u>9/30/2018</u>	<u>9/30/2018</u> <u>9/30/2017</u>
Service cost	\$ 168,967	\$ 154,393	\$ 167,465	\$ 100,064
Interest	93,499	110,279	97,594	53,355
Changes in assumptions and other inputs	262,864	193,193	(131,624)	(122,700)
Differences between expected and actual experience	(283,095)	(423,645)	(73,035)	852,753
Benefit payments	<u>(75,205)</u>	<u>(113,124)</u>	<u>(89,114)</u>	<u>(78,336)</u>
Net change in total OPEB liability	167,030	(78,904)	(28,714)	805,136
Total OPEB liability - beginning	<u>2,480,012</u>	<u>2,558,916</u>	<u>2,587,630</u>	<u>1,782,494</u>
Total OPEB liability - ending	<u>\$ 2,647,042</u>	<u>\$ 2,480,012</u>	<u>\$ 2,558,916</u>	<u>\$ 2,587,630</u>
Covered employee payroll	\$ 10,977,429	\$ 10,730,625	\$ 9,289,093	\$ 9,080,247
City's total OPEB liability as a percentage of covered employee payroll	24.11%	23.11%	27.55%	28.50%

Notes to the Schedule:

For the City's defined benefit OPEB plan, there are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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 of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2020:	2.41%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.15%
Fiscal Year Ending September 30, 2018:	3.60%
Fiscal Year Ending September 30, 2017:	3.06%

The schedule will present 10 years of information once it is accumulated.

The accompanying notes to financial statements are an integral part of this statement.

Combining and Individual Fund Statements and Schedules

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Nonmajor Governmental Funds

Federal Forfeiture Fund – This fund is similar in nature to the Law Enforcement Trust Fund but is used to account for property seized in violation.

Tree Trust Fund – This fund is established for purposes of tree protection, tree preservation and purchase and replacement of trees within the City. Funds are derived from donations, penalties and fines established in the Land Development Code.

HDC (Historic District Trust) Fund – This fund was established to support the presentation of historic structures deemed significant to the City's cultural fabric and are protected by public review. This fund will also enhance the continued vitality of the downtown historic district by offering programs to educate the community.

Community Development Block Grant Fund – This fund was created to account for repayment of the mortgage for Brett's Restaurant.

Land Conservation Trust Fund – This fund was established for purposes to acquire, protect and manage environmentally sensitive lands that contain natural upland or wetland communities, native plant communities, rare and endangered flora and fauna, endemic species and endangered species habitat.

Building Fees Fund – The Building Department is dedicated to providing a full range of public safety services related to building including permit review, building inspections, Community Rating System Program and Floodplain management. The Department achieves its commitment to professional, efficient, and responsive public service through emphasis on citizen safety, quality employees and adherence to responsible building principles. Adhering to Department practices, City Code, the Florida Building Code, and utilizing current technologies provides a safe environment for the citizens of Fernandina Beach.

Cemetery Fund – The Cemetery Division is responsible for maintaining a clean and peaceful presentation of the facility grounds. The selling of burial lots and permitting of burials and monuments is also the responsibility of this division. Assisting visitors in locating of specific grave sites as well as researching areas in the ancient section by using past burial records.

Community Redevelopment Area Fund – The purpose of the CRA is to improve the City's historic waterfront area. Incremental ad valorem tax receipts will provide the basis of funding in the future.

Law Enforcement Recovery Fund – The source of revenue for this fund is unclaimed/abandoned cash and/or property. The funds are restricted for the sole purpose that they can only be used for specific law enforcement activities relating to the mission of the agency.

Bond Debt Service Fund – This fund accounts for the payment of debt service on the City's General Obligation Bonds. These bonds were issued to fund various land preservation and recreation/park projects.

Capital Expansion Fund – This fund accounts for the revenues and expenditures for development impact fees. These fees are collected at the time of the issuance of building permits to partially offset the capital cost of providing certain services due to City growth. Florida law prohibits the use of these funds for repair or maintenance, personnel, or capital replacement. Rather, the funds must only be used for expansion of police, fire, recreation and parks or City administration equipment or facilities.

CITY OF FERNANDINA BEACH, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds				
	Federal Forfeiture Fund	Tree Trust Fund	HDC Fund	Community Development Block Grant Fund	Land Conservation Trust Fund
Assets					
Cash and cash equivalents	\$ 28,445	\$ 390,496	\$ 75,010	\$ 105,363	\$ 207,016
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 28,445</u>	<u>\$ 390,496</u>	<u>\$ 75,010</u>	<u>\$ 105,363</u>	<u>\$ 207,016</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ 660	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted for:					
Public safety	28,445	-	-	-	-
Community development	-	-	-	105,363	-
Land conservation	-	-	-	-	207,016
Building inspection	-	-	-	-	-
Capital improvements	-	-	-	-	-
Committed for:					
Conservation and resource management	-	389,836	-	-	-
Historical District Trust Cemetery	-	-	75,010	-	-
Assigned for:					
Cemetery	-	-	-	-	-
Debt service	-	-	-	-	-
Total fund balances	<u>28,445</u>	<u>389,836</u>	<u>75,010</u>	<u>105,363</u>	<u>207,016</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,445</u>	<u>\$ 390,496</u>	<u>\$ 75,010</u>	<u>\$ 105,363</u>	<u>\$ 207,016</u>

Special Revenue Funds				Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Building Fees Fund	Cemetery Fund	Community Redevelopment Area Fund	Law Enforcement Recovery Fund	Bond Debt Service Fund	Capital Expansion Fund	
\$ 3,490,467	\$ 1,325,264	\$ 130,142	\$ 34,095	\$ 6,566	\$ 4,947,416	\$ 10,740,280
-	-	-	9,512	-	146,640	156,152
<u>\$ 3,490,467</u>	<u>\$ 1,325,264</u>	<u>\$ 130,142</u>	<u>\$ 43,607</u>	<u>\$ 6,566</u>	<u>\$ 5,094,056</u>	<u>\$ 10,896,432</u>
\$ 132,895	\$ 5,586	\$ -	\$ -	\$ -	\$ 20,641	\$ 159,782
<u>132,895</u>	<u>5,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,641</u>	<u>159,782</u>
-	-	-	-	-	-	28,445
-	-	130,142	43,607	-	-	279,112
-	-	-	-	-	-	207,016
3,357,572	-	-	-	-	-	3,357,572
-	-	-	-	-	5,073,415	5,073,415
-	-	-	-	-	-	389,836
-	-	-	-	-	-	75,010
-	1,091,378	-	-	-	-	1,091,378
-	228,300	-	-	-	-	228,300
-	-	-	-	6,566	-	6,566
<u>3,357,572</u>	<u>1,319,678</u>	<u>130,142</u>	<u>43,607</u>	<u>6,566</u>	<u>5,073,415</u>	<u>10,736,650</u>
<u>\$ 3,490,467</u>	<u>\$ 1,325,264</u>	<u>\$ 130,142</u>	<u>\$ 43,607</u>	<u>\$ 6,566</u>	<u>\$ 5,094,056</u>	<u>\$ 10,896,432</u>

CITY OF FERNANDINA BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds				
	Federal Forfeiture Fund	Tree Trust Fund	HDC Fund	Community Development Block Grant Fund	Land Conservation Trust Fund
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Impact fees	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	18,700	-	-
Fines and forfeitures	6,815	-	-	-	-
Investment earnings	563	2,694	748	198	4,150
Miscellaneous revenues	-	179,168	-	-	202,187
Total revenues	<u>7,378</u>	<u>181,862</u>	<u>19,448</u>	<u>198</u>	<u>206,337</u>
Expenditures					
Current					
General government	-	72,062	30,770	8,500	-
Public Safety	7,232	-	-	-	-
Physical environment	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	63,850	-	-	-	1,213,343
Total expenditures	<u>71,082</u>	<u>72,062</u>	<u>30,770</u>	<u>8,500</u>	<u>1,213,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,704)</u>	<u>109,800</u>	<u>(11,322)</u>	<u>(8,302)</u>	<u>(1,007,006)</u>
Other Financing Sources (Uses)					
Proceeds from the sale of capital assets	23,975	-	-	-	-
Transfers from other funds	-	-	30,000	64,754	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>23,975</u>	<u>-</u>	<u>30,000</u>	<u>64,754</u>	<u>-</u>
Net change in fund balance	<u>(39,729)</u>	<u>109,800</u>	<u>18,678</u>	<u>56,452</u>	<u>(1,007,006)</u>
Fund balances, beginning	<u>68,174</u>	<u>280,036</u>	<u>56,332</u>	<u>48,911</u>	<u>1,214,022</u>
Fund balances, ending	<u>\$ 28,445</u>	<u>\$ 389,836</u>	<u>\$ 75,010</u>	<u>\$ 105,363</u>	<u>\$ 207,016</u>

