



CITY OF JACKSONVILLE, FLORIDA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

GREENLEAF & CROSBY BUILDING

208

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012



CITY OF JACKSONVILLE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012



PREPARED BY THE DEPARTMENT OF FINANCE
ACCOUNTING DIVISION



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City of Jacksonville, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2012

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INTRODUCTORY SECTION





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LETTER OF TRANSMITTAL



OFFICE OF THE MAYOR

ALVIN BROWN
MAYOR

ST. JAMES BUILDING
117 W. DUVAL STREET, SUITE 400
JACKSONVILLE, FL 32202
(904) 630-1776

March 29, 2013

Dear Friends:

I am proud to present the City of Jacksonville's Comprehensive Annual Financial Report for Fiscal Year 2011-12. A tremendous amount of work, from across many city departments, went into creating this fiscal guide. I trust you will find it informative.

Since taking office in July 2011, it has been my goal to increase accountability and responsibility in city government through a careful watch of taxpayer resources. It has been an honor to work closely with City Council, elected officials and city employees to reduce the size of government and overcome recessionary challenges throughout the past two years without raising taxes or using reserve funds. The numbers you will find in the Comprehensive Annual Financial Report reflect teamwork, sacrifice and vision to restore economic security in Jacksonville.

This document details the financial status of our city government and reflects our commitment to the highest standards of financial management, accountability and efficiency. As mayor, I will continue to make government as effective and efficient as possible to ensure that taxpayers get the best return on investment.

When I talk about taking Jacksonville to the next level, I'm talking about growing new jobs and opportunity while building value in our homes and neighborhoods and promoting a higher standard of living for us all. Sound fiscal management is an enormous part of that equation. We must continue to protect our resources and scrutinize every opportunity for partnership and advancement. Working together, I am confident our best days remain ahead.

Sincerely,

A handwritten signature in cursive script that reads "Alvin Brown".

Alvin Brown
Mayor



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March 29, 2013

The Honorable Mayor Alvin Brown
Members of the City Council
Citizens of Jacksonville

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville, Florida (the City) for the fiscal year ended September 30, 2012 is hereby submitted.

The financial reporting entity includes all funds of the consolidated government of the City of Jacksonville and Duval County, as well as all of its component units. Component units are legally separate organizations for which the City is financially accountable and, for financial statement purposes, are either blended with the activities of the City or discretely presented.

Responsibility for both the accuracy of the data and the completeness and fairness of its presentation, including all disclosures, rests with the City. Management believes the data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and the results of operations of the City on a government-wide and fund basis. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

As part of the independent audit process, the Chief Financial Officer issues a letter of representations that attests to his responsibility to establish and maintain effective internal control over financial reporting among other things. The letter also acknowledges his responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected. Management acknowledges that they have no knowledge of misstatements in the financial statements of the City or of any fraud or suspected fraud that could have a material effect on the financial statements.

The City's Independent Auditor, McGladrey, LLP, issued an opinion letter as required by City Charter, Section 5.11; Chapter 166.241, Florida Statutes and Chapter 10.550 Rules of the Florida Auditor General which is contained in the Financial Section of this document. McGladrey opined that the financial statements present fairly, in all material respects, the financial position of the City.

Generally Accepted Accounting Principles (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 of Jacksonville's MD&A can be found immediately following the report of the independent certified public accountants.

PROFILE OF THE CONSOLIDATED GOVERNMENT

Governmental Framework

The City of Jacksonville was consolidated with Duval County in 1968 to streamline government and eliminate the cost of duplicative City and County services. Four municipalities were not consolidated: Atlantic Beach, Jacksonville Beach, Neptune Beach and Baldwin. The City has entered into interlocal agreements with the unconsolidated entities to provide for cost effective services to residents of unconsolidated Duval County.

The City operates under a strong Mayor/City Council form of government. The 19-member City Council is made up of 14 district council members and 5 at-large council members. These 20 elected officials stand for election every four years (having no mid-term elections) and are subject to a two-term limitation.

The consolidated City/county Charter provides for three branches: Executive, Legislative and Judicial. The Executive branch includes the Office of the Mayor and Constitutional officers: Sheriff, Tax Collector, Property Appraiser, Supervisor of Elections and the Duval County School Board. The Legislative branch includes the City Council and a group of standing committees. There is also a Council Auditor and Council Secretary. The Judicial branch includes: the Circuit Court, County Court, Clerk of the Circuit Court, State Attorney, Public Defender and Medical Examiner.