Special Revenue Funds				Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Building Fees Fund	Cemetery Fund	Community Redevelopment Area Fund	Law Enforcement Recovery Fund	Bond Debt Service Fund	Capital Expansion Fund	
\$ -	\$ -	\$ 86,060	\$ -	\$ -	\$ -	\$ 86,060
1,449,806	4,680	-	-	-	-	1,454,486
-	-	-	-	-	1,413,497	1,413,497
-	-	-	114,148	-	146,640	260,788
-	317,940	-	-	-	-	336,640
-	-	-	-	-	-	6,815
26,731	5,913	526	587	1,703	32,570	76,383
-	-	-	-	-	-	381,355
<u>1,476,537</u>	<u>328,533</u>	<u>86,586</u>	<u>114,735</u>	<u>1,703</u>	<u>1,592,707</u>	<u>4,016,024</u>
-	-	3,500	-	-	-	114,832
1,149,171	-	-	29,102	-	-	1,185,505
-	165,478	-	-	-	-	165,478
-	-	-	-	417,000	-	417,000
-	-	-	-	9,841	-	9,841
-	-	-	115,073	-	463,871	1,856,137
<u>1,149,171</u>	<u>165,478</u>	<u>3,500</u>	<u>144,175</u>	<u>426,841</u>	<u>463,871</u>	<u>3,748,793</u>
327,366	163,055	83,086	(29,440)	(425,138)	1,128,836	267,231
-	-	-	-	-	-	23,975
-	31,300	-	-	426,841	-	552,895
-	-	-	-	-	(64,754)	(64,754)
-	31,300	-	-	426,841	(64,754)	512,116
327,366	194,355	83,086	(29,440)	1,703	1,064,082	779,347
<u>3,030,206</u>	<u>1,125,323</u>	<u>47,056</u>	<u>73,047</u>	<u>4,863</u>	<u>4,009,333</u>	<u>9,957,303</u>
<u>\$ 3,357,572</u>	<u>\$ 1,319,678</u>	<u>\$ 130,142</u>	<u>\$ 43,607</u>	<u>\$ 6,566</u>	<u>\$ 5,073,415</u>	<u>\$ 10,736,650</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL – FEDERAL FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 6,815	\$ (18,185)
Other revenue	500	500	563	63
Total revenues	<u>25,500</u>	<u>25,500</u>	<u>7,378</u>	<u>(18,122)</u>
Expenditures				
Current				
Public safety	15,000	15,000	7,232	7,768
Capital outlay	65,000	65,000	63,850	1,150
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>71,082</u>	<u>8,918</u>
Deficiency of revenues under expenditures	<u>(54,500)</u>	<u>(54,500)</u>	<u>(63,704)</u>	<u>(9,204)</u>
Other financing sources				
Proceeds from the sale of capital assets	-	-	23,975	23,975
Total other financing uses	<u>-</u>	<u>-</u>	<u>23,975</u>	<u>23,975</u>
Change in fund balance	<u>(54,500)</u>	<u>(54,500)</u>	<u>(39,729)</u>	<u>14,771</u>
Fund balance, beginning of year	<u>68,174</u>	<u>68,174</u>	<u>68,174</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,674</u>	<u>\$ 13,674</u>	<u>\$ 28,445</u>	<u>\$ 14,771</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – TREE TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 2,694	\$ 2,694
Miscellaneous revenues	75,000	75,000	179,168	104,168
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>181,862</u>	<u>106,862</u>
Expenditures				
Current				
General government	105,192	143,191	72,062	71,129
Total expenditures	<u>105,192</u>	<u>143,191</u>	<u>72,062</u>	<u>71,129</u>
Change in fund balance	(30,192)	(68,191)	109,800	177,991
Fund balance, beginning of year	<u>280,036</u>	<u>280,036</u>	<u>280,036</u>	<u>-</u>
Fund balance, end of year	<u>\$ 249,844</u>	<u>\$ 211,845</u>	<u>\$ 389,836</u>	<u>\$ 177,991</u>

CITY OF FERNANDINA BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

**BUDGET AND ACTUAL – HDC FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 6,700	\$ 6,700	\$ 18,700	\$ 12,000
Investment earnings	-	-	748	748
Total revenues	<u>6,700</u>	<u>6,700</u>	<u>19,448</u>	<u>12,748</u>
Expenditures				
Current				
General government	73,600	73,600	30,770	42,830
Total expenditures	<u>73,600</u>	<u>73,600</u>	<u>30,770</u>	<u>42,830</u>
Deficiency of revenues under expenditures	<u>(66,900)</u>	<u>(66,900)</u>	<u>(11,322)</u>	<u>55,578</u>
Other financing sources				
Transfers in	30,000	30,000	30,000	-
Total other financing sources	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Change in fund balance	<u>(36,900)</u>	<u>(36,900)</u>	<u>18,678</u>	<u>55,578</u>
Fund balance, beginning of year	<u>56,332</u>	<u>56,332</u>	<u>56,332</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,432</u>	<u>\$ 19,432</u>	<u>\$ 75,010</u>	<u>\$ 55,578</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 198	\$ (302)
Total revenues	<u>500</u>	<u>500</u>	<u>198</u>	<u>(302)</u>
Expenditures				
Current				
General government	-	-	8,500	(8,500)
Capital outlay	7,233	40,911	-	40,911
Total expenditures	<u>7,233</u>	<u>40,911</u>	<u>8,500</u>	<u>32,411</u>
Deficiency of revenues under expenditures	<u>(6,733)</u>	<u>(40,411)</u>	<u>(8,302)</u>	<u>32,109</u>
Other financing sources				
Transfers in	-	-	64,754	64,754
Total other financing sources	<u>-</u>	<u>-</u>	<u>64,754</u>	<u>64,754</u>
Change in fund balance	<u>(6,733)</u>	<u>(40,411)</u>	<u>56,452</u>	<u>96,863</u>
Fund balance, beginning of year	<u>48,911</u>	<u>48,911</u>	<u>48,911</u>	<u>-</u>
Fund balance, end of year	<u>\$ 42,178</u>	<u>\$ 8,500</u>	<u>\$ 105,363</u>	<u>\$ 96,863</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – LAND CONSERVATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 5,000	\$ 5,000	\$ 4,150	\$ (850)
Miscellaneous revenues	484,357	484,357	202,187	(282,170)
Total revenues	<u>489,357</u>	<u>489,357</u>	<u>206,337</u>	<u>(283,020)</u>
Expenditures				
Capital outlay	1,458,071	1,458,071	1,213,343	244,728
Total expenditures	<u>1,458,071</u>	<u>1,458,071</u>	<u>1,213,343</u>	<u>244,728</u>
Change in fund balance	(968,714)	(968,714)	(1,007,006)	(38,292)
Fund balance, beginning of year	<u>1,214,022</u>	<u>1,214,022</u>	<u>1,214,022</u>	<u>-</u>
Fund balance, end of year	<u>\$ 245,308</u>	<u>\$ 245,308</u>	<u>\$ 207,016</u>	<u>\$ (38,292)</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUILDING FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 1,287,600	\$ 1,287,600	\$ 1,449,806	\$ 162,206
Investment earnings	-	-	26,731	26,731
Total revenues	<u>1,287,600</u>	<u>1,287,600</u>	<u>1,476,537</u>	<u>188,937</u>
Expenditures				
Current				
Public safety	1,697,404	1,960,524	1,149,171	811,353
Total expenditures	<u>1,697,404</u>	<u>1,960,524</u>	<u>1,149,171</u>	<u>811,353</u>
Change in fund balance	(409,804)	(672,924)	327,366	1,000,290
Fund balance, beginning of year	<u>3,030,206</u>	<u>3,030,206</u>	<u>3,030,206</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,620,402</u>	<u>\$ 2,357,282</u>	<u>\$ 3,357,572</u>	<u>\$ 1,000,290</u>

CITY OF FERNANDINA BEACH, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

**BUDGET AND ACTUAL – CEMETERY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 3,000	\$ 3,000	\$ 4,680	\$ 1,680
Charges for services	117,200	117,200	317,940	200,740
Investment earnings	13,000	13,000	5,913	(7,087)
Total revenues	<u>133,200</u>	<u>133,200</u>	<u>328,533</u>	<u>195,333</u>
Expenditures				
Current				
Physical environment	182,297	182,297	165,478	16,819
Total expenditures	<u>182,297</u>	<u>182,297</u>	<u>165,478</u>	<u>16,819</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(49,097)</u>	<u>(49,097)</u>	<u>163,055</u>	<u>178,514</u>
Other financing sources				
Transfers in	31,300	31,300	31,300	-
Total other financing sources	<u>31,300</u>	<u>31,300</u>	<u>31,300</u>	<u>-</u>
Change in fund balance	<u>(17,797)</u>	<u>(17,797)</u>	<u>194,355</u>	<u>212,152</u>
Fund balance, beginning of year	<u>1,125,323</u>	<u>1,125,323</u>	<u>1,125,323</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,107,526</u>	<u>\$ 1,107,526</u>	<u>\$ 1,319,678</u>	<u>\$ 212,152</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – COMMUNITY REDEVELOPMENT AREA FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 79,863	\$ 79,863	\$ 86,060	\$ 6,197
Charges for services	1,000	1,000	-	(1,000)
Investment earnings	500	500	526	26
Total revenues	<u>81,363</u>	<u>81,363</u>	<u>86,586</u>	<u>5,223</u>
Expenditures				
Current				
General government	-	7,000	3,500	3,500
Total expenditures	<u>-</u>	<u>7,000</u>	<u>3,500</u>	<u>3,500</u>
Change in fund balance	81,363	74,363	83,086	8,723
Fund balance, beginning of year	<u>47,056</u>	<u>47,056</u>	<u>47,056</u>	<u>-</u>
Fund balance, end of year	<u>\$ 128,419</u>	<u>\$ 121,419</u>	<u>\$ 130,142</u>	<u>\$ 8,723</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – LAW ENFORCEMENT RECOVERY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 114,148	\$ 114,148	\$ 114,148	\$ -
Investment earnings	-	-	587	587
Total revenues	<u>114,148</u>	<u>114,148</u>	<u>114,735</u>	<u>587</u>
Expenditures				
Current				
Public safety	43,000	43,000	29,102	13,898
Capital outlay	118,000	118,000	115,073	2,927
Total expenditures	<u>161,000</u>	<u>161,000</u>	<u>144,175</u>	<u>16,825</u>
Change in fund balance	(46,852)	(46,852)	(29,440)	17,412
Fund balance, beginning of year	<u>73,047</u>	<u>73,047</u>	<u>73,047</u>	<u>-</u>
Fund balance, end of year	<u>\$ 26,195</u>	<u>\$ 26,195</u>	<u>\$ 43,607</u>	<u>\$ 17,412</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,703	\$ 1,703
Total Revenues	-	-	1,703	1,703
Expenditures				
Debt service				
Principal retirement	417,000	417,000	417,000	-
Interest	9,841	9,841	9,841	-
Total expenditures	426,841	426,841	426,841	-
Deficiency of revenues under expenditures	(426,841)	(426,841)	(425,138)	1,703
Other financing sources				
Transfers in	426,841	426,841	426,841	-
Total other financing sources	426,841	426,841	426,841	-
Change in fund balance	-	-	1,703	1,703
Fund balance, beginning of year	4,863	4,863	4,863	-
Fund balance, end of year	\$ 4,863	\$ 4,863	\$ 6,566	\$ 1,703

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,014,020	\$ 1,014,020	\$ 128,461	\$ (885,559)
Investment earnings	8,000	8,000	6,285	(1,715)
Total revenues	<u>1,022,020</u>	<u>1,022,020</u>	<u>134,746</u>	<u>(887,274)</u>
Expenditures				
Debt service				
Principal retirement	619,412	619,412	568,998	50,414
Interest	18,891	18,891	9,620	9,271
Capital outlay	2,630,741	2,630,741	1,435,515	1,195,226
Total expenditures	<u>3,269,044</u>	<u>3,269,044</u>	<u>2,014,133</u>	<u>1,254,911</u>
Deficiency of revenues under expenditures	<u>(2,247,024)</u>	<u>(2,247,024)</u>	<u>(1,879,387)</u>	<u>367,637</u>
Other financing sources				
Loan issuance	497,000	497,000	770,837	273,837
Transfers in	1,750,024	1,750,024	1,750,024	-
Total other financing sources	<u>2,247,024</u>	<u>2,247,024</u>	<u>2,520,861</u>	<u>273,837</u>
Change in fund balance	-	-	641,474	641,474
Fund balance (deficit), beginning of year	<u>(47,483)</u>	<u>(47,483)</u>	<u>(47,483)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (47,483)</u>	<u>\$ (47,483)</u>	<u>\$ 593,991</u>	<u>\$ 641,474</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – CAPITAL EXPANSION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Impact fees	\$ 890,000	\$ 890,000	\$ 1,413,497	\$ 523,497
Intergovernmental revenue	500,000	500,000	146,640	(353,360)
Investment earnings	10,000	10,000	32,570	22,570
Total revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,592,707</u>	<u>192,707</u>
Expenditures				
Capital outlay	2,218,000	2,237,998	463,871	1,774,127
Total expenditures	<u>2,218,000</u>	<u>2,237,998</u>	<u>463,871</u>	<u>1,774,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(818,000)</u>	<u>(837,998)</u>	<u>1,128,836</u>	<u>1,966,834</u>
Other financing uses				
Transfers out	-	-	(64,754)	(64,754)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(64,754)</u>	<u>(64,754)</u>
Change in fund balance	<u>(818,000)</u>	<u>(837,998)</u>	<u>1,064,082</u>	<u>1,902,080</u>
Fund balance, beginning of year	<u>4,009,333</u>	<u>4,009,333</u>	<u>4,009,333</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,191,333</u>	<u>\$ 3,171,335</u>	<u>\$ 5,073,415</u>	<u>\$ 1,902,080</u>

CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – AMERICAN RESCUE PLAN ACT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ 2,766,953	\$ 169,629	\$ (2,597,324)
Investment earnings	-	-	1,016	1,016
Total revenues	<u>-</u>	<u>2,766,953</u>	<u>170,645</u>	<u>(2,596,308)</u>
Expenditures				
Capital outlay	-	2,766,953	169,629	2,597,324
Total expenditures	<u>-</u>	<u>2,766,953</u>	<u>169,629</u>	<u>2,597,324</u>
Change in fund balance	-	-	1,016	1,016
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016</u>	<u>\$ 1,016</u>

INTERNAL SERVICE FUNDS

Central Garage Fund – To provide preventative maintenance and repairs to all City vehicles, and equipment – the Fleet Maintenance Division purchases, maintains, and disposes of all City vehicles and equipment. This division assists contractors with outsourced repairs. This division purchases and distributes fuel by means of an on-site fuel station. Partial functions of the Sanitation Department also fall under the responsibility of the Fleet Division and include: annual recycling events, web updates, recycle program, etc.

Utility Billing Fund – To provide excellent customer service to all internal and external customers. To assist customers by phone or in person with their water, sewer, and garbage billing questions, new or disconnection of service, change in customer account information, complaints, adjustments, etc. To post all payments delivered by mail or in person to customer's accounts as received daily. Balance all revenue received daily to the cash receipts report. Compute, audit, print, and mail bills by cycles weekly. Audit delinquent accounts weekly by cycle and mail the customers disconnect notices if applicable. If delinquent balance is not paid within ten days of notice, meter is disconnected for non-payment.

Utility Administration Fund – Performs administrative, budgeting, planning, engineering, purchasing, and inventory control for the Water and Wastewater divisions within the Utilities Department; file permits with various federal, state and county agencies for projects; file monthly operating reports to state agencies; functions as support staff for City Hall; provides courteous service in response to citizen requests/complaints.

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CITY OF FERNANDINA BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021

	Central Garage Fund	Utility Billing Fund	Utility Administration Fund	Total
Assets				
Current assets:				
Cash and investments	\$ 79,567	\$ 274,706	\$ 164,024	\$ 518,297
Accounts receivable, net of allowance	661	6,935	-	7,596
Prepaid expenses	-	1,908	300	2,208
Inventory	42,040	-	-	42,040
Total current assets	<u>122,268</u>	<u>283,549</u>	<u>164,324</u>	<u>570,141</u>
Non-current assets:				
Capital assets, net	328,291	3,466	2,438	334,195
Total non-current assets	<u>328,291</u>	<u>3,466</u>	<u>2,438</u>	<u>334,195</u>
Total assets	<u>450,559</u>	<u>287,015</u>	<u>166,762</u>	<u>904,336</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	11,697	11,679	14,726	38,102
Compensated absences	26,102	12,891	30,082	69,075
Total current liabilities	<u>37,799</u>	<u>24,570</u>	<u>44,808</u>	<u>107,177</u>
Total liabilities	<u>37,799</u>	<u>24,570</u>	<u>44,808</u>	<u>107,177</u>
Net position				
Investment in capital assets	328,291	3,466	2,438	334,195
Unrestricted	84,469	258,979	119,516	462,964
Total net position	<u>\$ 412,760</u>	<u>\$ 262,445</u>	<u>\$ 121,954</u>	<u>\$ 797,159</u>

CITY OF FERNANDINA BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Central Garage Fund	Utility Billing Fund	Utility Administration Fund	Total
Operating revenues				
Charges for services	\$ 844,355	\$ 560,563	\$ 450,000	\$ 1,854,918
Fees, rentals and miscellaneous	3,300	-	-	3,300
Total operating revenues	<u>847,655</u>	<u>560,563</u>	<u>450,000</u>	<u>1,858,218</u>
Operating expenses				
Personnel services and benefits	233,573	377,416	440,143	1,051,132
Materials, supplies and other	583,225	134,105	28,946	746,276
Depreciation and amortization	48,549	63,419	390	112,358
Total operating expenses	<u>865,347</u>	<u>574,940</u>	<u>469,479</u>	<u>1,909,766</u>
Operating loss	<u>(17,692)</u>	<u>(14,377)</u>	<u>(19,479)</u>	<u>(51,548)</u>
Non-operating revenues				
Interest income	548	1,912	1,450	3,910
Gain on sale of capital assets	44,890	-	-	44,890
Total non-operating revenues	<u>45,438</u>	<u>1,912</u>	<u>1,450</u>	<u>48,800</u>
Income (loss) before transfers	<u>27,746</u>	<u>(12,465)</u>	<u>(18,029)</u>	<u>(2,748)</u>
Transfers				
Transfers in	20,000	-	-	20,000
Transfers out	-	(10,700)	-	(10,700)
Total transfers	<u>20,000</u>	<u>(10,700)</u>	<u>-</u>	<u>9,300</u>
Change in net position	<u>47,746</u>	<u>(23,165)</u>	<u>(18,029)</u>	<u>6,552</u>
Total net position, beginning of year	365,014	285,610	139,983	790,607
Total net position, end of year	<u>\$ 412,760</u>	<u>\$ 262,445</u>	<u>\$ 121,954</u>	<u>\$ 797,159</u>

CITY OF FERNANDINA BEACH, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Central Garage Fund	Utility Billing Fund	Utility Administration Fund	Total
Cash flows from operating activities				
Cash received for interfund services	\$ 847,709	\$ 560,416	\$ 450,000	\$ 1,858,125
Cash paid to suppliers for goods and services	(582,805)	(129,891)	(22,825)	(735,521)
Cash paid to employees for services and benefits	(230,262)	(376,082)	(429,416)	(1,035,760)
Net cash provided by operating activities	<u>34,642</u>	<u>54,443</u>	<u>(2,241)</u>	<u>86,844</u>
Cash flows from noncapital financing activities				
Transfer to other funds	-	(10,700)	-	(10,700)
Transfer from other funds	20,000	-	-	20,000
Net cash used in noncapital financing activities	<u>20,000</u>	<u>(10,700)</u>	<u>-</u>	<u>9,300</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(35,551)	-	-	(35,551)
Cash received from sale of capital assets	44,890	-	-	44,890
Net cash used in capital and related financing activities	<u>9,339</u>	<u>-</u>	<u>-</u>	<u>9,339</u>
Cash flows from investing activities				
Interest received	548	1,912	1,450	3,910
Net cash provided by (used in) investing activities	<u>548</u>	<u>1,912</u>	<u>1,450</u>	<u>3,910</u>
Net change in cash and investments	64,529	45,655	(791)	109,393
Cash and investments, beginning of year	<u>15,038</u>	<u>229,051</u>	<u>164,815</u>	<u>408,904</u>
Cash and investments, end of year	<u>\$ 79,567</u>	<u>\$ 274,706</u>	<u>\$ 164,024</u>	<u>\$ 518,297</u>
Cash and investments classified as				
Cash and investments	<u>\$ 79,567</u>	<u>\$ 274,706</u>	<u>\$ 164,024</u>	<u>\$ 518,297</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities				
Operating loss	\$ (17,692)	\$ (14,377)	\$ (19,479)	\$ (51,548)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	48,549	63,419	390	112,358
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	54	(147)	-	(93)
Prepays	-	(91)	(300)	(391)
Inventory	2,118	-	-	2,118
Increase (decrease) in liabilities:				
Accounts payable	(1,698)	4,305	6,421	9,028
Compensated absences payable	3,311	1,334	10,727	15,372
Net cash provided by (used in) operating activities	<u>\$ 34,642</u>	<u>\$ 54,443</u>	<u>\$ (2,241)</u>	<u>\$ 86,844</u>

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Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations or other governments.

General Employees' Pension Plan – To account for the City's single employer defined benefit pension plan which provides pension benefits for full-time general employees.

Firefighters' and Police Officers' Pension Plan – To account for the City's single employer defined benefit pension plan which provides pension benefits for full-time firefighters and police officers.