Certain governmental entities are organized as independent authorities and/or commissions in city government, which include:

Jacksonville Aviation Authority (JAA)
Jacksonville Electric Authority (JEA- electric, water and wastewater utilities)
Jacksonville Port Authority (JPA)
Jacksonville Transportation Authority, (JTA- operates the mass transit system)
Jacksonville Children's Commission (JCC)
Jacksonville Economic Development Commission (JEDC) (See Note below)
Jacksonville Public Library

Each authority/commission is subject to annual budget submission to the City and approval by the City Council.

Note: JEDC is reported as a discretely presented component unit for 2012 reporting. Ordinance 2012-212-E called for the repeal of JEDC and the creation of the Office of Economic Development within the Office of the Mayor. In future reporting periods, beginning October 1, 2012, this activity will be included with the primary government.

BUDGET AND GOVERNMENTAL FUNDS

Florida Law, the City Charter and the City's Ordinance Code establish provisions that regulate the City's budget, tax levies and appropriations. The Mayor is required to submit a proposed budget to the City Council by July 15th of each year that is balanced and identifies revenues and other financial resources that are anticipated to be available for appropriations. The Mayor also makes recommendations for appropriations, expenditures and uses of financial resources, and otherwise presents concise policy direction and guidance for the continuing financial operation of the City. Prior to the beginning of each new fiscal year, the City Council adopts, by ordinance, a balanced budget.

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are determined by generally accepted governmental accounting principles, and the number of individual funds established is determined by sound financial administration and the statutory and ordinance requirements of the Council.

BUDGET APPROPRIATIONS FY 2011-2013

<u>Fund Types</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change from FY 2012 to FY 2013</u>	<u>Change from FY 2011 to FY 2012</u>
General Fund	\$1,034,227,938	1,042,249,572	\$1,072,007,469	-0.77%	-2.78%
Special Revenue	243,852,834	253,678,029	253,132,561	-3.87%	.22%
Capital Projects*	34,114,387	56,585,745	147,721,636	-39.71%	-61.69%
Enterprise Funds**	201,067,212	221,640,020	206,964,338	-9.28%	7.09%
Internal Service Funds	342,863,725	378,422,545	369,012,010	-9.40%	2.55%
Trust & Agency Funds	13,683,144	12,017,470	11,845,227	13.86%	1.45%
Component Units	2,978,653	4,538,706	11,428,646	-34.37%	-60.29%
Total	1,872,787,893	\$1,969,132,087	\$2,072,111,887		

Source: annual budget documents

The City continues to reduce expenses to offset the reductions in property and other tax receipts.

CAPITAL BUDGET

Capital Improvement Program (CIP) and Debt Affordability Model

The City annually approves a 5-year Capital Improvement Program (CIP) that anticipates a specific level of borrowing and is financially feasible. Concurrent with the submission of the 5-year CIP, the City reviews its Debt Affordability Model which a) looks backward 5 years to compare history; b) measures the City's performance against self-imposed ratio targets and maximum/minimum limits; c) compares the City to national Aa/AA category norms; and d) projects the City's performance within targets/limits for the next 5 years.

The City intends to cautiously allocate capital over the near term due to lower projected revenues.

Capital Improvement Plan

The Capital Improvement Plan identifies the following:

<u>Program Area</u>	<u>FY 12/13*</u>	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>
Environment/ Ash Remediation	\$10,122,000	\$12,328,000	\$ -	\$ -	\$ -
Environment/ Quality of Life	2,600,000	4,100,000	3,100,000	2,350,000	2,100,000
Government Facilities	4,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Parks	8,442,270	9,500,000	8,995,850	8,495,850	6,495,850
Public Safety	3,291,250	-	500,000	-	530,000
Roads/Infrastructure/ Transportation	8,003,419	24,331,474	21,549,321	17,700,000	17,500,000
Sub-Total	\$36,458,939	\$57,259,474	\$41,145,171	\$35,545,850	\$33,625,850
Drainage**	10,958,679	26,026,000	15,157,230	9,250,000	6,000,000
Total	\$47,417,618	\$83,285,474	\$56,302,401	\$44,795,850	\$39,625,850

* The figures presented for FY 12/13 Capital Projects represent the funding approved as part of the annual budget process as well as additional grant funding.