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CITY OF FERNANDINA BEACH, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2021**

	<u>General Employees' Pension Plan</u>	<u>Firefighters' and Police Officers' Pension Plan</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,144,473	\$ 678,816	\$ 1,823,289
Contributions receivable	459,816	343,642	803,458
Interest receivable	24,649	33,766	58,415
Prepaid benefits	146,716	135,613	282,329
Investments, at fair value			
U.S. Government and agency securities	823,772	1,032,330	1,856,102
Mortgages and Federal Agency securities	2,097,704	2,711,082	4,808,786
Corporate bonds	1,894,317	2,563,156	4,457,473
Real estate fund	2,598,223	2,975,430	5,573,653
Equity securities	19,833,149	23,805,229	43,638,378
Total investments	<u>27,247,165</u>	<u>33,087,227</u>	<u>60,334,392</u>
 Total assets	 <u>\$ 29,022,819</u>	 <u>\$ 34,279,064</u>	 <u>\$ 63,301,883</u>
LIABILITIES			
Accounts payable	<u>\$ 273,620</u>	<u>\$ 6,560</u>	<u>\$ 280,180</u>
Total liabilities	<u>273,620</u>	<u>6,560</u>	<u>280,180</u>
NET POSITION			
Restricted for pension benefits	<u>28,749,199</u>	<u>34,272,504</u>	<u>63,021,703</u>
Total liabilities and net position	<u>\$ 29,022,819</u>	<u>\$ 34,279,064</u>	<u>\$ 63,301,883</u>

CITY OF FERNANDINA BEACH, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Employees' Pension Plan</u>	<u>Firefighters' and Police Officers' Pension Plan</u>	<u>Total</u>
ADDITIONS			
Contributions			
City	\$ 1,446,017	\$ 1,236,412	\$ 2,682,429
Employees	436,377	354,834	791,211
State of Florida	-	281,090	281,090
Total contributions	<u>1,882,394</u>	<u>1,872,336</u>	<u>3,754,730</u>
Investment income			
Interest and dividends	451,645	524,579	976,224
Net appreciation in the fair value of investments	4,726,690	5,716,298	10,442,988
Investment expense	(95,868)	(123,940)	(219,808)
Net investment income	<u>5,082,467</u>	<u>6,116,937</u>	<u>11,199,404</u>
Total additions	<u>6,964,861</u>	<u>7,989,273</u>	<u>14,954,134</u>
DEDUCTIONS			
Pension benefits	1,938,818	2,333,761	4,272,579
Administrative expenses	44,412	46,008	90,420
Total deductions	<u>1,983,230</u>	<u>2,379,769</u>	<u>4,362,999</u>
Net change in plan net position	4,981,631	5,609,504	10,591,135
Plan net position, restricted for pension benefits:			
Beginning of year	23,767,568	28,663,000	52,430,568
End of year	<u>\$ 28,749,199</u>	<u>\$ 34,272,504</u>	<u>\$ 63,021,703</u>

Statistical Section

This part of the City of Fernandina Beach's 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

Financial Trends (Pages 90 – 94) (Tables 1 – 4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.

Revenue Capacity (Pages 95 – 98) (Tables 5 – 8)

These schedules contain information to help the reader assess the City's most significant sources of revenue.

Debt Capacity (Pages 99 – 102) (Tables 9 – 12)

These schedules contain information to help the reader assess the affordability of the City's current level of debt and the City's ability to issue debt in the future.

Demographics and Economic Information (Pages 103 and 104) (Tables 13 and 14)

These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Pages 105 – 108) (Tables 15 – 18)

These schedules contain information regarding the number of employees, the operating indicators, and the capital assets used in the various functions and programs

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

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CITY OF FERNANDINA BEACH, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Schedule 1)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 29,263,400	\$ 27,439,500	\$ 24,367,016	\$ 23,584,000	\$ 22,959,982	\$ 22,255,738	\$ 21,363,150	\$ 20,086,968	\$ 22,804,829	\$ 21,599,826
Restricted	8,949,357	8,493,508	8,287,039	7,320,960	4,133,646	3,126,644	2,919,530	2,820,795	2,476,228	2,423,409
Unrestricted ⁽²⁾	2,040,093	(1,886,395)	(1,795,780)	(4,860,371)	(4,182,808)	(4,916,921)	(6,495,182)	5,573,556	5,994,476	6,763,550
Total Governmental Activities Net Position	<u>\$ 40,252,850</u>	<u>\$ 34,046,613</u>	<u>\$ 30,858,275</u>	<u>\$ 26,044,589</u>	<u>\$ 22,910,820</u>	<u>\$ 20,465,461</u>	<u>\$ 17,787,498</u>	<u>\$ 28,481,319</u>	<u>\$ 31,275,533</u>	<u>\$ 30,786,785</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 31,656,480	\$ 29,141,671	\$ 26,496,040	\$ 24,293,174	\$ 19,971,800	\$ 21,758,186	\$ 21,519,553	\$ 19,562,429	\$ 15,190,218	\$ 15,990,795
Restricted	1,929,642	2,056,475	2,187,063	1,510,257	1,346,122	631,824	444,527	575,878	575,878	743,087
Unrestricted ⁽²⁾	17,556,704	14,561,303	11,074,620	10,467,704	9,570,979	8,012,813	6,208,903	6,299,731	6,078,336	4,462,091
Total Business-Type Activities Net Position	<u>\$ 51,142,826</u>	<u>\$ 45,759,449</u>	<u>\$ 39,757,723</u>	<u>\$ 36,271,135</u>	<u>\$ 30,888,901</u>	<u>\$ 30,402,823</u>	<u>\$ 28,172,983</u>	<u>\$ 26,438,038</u>	<u>\$ 21,844,432</u>	<u>\$ 21,195,973</u>
Total:										
Net Investment in Capital Assets ⁽¹⁾	\$ 60,919,880	\$ 56,581,171	\$ 50,863,056	\$ 47,877,174	\$ 42,931,782	\$ 44,013,924	\$ 42,882,703	\$ 39,649,397	\$ 37,995,047	\$ 37,590,621
Restricted	10,878,999	10,549,983	10,474,102	8,831,217	5,479,768	3,758,468	3,364,057	3,396,673	3,052,106	3,166,496
Unrestricted ⁽²⁾	19,596,797	12,674,908	9,278,840	5,607,333	5,388,171	3,095,892	(286,279)	11,873,287	12,072,812	11,225,641
Total Net Position	<u>\$ 91,395,676</u>	<u>\$ 79,806,062</u>	<u>\$ 70,615,998</u>	<u>\$ 62,315,724</u>	<u>\$ 53,799,721</u>	<u>\$ 50,868,284</u>	<u>\$ 45,960,481</u>	<u>\$ 54,919,357</u>	<u>\$ 53,119,965</u>	<u>\$ 51,982,758</u>

⁽¹⁾ Fiscal year 2012 net investment in capital assets has been restated due to the implementation of GASB 63 and 65.

⁽²⁾ Fiscal year 2014 unrestricted net position has been restated due to the implementation of GASB 68.

CITY OF FERNANDINA BEACH, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Schedule 2)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
EXPENSES										
Governmental Activities:										
General Government	\$ 6,331,488	\$ 5,071,080	\$ 4,794,176	\$ 4,645,880	\$ 4,163,808	\$ 3,789,868	\$ 3,720,751	\$ 3,515,960	\$ 4,131,552	\$ 4,057,760
Public Safety	12,171,877	12,632,726	11,595,342	11,077,039	10,358,556	9,830,929	9,614,391	9,879,821	9,665,601	9,418,922
Physical Environment	164,652	232,336	1,506,579	1,639,299	-	-	-	-	-	-
Transportation	2,180,181	2,296,521	2,694,817	3,403,051	3,429,751	2,094,050	1,972,165	1,955,405	2,296,174	2,587,248
Economic Environment	73,461	69,185	77,153	783,494	52,414	47,184	47,379	35,494	38,311	73,245
Human Services	399,486	383,930	55,418	52,811	45,666	42,871	172,992	497,085	39,013	57,167
Culture and Recreation	3,972,297	3,769,815	2,813,869	2,631,741	2,639,833	2,685,529	2,964,980	2,344,731	2,289,114	2,285,784
Interest on Long-term Debt	33,009	34,211	54,271	73,810	90,328	93,298	98,484	113,432	139,921	159,436
Total Governmental Activities Expenses	<u>25,326,451</u>	<u>24,489,804</u>	<u>23,591,625</u>	<u>24,307,125</u>	<u>20,780,356</u>	<u>18,583,729</u>	<u>18,591,142</u>	<u>18,341,928</u>	<u>18,599,686</u>	<u>18,639,562</u>
Business-Type activities:										
Golf Course	1,603,647	1,591,193	1,701,757	1,644,592	1,666,591	1,649,065	1,704,365	1,665,949	1,742,779	1,812,640
Airport	1,414,228	1,293,876	1,423,977	1,474,615	1,047,074	1,147,472	1,131,745	1,110,268	1,404,547	1,246,794
Sanitation	2,869,263	2,652,962	2,377,519	2,362,448	2,263,923	2,307,671	2,209,587	2,130,278	2,089,886	2,054,352
Sewer and Water	7,890,975	7,459,307	7,324,589	7,562,630	7,714,073	7,274,661	6,998,895	9,004,523	9,066,428	7,875,780
Stormwater	1,146,349	1,100,082	1,175,464	649,258	553,591	435,834	276,939	199,478	30,987	127,057
Marina	2,051,096	1,133,208	1,157,961	679,833	4,587,827	2,177,505	2,182,068	2,326,168	2,225,642	2,280,772
Total Business-Type Activities Expenses	<u>16,975,558</u>	<u>15,230,628</u>	<u>15,161,267</u>	<u>14,373,376</u>	<u>17,833,079</u>	<u>14,992,208</u>	<u>14,503,599</u>	<u>16,436,664</u>	<u>16,560,269</u>	<u>15,397,395</u>
Total Expenses	<u>\$ 42,302,009</u>	<u>\$ 39,720,432</u>	<u>\$ 38,752,892</u>	<u>\$ 38,680,501</u>	<u>\$ 38,613,435</u>	<u>\$ 33,575,937</u>	<u>\$ 33,094,741</u>	<u>\$ 34,778,592</u>	<u>\$ 35,159,955</u>	<u>\$ 34,036,957</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for services:										
General Government	\$ 1,820,424	\$ 129,411	\$ 223,716	\$ 343,119	\$ 159,242	\$ 105,652	\$ 80,073	\$ 64,535	\$ 73,499	\$ 59,434
Public Safety	1,488,415	2,205,266	3,107,967	3,528,505	2,271,875	1,925,961	1,727,680	1,594,369	1,711,177	1,438,222
Physical Environment	1,736,117	129,126	185,444	198,011	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	906,245	1,107,278	1,595,600	1,941,137	1,588,940	1,432,328	1,219,871	1,122,999	1,078,207	1,056,424
Operating Grants and Contributions	1,532,917	574,767	2,966,057	2,313,984	1,262,691	217,650	246,238	334,065	559,775	1,008,600
Capital Grants and Contributions	434,394	866,495	-	63,450	10,226	632,805	1,559,532	1,345,976	393,435	746,548
Total Governmental Activities Program Revenues	<u>7,918,512</u>	<u>5,012,343</u>	<u>8,078,784</u>	<u>8,388,206</u>	<u>5,292,974</u>	<u>4,314,396</u>	<u>4,833,394</u>	<u>4,461,944</u>	<u>3,816,093</u>	<u>4,309,228</u>
Business-Type activities:										
Charges for services:										
Golf Course	1,313,641	1,148,859	1,327,190	1,297,173	1,257,703	1,270,514	1,343,072	1,315,098	1,401,263	1,585,420
Airport	847,756	860,670	875,909	674,692	651,350	663,190	600,851	576,008	583,265	566,381
Sanitation	2,949,533	2,707,115	2,385,670	2,395,312	2,330,575	2,254,588	2,245,416	2,190,580	2,099,526	2,120,375
Sewer and Water	11,671,844	11,417,150	11,664,072	11,120,309	11,114,482	9,897,960	9,406,734	9,082,896	8,698,240	8,652,651
Stormwater	901,400	807,234	879,548	847,771	303,450	277,181	271,299	270,857	258,267	432
Marina	1,718,845	509,354	125,939	296,773	333,876	2,264,613	2,210,050	2,341,395	2,153,071	2,131,261
Operating Grants and Contributions	-	708	216,618	13,562	2,184	-	-	-	34,928	-
Capital Grants and Contributions	3,180,345	2,951,271	1,017,264	2,842,464	2,025,660	289,864	2,316,435	788,868	1,721,983	436,193
Total Business-Type Activities Program Revenues	<u>22,583,364</u>	<u>20,502,361</u>	<u>18,492,210</u>	<u>19,488,056</u>	<u>18,019,280</u>	<u>16,917,910</u>	<u>18,393,857</u>	<u>16,565,702</u>	<u>16,950,543</u>	<u>15,492,713</u>
Total program revenue	<u>\$ 30,501,876</u>	<u>\$ 25,514,704</u>	<u>\$ 26,570,994</u>	<u>\$ 27,876,262</u>	<u>\$ 23,312,254</u>	<u>\$ 21,232,306</u>	<u>\$ 23,227,251</u>	<u>\$ 21,027,646</u>	<u>\$ 20,766,636</u>	<u>\$ 19,801,941</u>
NET (EXPENSE)/REVENUE										
Governmental Activities	\$ (17,407,939)	\$ (19,477,461)	\$ (15,512,841)	\$ (15,918,919)	\$ (15,487,382)	\$ (14,269,333)	\$ (13,757,748)	\$ (13,879,984)	\$ (14,783,593)	\$ (14,330,334)
Business-Type Activities	5,607,806	5,271,733	3,330,943	5,114,680	186,201	1,925,702	3,890,258	129,038	390,274	95,318
Total (Expense)/Revenue	<u>\$ (11,800,133)</u>	<u>\$ (14,205,728)</u>	<u>\$ (12,181,898)</u>	<u>\$ (10,804,239)</u>	<u>\$ (15,301,181)</u>	<u>\$ (12,343,631)</u>	<u>\$ (9,867,490)</u>	<u>\$ (13,750,946)</u>	<u>\$ (14,393,319)</u>	<u>\$ (14,235,016)</u>

(Continued)

CITY OF FERNANDINA BEACH, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Schedule 2)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 14,952,463	\$ 15,798,230	\$ 12,859,437	\$ 12,104,097	\$ 11,040,874	\$ 10,356,519	\$ 9,894,587	\$ 9,680,522	\$ 9,337,768	\$ 8,476,798
Franchise and Utility Taxes	3,582,576	3,324,199	3,296,296	3,234,806	3,216,047	3,188,719	3,167,234	2,970,994	3,021,388	3,089,275
Half-Cent Sales Tax	999,957	836,880	910,955	877,989	810,556	772,617	729,203	673,908	617,427	575,090
State Revenue Sharing	249,366	338,250	357,847	341,595	325,671	309,451	302,846	295,693	291,794	291,380
Discretionary Sales Surtax	2,099,009	2,126,109	2,179,554	1,941,118	1,873,713	1,778,306	1,683,460	1,556,723	1,426,792	1,333,581
Other Taxes	1,028,918	262,511	247,774	225,101	228,954	224,176	-	-	569,516	-
Other Miscellaneous	-	175,226	218,561	216,543	331,378	412,372	558,488	324,125	41,656	427,558
Investment Earnings	164,064	212,694	174,403	90,392	63,263	41,351	26,333	12,190	-	62,769
Gain on Disposal of Capital Assets	51,995	-	-	2,272	-	-	-	-	-	-
Transfers	485,828	(408,300)	81,700	58,685	42,285	(136,215)	(183,836)	(301,620)	(34,000)	326,989
Total Governmental Activities	<u>23,614,176</u>	<u>22,665,799</u>	<u>20,326,527</u>	<u>19,092,598</u>	<u>17,932,741</u>	<u>16,947,296</u>	<u>16,178,315</u>	<u>15,212,535</u>	<u>15,272,341</u>	<u>14,583,440</u>
Business-Type activities:										
Other Miscellaneous	-	74,266	88,374	174,222	310,193	153,837	34,860	32,790	614,973	799,356
Investment Earnings	201,634	247,427	148,971	38,213	31,969	14,086	17,373	3,393	19,108	20,834
Gain on Disposal of Capital Assets	59,765	-	-	157,969	-	-	-	-	-	-
Transfers	(485,828)	408,300	(81,700)	(58,685)	(42,285)	136,215	183,836	301,620	34,000	(326,989)
Total Business-Type Activities	<u>(224,429)</u>	<u>729,993</u>	<u>155,645</u>	<u>311,719</u>	<u>299,877</u>	<u>304,138</u>	<u>236,069</u>	<u>337,803</u>	<u>668,081</u>	<u>493,201</u>
Total	<u>\$ 23,389,747</u>	<u>\$ 23,395,792</u>	<u>\$ 20,482,172</u>	<u>\$ 19,404,317</u>	<u>\$ 18,232,618</u>	<u>\$ 17,251,434</u>	<u>\$ 16,414,384</u>	<u>\$ 15,550,338</u>	<u>\$ 15,940,422</u>	<u>\$ 15,076,641</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 6,206,237	\$ 3,188,338	\$ 4,813,686	\$ 3,173,679	\$ 2,445,359	\$ 2,677,963	\$ 2,420,567	\$ 1,332,551	\$ 488,748	\$ 253,106
Business-Type Activities	5,383,377	6,001,726	3,486,588	5,426,399	486,078	2,229,840	4,126,327	466,841	1,058,355	588,519
Total	<u>\$ 11,589,614</u>	<u>\$ 9,190,064</u>	<u>\$ 8,300,274</u>	<u>\$ 8,600,078</u>	<u>\$ 2,931,437</u>	<u>\$ 4,907,803</u>	<u>\$ 6,546,894</u>	<u>\$ 1,799,392</u>	<u>\$ 1,547,103</u>	<u>\$ 841,625</u>

CITY OF FERNANDINA BEACH, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Schedule 3)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 822,822	\$ 694,290	\$ 618,052	\$ 1,043,011	\$ 1,023,966	\$ 905,428	\$ 634,185	\$ 782,063	\$ 851,549	\$ 1,250,214
Restricted	2,781	2,759	3,253,168	2,429,327	1,398,046	1,004,250	793,374	512,378	261,776	601,261
Committed	4,691,137	4,556,811	4,548,761	4,510,708	4,402,869	3,987,271	3,664,922	3,509,190	3,447,973	3,378,327
Assigned	1,882,521	1,544,522	728,532	769,951	1,167,461	1,191,699	718,233	638,759	159,623	591,921
Unassigned	4,201,241	2,311,489	2,519,317	1,132,201	623,782	975,530	1,482,841	1,148,343	1,235,633	314,412
Total General Fund	<u>\$ 11,600,502</u>	<u>\$ 9,109,871</u>	<u>\$ 11,667,830</u>	<u>\$ 9,885,198</u>	<u>\$ 8,616,124</u>	<u>\$ 8,064,178</u>	<u>\$ 7,293,555</u>	<u>\$ 6,590,733</u>	<u>\$ 5,956,554</u>	<u>\$ 6,136,135</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 122,371	\$ 1,600,000	\$ -	\$ 4,000	\$ 138,233	\$ 4,000	\$ 5,250
Restricted	8,946,576	8,490,749	5,033,871	4,925,247	3,896,645	3,633,965	2,126,156	2,308,417	2,214,452	1,822,148
Committed	1,556,224	1,434,242	1,268,487	1,026,918	974,146	933,449	878,709	823,278	786,275	756,573
Assigned	828,857	(15,171)	56,720	416,836	92,048	1,133,821	825,811	529,383	1,284,727	2,118,137
Unassigned	-	-	(444,589)	-	(293,149)	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 11,331,657</u>	<u>\$ 9,909,820</u>	<u>\$ 5,914,489</u>	<u>\$ 6,491,372</u>	<u>\$ 6,269,690</u>	<u>\$ 5,701,235</u>	<u>\$ 3,834,676</u>	<u>\$ 3,799,311</u>	<u>\$ 4,289,454</u>	<u>\$ 4,702,108</u>

In Fiscal Year 2020, the Building Fee Restricted Reserve balance of \$3,257,248 was transferred from the General Fund to a Special Revenue Fund.