** Most Drainage projects are budgeted within enterprise funds.

Status of Ongoing Major Projects

Pollution Remediation and Ash Site Settlement

During 2004-2005, the City was able to settle a long standing class action suit regarding land value diminution and personal injury that arose out of a Solid Waste practice prior to the early 1970's of using incinerator ash mixed with soil as fill in low lying areas. The City agreed to pay \$25 million and to allow the plaintiffs to pursue the City's then-insurance providers related thereto. In FY 2009, the City issued variable debt from the Banking Fund and is amortizing the remaining \$22.5 million over a twelve (12) year period.

The City also negotiated (and finalized a settlement agreement in Fall 2007) with the U.S. Environmental Protection Agency (EPA) regarding clean-up, which will involve removing 2 feet of soil around the homes and related park land, putting down a mesh and replacing the removed top cover with new soil in an area of 1,300 or more homes. The current estimate for remediation of the ash sites and other remediation of approximately \$166.4 million is accrued as a liability at the end of 2012.

Better Jacksonville Plan

The Better Jacksonville Plan is a comprehensive undertaking by the City to provide: road, transportation and infrastructure improvements, park and environmental improvements, economic development and public facilities that was approved by the City in July 2000. Improvements include projects such as: road resurfacing, drainage, sidewalks, bike paths and landscaping, safety improvements at grade crossings, environmental land preservation, parks, and environmental clean-up.

Major projects included: improvements to the Jacksonville Zoo and Cecil Field, construction of a new main library and library branch improvements, an arena, a baseball park and a county courthouse.

The Better Jacksonville Plan is mostly complete.

FUTURE PROSPECTS: ECONOMIC ENVIRONMENT AND MAYORAL PRIORITIES

ECONOMIC ENVIRONMENT: JACKSONVILLE MSA

Jacksonville was founded in 1832 and consolidated with Duval County in 1968, and has an estimated City/county population of 869,729 living within an 840.1 square mile area. Within Duval County there are four separate municipalities (Jacksonville Beach, Neptune Beach, Atlantic Beach and Baldwin) representing a population of 42,864 within 15.9 square miles. The Jacksonville Metropolitan Statistical Area (MSA) consists of five Counties: Duval, Clay, St. Johns, Nassau and Baker, which have an estimated population of 1,358,554.

Selected Economic and Statistical Data

The combined City/county exhibits the following characteristics:

	ECONOMIC SNAPSHOT			FLORIDA	<i>Future Trends</i>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2012</u>	
Population (in thousands)	870.0	865.0	864.0	19,074	Positive
Assessed Value (in billions)	45.9	49.4	53.1	1,695	Positive
Dollar Value of Building Permits (in millions)	764.5	771.0	922.9	N/A	Positive
Employment (in thousands)	500.6	492.3	482.8	8,088	Positive
Unemployment Rate	8.2%	10.0%	11.6%	8.5%	Positive
Median Family Income	45,995	46,112	47,002	44,250	Positive

Discussion: The consolidated city of Jacksonville is the most populated city in Florida based on the 2010 Census. It is anticipated that the city’s population will grow significantly over the next few years reflecting the general economic recovery, in- migration of businesses and the growth of the port due to the expansion of the Panama Canal.

Assessed valuation is down as are building permits due to the Great Recession. It is anticipated that the growth of the general economy and local population will lead to a recovery in housing and additional economic growth for the city. It is difficult to forecast the rate of economic improvement and we do not anticipate a significant growth in either assessed valuation or building permits for at least one fiscal period.

INDUSTRY SEGMENTS

<u>Segment</u>	<u>% of Total</u>
Trade, Transportation, and Utilities	21.38
Professional and Business Services	16.01
Education and Health Services	14.85
Government	12.79
Leisure and Hospitality	11.21
Financial Activities	9.88
Manufacturing	4.37
Construction	4.14
Other Services	3.75
Information	1.58
Mining and Logging	0.05

Bureau of Labor Statistics November, 2012

Discussion: Jacksonville enjoys a broad base of non-agricultural employment. Downtown Jacksonville is the business, cultural and entertainment center of Duval County. It is the home of 3,200 residents and 1,200 businesses with more than 51,000 employees including 80 corporate or regional headquarters and three Fortune 500 companies.

Jacksonville's central location with access to road, rail, sea and air transportation has made it the international hub of the Southeast. The city is located within 600 miles of two-thirds of the 50 million consumers in the southeastern United States.

The Jacksonville Port Authority (Jaxport) is one of the largest ports on the South Atlantic seaboard and is the third largest container port in Florida. Approximately 2,083 vessels used Jaxport facilities in 2012. The port is expected to remain a major source of economic growth as the expanded Panama Canal opens.

Financial services, trade, transportation and utilities are also significant employers in Jacksonville. It is anticipated that these segments will also grow as the port grows.