CITY OF FERNANDINA BEACH, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Schedule 4)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes, Licenses and Permits	\$ 22,333,758	\$ 23,757,338	\$ 22,058,467	\$ 22,009,415	\$ 17,958,345	\$ 16,798,549	\$ 15,825,898	\$ 15,177,234	\$ 14,776,009	\$ 13,745,886
Intergovernmental	3,664,986	3,093,190	2,766,962	3,565,064	2,350,148	1,661,536	1,922,392	2,323,299	1,846,101	1,827,043
Charges for Services	1,756,738	1,259,089	1,598,099	1,477,078	1,446,796	1,494,628	1,380,703	1,331,053	1,382,899	1,272,422
Fines and Forfeitures	43,917	59,413	214,329	58,643	87,785	89,123	117,506	93,791	51,857	797,215
Other	2,347,263	1,144,757	322,598	263,060	1,244,664	1,036,059	1,226,549	958,129	975,321	807,583
Total Revenues	<u>30,146,662</u>	<u>29,313,787</u>	<u>26,960,455</u>	<u>27,373,260</u>	<u>23,087,738</u>	<u>21,079,895</u>	<u>20,473,048</u>	<u>19,883,506</u>	<u>19,032,187</u>	<u>18,450,149</u>
Expenditures										
General Government	5,224,171	4,767,791	4,692,625	4,461,902	4,069,837	3,514,919	3,214,122	3,373,043	3,970,807	3,800,453
Public Safety	11,470,658	11,556,807	11,258,634	10,625,934	9,758,426	9,769,412	9,391,242	9,209,143	9,092,873	8,877,495
Physical Environment	165,478	195,850	1,506,579	1,639,299	-	-	-	-	-	-
Transportation	1,539,639	1,684,830	2,146,026	2,930,090	2,948,493	1,719,952	1,547,868	1,478,862	1,457,184	1,586,752
Economic Environment	73,461	69,185	74,459	782,268	52,414	47,184	47,379	35,494	38,311	73,245
Human Services	399,486	383,930	55,418	52,811	45,666	37,913	172,992	497,085	39,013	57,167
Culture and Recreation	3,221,774	2,998,611	2,285,030	2,138,614	2,093,649	2,291,180	2,560,053	1,887,808	1,853,064	1,800,960
Debt Service:										
Principal	1,105,126	1,206,426	1,186,339	1,168,951	977,860	694,999	636,934	620,495	1,617,878	639,885
Interest	21,153	38,977	58,932	78,365	94,812	97,652	102,744	117,597	143,992	163,389
Capital Outlay	3,974,760	4,545,708	2,572,364	2,491,609	1,954,965	2,268,612	1,883,691	2,233,323	1,383,300	1,155,021
Total Expenditures	<u>27,195,706</u>	<u>27,448,115</u>	<u>25,836,406</u>	<u>26,369,843</u>	<u>21,996,122</u>	<u>20,441,823</u>	<u>19,557,025</u>	<u>19,452,850</u>	<u>19,596,422</u>	<u>18,154,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	<u>2,950,956</u>	<u>1,865,672</u>	<u>1,124,049</u>	<u>1,003,417</u>	<u>1,091,616</u>	<u>638,072</u>	<u>916,023</u>	<u>430,656</u>	<u>(564,235)</u>	<u>295,782</u>
Other Financing Sources (Uses)										
Capital Lease	-	-	-	427,154	-	-	-	-	-	-
Proceeds from sale of capital assets	23,975	-	-	-	-	-	-	-	-	-
Proceeds from Notes Payable	770,837	-	-	-	-	3,216,109	-	-	-	1,884,000
Payment on Note Refunding	-	-	-	-	-	(1,030,784)	-	-	-	-
Transfers In	2,978,919	6,960,624	2,749,688	2,164,466	2,209,800	1,962,550	2,259,355	1,463,904	2,360,536	1,319,054
Transfers Out	(2,812,219)	(7,388,924)	(2,667,988)	(2,104,281)	(2,181,015)	(2,148,765)	(2,437,191)	(1,750,524)	(2,388,536)	(980,065)
Total Other Financing Sources (Uses)	<u>961,512</u>	<u>(428,300)</u>	<u>81,700</u>	<u>487,339</u>	<u>28,785</u>	<u>1,999,110</u>	<u>(177,836)</u>	<u>(286,620)</u>	<u>(28,000)</u>	<u>2,222,989</u>
Net Change in Fund Balance	<u>\$ 3,912,468</u>	<u>\$ 1,437,372</u>	<u>\$ 1,205,749</u>	<u>\$ 1,490,756</u>	<u>\$ 1,120,401</u>	<u>\$ 2,637,182</u>	<u>\$ 738,187</u>	<u>\$ 144,036</u>	<u>\$ (592,235)</u>	<u>\$ 2,518,771</u>
Debt Service as a Percentage of Non Capital Expenditures	4.88%	5.44%	5.35%	5.22%	5.35%	4.36%	4.19%	4.29%	9.67%	4.73%

CITY OF FERNANDINA BEACH, FLORIDA

**TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Schedule 5)**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Franchise and Utility Tax</u>	<u>Half-cent Sales Tax</u>	<u>State Revenue Sharing</u>	<u>Discretionary Sales Surtax</u>	<u>Total</u>
2021	\$ 14,952,463	\$ 3,582,576	\$ 999,957	\$ 249,366	\$ 2,099,009	\$ 21,883,371
2020	15,798,230	3,324,199	836,880	338,250	1,781,241	22,078,800
2019	12,859,437	3,296,296	910,955	357,847	1,847,705	19,272,240
2018	12,104,097	3,234,806	877,989	341,595	1,941,118	18,499,605
2017	11,040,874	3,216,047	810,556	325,671	1,873,713	17,266,861
2016	10,356,519	3,188,719	772,617	309,451	1,778,306	16,405,612
2015	9,894,587	3,167,234	729,203	302,846	1,683,460	15,777,330
2014	9,680,522	2,970,994	673,908	295,693	1,556,723	15,177,840
2013	9,337,768	3,021,388	617,427	291,794	1,426,792	14,695,169
2012	8,476,798	3,089,275	575,090	291,380	1,333,581	13,766,124
Change 2012-2021	76.39%	15.97%	73.88%	-14.42%	57.40%	58.97%

CITY OF FERNANDINA BEACH, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (IN THOUSANDS OF DOLLARS) (UNAUDITED)
 (Schedule 6)

Fiscal Year	REAL PROPERTY				LESS EXEMPTIONS:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Value
	Residential Property	Commercial Property	Industrial Property	Other*	Real Property	Personal Property				
2021	\$ 2,201,861	\$ 261,001	\$ 82,194	\$ 247,241	\$ 475,586	\$ 16,448	\$ 2,300,263	6.5236	\$ 2,792,298	82.38%
2020	1,996,672	252,491	81,288	234,045	448,484	16,037	2,099,976	6.5236	2,564,497	81.89%
2019	1,768,916	239,602	66,426	224,570	424,324	18,043	1,857,147	6.0482	2,299,513	80.76%
2018	1,612,673	222,294	67,728	215,163	379,199	16,010	1,722,649	6.2097	2,117,858	81.34%
2017	1,488,441	211,702	66,971	196,684	378,463	16,717	1,568,618	6.3044	1,963,799	79.88%
2016	1,624,009	205,366	66,116	190,362	367,512	16,797	1,701,543	6.3044	2,085,853	81.58%
2015	1,544,826	195,353	62,893	181,081	359,449	16,348	1,608,356	6.3663	1,984,153	81.06%
2014	1,506,787	190,542	61,344	176,622	354,340	37,579	1,543,377	6.5080	1,935,295	79.75%
2013	1,517,943	191,953	61,798	177,930	352,847	36,395	1,560,382	6.3001	1,949,624	80.04%
2012	1,591,653	201,274	64,799	186,570	370,372	37,125	1,636,800	5.4335	2,044,296	80.07%

Source: Nassau County Property Appraiser.

CITY OF FERNANDINA BEACH, FLORIDA

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)
(Schedule 7)**

Fiscal Year	Tax Roll Year	City of Fernandina Beach			OVERLAPPING RATES					
		Operating Millage	Debt Service Millage	Total City Millage	Nassau County	St. Johns River Water Management	Nassau County Schools	Fl. Inland Navigational District	Amelia Island Mosquito Control	Amelia Island Beach MSTU
2021	2020	5.4683	0.1553	5.6236	7.4278	0.2287	5.9640	0.0320	0.1412	0.0960
2020	2019	6.3553	0.1683	6.5236	7.4278	0.2414	6.1360	0.0320	0.1412	0.1021
2019	2018	5.8553	0.1929	6.0482	7.4278	0.2562	6.3170	0.0320	0.1412	0.1021
2018	2017	6.0000	0.2097	6.2097	6.5670	0.2724	6.5980	0.0320	0.1495	0.1021
2017	2016	6.0682	0.2362	6.3044	6.5670	0.2885	6.7940	0.0320	0.1587	-
2016	2015	6.1021	0.2023	6.3044	6.5670	0.3023	7.1530	0.0320	0.1472	-
2015	2014	6.1021	0.2642	6.3663	6.5670	0.3164	7.2160	0.0345	0.1522	-
2014	2013	6.2844	0.2236	6.5080	5.5670	0.3283	7.3590	0.0345	0.1474	-
2013	2012	6.0277	0.2724	6.3001	5.5670	0.3313	7.5430	0.0345	0.1453	-
2012	2011	5.1759	0.2576	5.4335	5.5670	0.3313	7.8080	0.0345	0.1372	-

Source: Nassau County Property Appraiser

CITY OF FERNANDINA BEACH, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Schedule 8)

TAXPAYER	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Westrock CP, LLC	\$ 218,828,146	1	7.84%	\$ 154,924,934	1	7.58%
Rayonier Performance Fibers	71,733,507	2	2.57%	76,189,796	2	3.73%
Aspire at Amelia LLC	42,513,734	3	1.52%			
Rocktekn CP, LLC	39,386,655	4	1.41%			
Lignotech	38,976,809	5	1.40%	40,320,709	3	1.97%
Eight Flags Energy	36,691,620	6	1.31%			
Chesapeake Utilities Corp	33,369,168	7	1.20%	22,373,082	4	1.09%
Vintage Amelia Owner LLC	30,046,804	8	1.08%			
Florida Public Utilities, Co	21,930,450	9	0.79%			
The Range at Crane Island	16,728,387	10	0.60%	8,583,699	5	0.42%
Amelia Harbor View, LLC				5,239,197	6	0.26%
Fernandina Beach Hotel Group				3,192,746	7	0.16%
Wal-Mart Stores #977				3,020,779	8	0.15%
First Coast Community Bank				2,919,711	9	0.14%
RRG of Amelia Inc.				2,259,517	10	0.11%
Totals	<u>\$ 550,205,280</u>		<u>19.70%</u>	<u>\$ 319,024,170</u>		<u>15.61%</u>

Source: Nassau County Property Appraiser and Nassau County

CITY OF FERNANDINA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Schedule 9)

Fiscal Year	Tax Roll Year	Taxes Levied For the Fiscal Year	Collected Within The Fiscal Year Of the Levy		Collections In Subsequent Years	Total Collections To Date	
			Amount	Percentage of Levy		Amount*	Percentage of Levy
2021	2020	\$ 15,031,155	\$ 14,866,403	98.90%	\$ -	\$ 14,866,403	98.90%
2020	2019	15,992,013	15,776,672	98.65%	(963)	15,775,709	98.65%
2019	2018	12,860,995	12,834,672	99.80%	(8,887)	12,825,785	99.73%
2018	2017	12,123,361	12,089,983	99.72%	16,112	12,106,095	99.86%
2017	2016	10,971,228	10,824,778	98.67%	8,725	10,833,503	98.74%
2016	2015	10,447,275	10,350,806	99.08%	45,791	10,396,597	99.51%
2015	2014	9,814,954	9,716,219	98.99%	5,712	9,721,931	99.05%
2014	2013	9,824,000	9,686,556	98.60%	16,883	9,703,439	98.77%
2013	2012	9,416,621	9,326,945	99.05%	(6,035)	9,320,910	98.98%
2012	2011	8,835,312	8,438,041	95.50%	10,823	8,448,864	95.63%

*Amounts are for the general fund operations only and are exclusive of discounts, interest and penalties

Source: Nassau County Tax Collector

CITY OF FERNANDINA BEACH, FLORIDA

**OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Schedule 10)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total	Percentage of Estimated Actual Taxable Value of Real Property ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Revenue Bonds and Notes	Capital Leases	Revenue Bonds and Notes	Line of Credit	Capital Leases			
2021	\$ -	\$ -	\$ 707,250	\$ 36,144,444	\$ -	\$ 498,605	\$ 37,350,299	1.34%	\$ 2,862
2020	417,000	577,933	46,607	30,195,791	7,968,352	188,729	39,394,412	1.54%	2,911
2019	821,000	1,146,796	280,217	32,435,534	4,820,002	-	39,503,549	1.72%	3,059
2018	1,216,000	1,707,115	511,237	34,596,821	695,001	-	38,726,174	1.83%	3,035
2017	1,602,000	2,261,562	312,588	35,643,980	-	41,637	39,861,767	2.03%	3,176
2016	1,982,000	2,775,746	396,264	37,631,402	-	81,927	42,867,339	2.06%	3,505
2015	2,351,000	1,312,683	-	38,605,721	-	151,494	42,420,898	2.14%	3,586
2014	2,712,000	1,588,617	-	40,491,393	-	233,499	45,025,509	2.33%	3,786
2013	3,065,000	1,856,113	-	42,172,504	-	117,306	47,210,923	2.42%	4,091
2012	3,410,000	3,128,990	-	43,358,969	-	157,985	50,055,944	2.45%	4,349

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

⁽¹⁾ See Schedule 6 for estimated actual taxable value of real property.

⁽²⁾ See Schedule 14 for population data.

CITY OF FERNANDINA BEACH, FLORIDA

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Schedule 11)**

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Net Bonds Outstanding</u>	<u>Percentage of Estimated Actual Taxable Value of Real Property ⁽¹⁾</u>	<u>Per Capita ⁽²⁾</u>
2021	\$ 2,792,279,703	\$ -	\$ -	\$ -	0.00%	\$ -
2020	2,564,497,031	417,000	4,863	412,137	0.02%	30.45
2019	2,299,513,071	821,000	4,464	816,536	0.04%	63.22
2018	2,117,858,482	1,216,000	4,442	1,211,558	0.06%	94.94
2017	1,963,798,534	1,602,000	4,442	1,597,558	0.08%	127.30
2016	2,085,853,231	1,982,000	4,316	1,977,684	0.09%	161.72
2015	1,984,151,696	2,351,000	121,867	2,229,133	0.11%	188.43
2014	1,935,294,915	2,712,000	118,371	2,593,629	0.13%	218.06
2013	1,949,623,795	3,065,000	165,938	2,899,062	0.15%	251.20
2012	2,044,295,497	3,410,000	165,930	3,244,070	0.16%	281.85

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

⁽¹⁾ See Schedule 6 for estimated actual taxable value of real property.

⁽²⁾ See Schedule 14 for population data.

CITY OF FERNANDINA BEACH, FLORIDA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2021
(Schedule 12)**

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property Taxes			
Nassau County*	\$ 25,209,853	29.5%	<u>\$ 7,433,657</u>
Subtotal Overlapping Debt			7,433,657
City direct debt			707,250
Totals			<u><u>\$ 8,140,907</u></u>

* Fiscal year 2021 outstanding debt from Nassau County unavailable. Fiscal Year 2020 debt is presented.

Source: Nassau County Clerk of the Court/Comptroller

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issues and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using the City's assessed taxable value and dividing it by Nassau County's assessed taxable value.

CITY OF FERNANDINA BEACH, FLORIDA

**PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Schedule 13)**

Fiscal Year	Operating Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2021	\$ 10,250,978	\$ 4,222,661	\$ 6,028,317	\$ 1,425,000	\$ 1,039,750	2.45
2020	10,794,271	4,288,932	6,505,339	1,360,000	1,107,750	2.64
2019	10,364,923	4,521,496	5,843,427	1,290,000	1,172,250	2.37
2018	10,221,053	4,283,204	5,937,849	1,230,000	1,233,750	2.41
2017	10,079,472	4,267,823	5,811,649	1,085,000	1,277,150	2.46
2016	9,411,710	3,877,659	5,534,051	1,045,000	1,311,850	2.35
2015	9,131,153	3,702,025	5,429,128	1,000,000	1,355,617	2.30
2014	9,095,086	3,808,621	5,286,465	720,000	1,378,750	2.52
2013	8,852,666	4,924,928	3,927,738	420,000	1,901,580	1.69
2012	8,626,689	4,040,116	4,586,573	905,000	1,517,994	1.89

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

CITY OF FERNANDINA BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Schedule 14)

Fiscal Year	Population	Total Population Income (Amounts in Thousands)	Per Capita Income	Unemployment Rate
2021	13,051	N/A	N/A	3.2
2020	13,534	\$ 1,083,475	\$ 49,853	4.4
2019	12,915	995,924	43,693	2.6
2018	12,761	949,609	41,816	3.0
2017	12,550	881,703	38,925	3.5
2016	12,229	818,978	36,577	4.2
2015	11,830	803,471	33,032	4.7
2014	11,894	792,211	31,896	5.4
2013	11,541	728,395	31,323	5.9
2012	11,510	725,119	31,411	7.5
2011	11,487	674,988	31,936	8.6

N/A - Data is unavailable

Sources: Population information provided by the University of Florida, Bureau of Economic and Business Research. Per capita income provided by U.S. Census Bureau. Unemployment rate information provided by U.S. Department of Labor: U.S. Bureau of Labor Statistics.

CITY OF FERNANDINA BEACH, FLORIDA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Schedule 15)**

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Nassau County School District	1,632	1	12.06%	1,500	1	13.06%
Nassau County Government	815	2	6.02%	670	2	5.83%
WestRock CP, LLC	564	3	4.17%	440	3	3.83%
Baptist Medical Center Nassau	421	4	3.11%	410	4	3.57%
Rayonier Advanced Materials	323	5	2.39%	280	6	2.44%
City of Fernandina Beach	238	6	1.76%	209	7	1.82%
Publix	180	7	1.33%	- (1)	8	0.00%
Walmart - Fernandina Beach	100	8	0.74%	- (1)	5	0.00%
Florida Public Utilities	60	9	0.44%	- (1)	9	0.00%
Winn Dixie	50	10	0.37%	- (1)	10	0.00%
Total	4,383		32.39%	3,509		30.55%

Source: City of Fernandina Beach Building Department, Nassau County Economic Board and Nassau County

(1) 2012 data not available

CITY OF FERNANDINA BEACH, FLORIDA

**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Schedule 16)**

FUNCTION	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	3.50	4.50	4.50	4.50
City Manager	4.00	4.00	4.00	4.25	3.50	4.00	3.90	3.90	4.00	3.00
Finance	7.00	7.00	8.00	7.84	6.90	6.40	6.40	6.50	6.00	7.50
Information Technology	4.50	4.50	3.00	3.00	2.60	2.60	2.60	3.00	2.00	3.50
Human Resources	3.00	3.00	3.00	3.17	2.50	2.50	3.00	3.00	3.00	3.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Community Development-Planning	7.00	6.00	6.00	4.38	4.00	3.30	3.40	3.10	4.30	6.40
Public Safety										
Police										
Officers	38.00	38.00	38.00	37.50	35.50	33.50	32.50	32.50	32.50	34.50
Civilians	11.00	11.00	8.00	5.50	5.50	5.50	10.50	10.50	10.00	12.00
Fire										
Firefighters and Officers	34.00	34.00	34.00	33.00	33.00	31.00	31.00	30.50	32.00	33.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00
Building	12.50	12.00	10.00	9.90	7.70	6.15	6.15	5.80	5.10	8.40
Code Enforcement	3.00	2.50	2.50	1.73	1.90	2.10	1.50	1.10	1.10	0.00
Public Works										
Streets	10.00	10.50	20.50	18.50	18.50	17.50	15.50	15.50	15.00	9.00
Facility Maintenance	8.50	7.50	6.50	6.50	7.00	6.00	6.00	6.00	5.50	7.50
Culture and Recreation	46.00	46.00	31.00	31.00	29.00	34.00	34.00	34.00	34.00	31.50
Enterprise Funds										
Water	12.50	12.50	12.50	12.50	12.50	11.50	10.50	10.50	11.00	11.00
Airport	2.50	2.50	2.00	2.00	2.00	1.50	1.50	1.60	1.50	1.50
Golf Course	21.00									
Marina										
Wastewater	13.50	13.50	13.50	13.50	13.50	13.00	13.00	13.00	16.00	18.00
Stormwater	6.00	6.00	6.00	4.75	2.50	0.50	0.00	0.50	0.00	1.00
Internal Service Funds										
Central Garage	3.0	3.0	3.0	3.0	3.0	3.00	3.00	3.00	3.00	3.00
Utility Billing	6.0	5.0	5.0	5.0	5.0	4.50	4.50	4.50	4.50	4.50
Utilities Administration	4.0	3.0	3.0	3.0	3.0	3.00	4.00	4.00	3.50	3.50

Data obtained from City of Fernandina Beach Finance Department

CITY OF FERNANDINA BEACH, FLORIDA
OPERATIONS INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Schedule 17)

FUNCTION	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police										
Physical Arrests	266	243	350	386	255	362	675	675	686	572
Parking Violations	811	585	500	430	556	673	1,000	500	496	682
Traffic Violations	2,456	2,462	3,000	3,081	925	1,131	1,250	1,500	1,122	1,191
Number of calls answered	21,904	19,758	19,309	19,309	21,914	21,525	22,500	22,000	21,548	23,392
Fire										
Number of calls answered	3,269	3,279	3,057	3,057	2,678	2,200	2,200	2,200	2,200	1,858
Rescue Transports	1,723	1,573	1,516	1,516	1,448	1,300	1,200	1,200	1,200	1,200
Inspections	279	306	271	271	198	200	220	200	200	158
Transportation										
Street Resurfacing (in tons of asphalt used)	8,190	7,495	9,480	5,000	4,000	4,000	4,000	4,000	6,000	6,000
Potholes repaired (in tons of cold mix used)	72	22	25	25	30	30	30	30	43	43
Culture and Recreation *										
Participants - After school tutoring	113	70	50	50	50	50	50	50	57	57
Participants - Summer Camp	213	36	220	220	220	166	220	216	214	214
Participants - Adult Softball Leagues	403	251	700	700	700	700	700	640	629	629
Participants - Senior Programs	0	0	935	360	360	360	850	521	554	554
Water										
Number of Active Accounts	9,281	9,028	8,675	7,951	8,541	8,064	7,888	8,482	8,487	8,487
Annual Daily Pumpage (millions of gallons)	3,438.000	3.396	3.340	3.301	3.285	5.071	4.964	5.099	3.326	3.739
Wastewater										
Annual daily sewage treatment (millions of gallons)	1.835	1.704	1.741	1.669	1.593	1.741	1.755	1.802	1.550	1.54
Stormwater										
Streets Cleaned (miles)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,004	5,004
Drainage Cleaning (man hours)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,206	1,206
Golf*										
Rounds Played	40,814	34,552	39,254	39,057	46,317	41,904	42,231	39,674	49,003	49,003
Memberships	231	369	358	765	827	190	244	202	289	289
Marina										
Diesel Pumped (gallons)	128,643 **	0 **	0 **	0 **	0 **	503,500	398,354	195,000	272,651	279,613
Gas Pumped (gallons)	50,309 **	0 **	0 **	0 **	0 **	79,897	68,268	72,000	56,676	57,456
Boat Night Count	7,175	15,000	15,000	15,145	15,145	19,900	22,650	15,500	13,754	12,225

N/A - data not reported

*FY21 and FY20 data was impacted by the COVID-19 Pandemic and the temporary closure or suspension of City facilities and programs.

** - Marina closed due to Hurricane Matthew damage in 2016. Fuel operations resumed in June of 2021

Data obtained from City of Fernandina Beach Finance Department

CITY OF FERNANDINA BEACH, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Schedule 18)

FUNCTION	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Transportation										
Streets (miles)	99.00	99.00	99.00	77.16	77.16	76.05	76.03	75.09	75.09	75.09
Street lights	1,178	1,178	1,178	1,178	1,178	1,173	1,168	1,168	1,190	1,239
Culture and Recreation										
Community Centers	3	3	3	3	3	3	3	3	3	3
Parks	18	18	18	18	18	18	18	18	18	18
Parks Acreage	446	446	446	446	446	446	446	446	446	446
Pickleball Courts	6	4	4	4	0	0	0	0	0	0
Golf Course	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	119	130	130	124	121	120	120	117	117	117
Maximum daily capacity (thousands of gallons)	18.2	18.2	18.2	18.0	18.2	18.2	18.2	18.2	18.2	18.2
Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater										
Sewer lines (miles)	111	102	102	102	98	97	97	95	95	95
Maximum daily treatment capacity (millions of gallons)	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Treatment Plants	2	2	2	2	2	2	2	2	2	2
Stormwater										
Stormwater pipe (miles)	67	66	66	66	66	N/A	N/A	N/A	N/A	N/A
Drainage Structures	1,464	1,453	1,453	1,453	1,453	N/A	N/A	N/A	N/A	N/A
City maintained ponds	4	4	4	4	4	N/A	N/A	N/A	N/A	N/A

N/A - Statistical data not accounted for

Statistical information obtained from the City's Finance Department

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OTHER REPORTS

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CITY OF FERNANDINA BEACH, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

State Agency, Pass-through Grantor/Program Title/State Project	Assistance Listing Number	Contract Grant Number	Expenditures	Passed Through to Subrecipients
Federal Expenditures				
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
Passed through the State of Florida Division of Emergency Management				
Disaster Grants - Public Assistance	97.036		\$ 119,923	\$ -
Total U.S. Department of Homeland Security			<u>119,923</u>	<u>-</u>
U.S. Department of Justice				
Passed through the Florida Department of Law Enforcement				
Coronavirus Emergency Supplemental Funding - COVID-19	16.034	2021-CESF-NASS-2-C-114	63,195	-
Total U.S. Department of Justice			<u>63,195</u>	<u>-</u>
U.S. Department of Transportation				
Federal Aviation Administration Airport Improvement Program				
Construction-Rehabilitate Runway 4/22 southwestern section and lights	20.106	3-12-0022-029-2020	2,430,399	-
Rehabilitate Apron-Design	20.106	3-12-0022-031-2021	2,500	-
Airports Coronavirus Response Grant Program, CRSSA Act Funds - COVID-19	20.106	3-12-0022-032-2021	13,000	-
Total U.S. Department of Transportation			<u>2,445,899</u>	<u>-</u>
U.S. Department of Treasury				
Passed through Nassau County				
Coronavirus Relief Fund	21.019	CM2870	677,034	-
Coronavirus State and Local Fiscal Recovery Funds	21.027		167,154	-
Total U.S. Department of Treasury			<u>844,188</u>	<u>-</u>
Total expenditures of Federal Awards			<u>\$ 3,473,205</u>	<u>\$ -</u>
State Financial Assistance				
Florida Department of Environmental Protection				
Fernandina Beach Stormwater Shoreline Stabilization	37.033	LP45013	\$ 114,300	\$ -
Fernandina Beach Dune Stabilization	37.098	20NAL	146,640	-
Fernandina Beach RIG Comprehensive Historic Downtown Resiliency Plan Segment 2 Project	37.098	R2232	2,475	-
Total Florida Department of Environmental Protection			<u>263,415</u>	<u>-</u>
Florida Department of Transportation				
Fernandina Beach Municipal Airport - Design and Construction Hangars	55.004	GIG99/434909-1-94-21	65,250	-
Airport Fuel Farm - Supplemental	55.004	GOZ26/438035-1-94-21	298,047	-
Design and construction of Runway 9/27 Paint Marking Rehabilitation	55.004	G1Q88/444411-2-94-21	48,609	-
Total Florida Department of Transportation			<u>411,906</u>	<u>-</u>
Florida Department of State				
Old Town Guidelines Analysis and Update	45.061	21.h.sm.100.076	39,333	-
Total Florida Department of State			<u>39,333</u>	<u>-</u>
Total expenditures of State Financial Assistance			<u>\$ 714,654</u>	<u>\$ -</u>

NOTES:

Note 1 - General

The accompanying schedule of expenditures of federal awards and state financial assistance projects presents the activity of all federal award programs and state financial assistance projects of the City of Fernandina Beach, Florida (the "City").

The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2021. All federal awards and state financial assistance received directly from federal agencies or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

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

Note 3 - De Minimis Indirect Cost Rate Election

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

Note 4 - Prior Year Expenditures

The accompanying schedule of expenditures of federal awards and state financial assistance projects includes expenditures incurred prior to fiscal year 2021, which are allowable under the grant terms and conditions.

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**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**

Honorable Mayor and Members of
the City Commission,
City of Fernandina 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 Fernandina Beach, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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.

Compliance and Other Matters

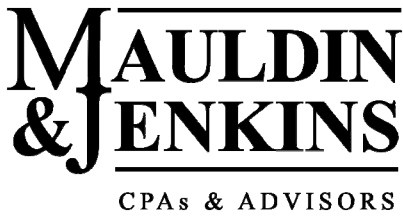
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 21, 2022



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

Honorable Mayor and Members of
the City Commission,
City of Fernandina Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Fernandina Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program 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 the 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 its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the City, 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance the 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 21, 2022

CITY OF FERNANDINA BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Internal control over financial reporting:
Material weaknesses identified? ___ yes X no

Significant deficiencies identified not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Programs and State Financial Assistance Projects

Internal control over major federal programs:
Material weaknesses identified? ___ yes X no

Significant deficiencies identified not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major federal programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ___ yes X no

CFDA Number	Name of Federal Program or Cluster
20.106	U.S. Department of Transportation – Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? X yes ___ no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2021 due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III
FEDERAL/STATE AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF FERNANDINA BEACH, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

None noted.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the City Commission,
City of Fernandina Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Fernandina Beach, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 21, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated March 21, 2022, 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 audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

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. This information is included in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

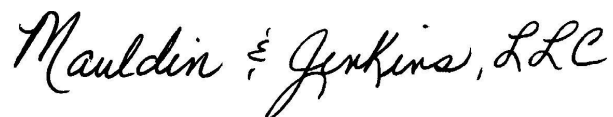
Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, require 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 note 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, the Mayor and Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida
March 21, 2022



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the City Commission,
City of Fernandina Beach, Florida

We have examined the City of Fernandina Beach, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the City 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".


Bradenton, Florida
March 21, 2022

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Pauline Testagrose, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Fernandina Beach which is a municipality of the State of Florida;
2. The City of Fernandina Beach adopted (Ordinance No.2005-2, 95-6, 2013-21, 2014-35, 2014-36, 2015-16 and 2018-44) implementing an impact fee; and
3. The City of Fernandina Beach has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



 Pauline Testagrose

STATE OF FLORIDA
COUNTY OF NASSAU

SWORN TO AND SUBSCRIBED before me this 15th day of March, 2022.



 NOTARY PUBLIC
 Print Name Katie A Newton

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

7/13/2025



Katie A. Newton
 Notary Public
 State of Florida
 Comm# HH150272
 Expires 7/13/2025