15 LARGEST EMPLOYERS IN THE JACKSONVILLE MSA

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Naval Air Station Jacksonville	U.S. Navy	25,240
Duval County Public Schools	Public Education	14,480
Naval Station Mayport	U.S. Navy	12,670
Baptist Health	Hospital	8,270
*City of Jacksonville	Municipal Government	7,714
Bank of America Merrill Lynch	Banking and Investments	6,400
Florida Blue	Health Insurance	6,000
Citi	Consumer Finance	5,000
Mayo Clinic	Multi-Specialty Health Care	4,970
United Parcel Service	Worldwide Parcel Delivery	4,100
Clay County School Board	Public Education	4,000
St. Vincent's Medical Center	Healthcare	4,000
U.S. Postal Service	Processing and Delivery of Mail	3,790
Shands Jacksonville	Hospital- Healthcare	3,500
St. John's County School District	Public Education	3,440

Jacksonville Regional Chamber of Commerce (see Note below)
***City of Jacksonville Annual Financial Plan (Budget FY 2012-2013)**

Discussion: The table indicates that more than 85% of those employed by the largest employers are from four segments: military (33.4%), medical (18.3%) public education (19.3%) and finance/insurance (15.3%). It is anticipated that all of these segments will continue to grow top line revenue and hire new employees.

Note: Information obtained for the Jacksonville MSA is as of 2011. 2012 information was not available at the time of the City report.

MAYORAL PRIORITIES

Mayor Alvin Brown has identified these priorities and continues to work toward these goals:

- Streamline city government to make it as effective and efficient as possible
- Partner with the business community to grow jobs and the local economy
- Build a better education system and improve our public schools
- Make Jacksonville the most military and veteran friendly city in the nation
- Enhance our quality of life and create the best urban park system in America

Mayor Brown's agenda has been crafted to take Jacksonville to the next level. Programs will address the city's most chronic financial needs, efficiency and effectiveness of government and pension reform. These priorities build upon the existing relationship with the military and recognize the need for economic growth and jobs. It is understood that the future of Jacksonville is inextricably bound to education and the city's quality of life. Government cannot do all this alone. It will require partnerships with the business community and outreach to the citizens of Jacksonville to implement this plan.

Financial Policies

Achieving Mayor Brown's goals will require fiscal discipline. His administration is committed to the following goals:

- Actively manage the City's financial affairs by:
 - Controlling operating costs
 - Rebidding contracts
 - Managing the City's debt level and cost
 - Investing to ensure safety, liquidity and conservation of principal
- Invest in the City's Infrastructure
- Build Reserves
- Pension Reform remains the most important financial objective.

Here are a few examples of noteworthy achievements to save taxpayers money:

- The FY 2013 Budget was balanced despite decreased revenues by cutting costs and eliminating positions as needed.
- The City refinanced bonds at lower interest rates which saved Jacksonville taxpayers \$133 million. The present value savings will be realized over the life of the bonds.
- The City continues to reduce the cost of government through increased efficiency.

Growth/Future Prospects

Jacksonville is the gateway to Florida and to world trade on the east coast. It is also an important location for the country's military and our nation's defense. Jacksonville is ideally positioned to benefit from economic recovery and expansion due to its diverse economic base, expressway system, rail service and the port.

DEBT AND INVESTMENT ACTIVITIES

Debt Administration

The City's Debt Management Policy promotes effective and efficient management of the City's debt program. It provides a framework for the structuring and monitoring of debt issuances and emphasizes prudent long-term financial planning. The Policy establishes a Debt Oversight Committee and a Debt Affordability model which uses measures accepted within the credit community.

The City's sound financial condition is evidenced by the continuation of its long-held high-grade bond ratings on indebtedness from the major credit rating services.

Debt Administration – Ratings

	Moody's	S&P	Fitch
Issuer Credit Rating	Aa1	AA	AA+
Excise Tax Revenue Bonds	Aa2	AA-	AA
BJP Sales Tax Bonds	A1	A	A+
BJP Transportation Bonds	A1	AA-	AA-
JEA Water & Sewer	Aa2	AA-	AA-
JAA	A2	A	A

Investment Performance – Both Active and Major Pension Programs

The City is of the opinion that the interest of its citizens can best be served by actively managing City funds through the assumption of a prudent level of risk. Investment objectives (in order of priority) are: safety of capital, liquidity and income realization in excess of stated benchmarks. The City's Investment Policy also establishes an Investment Committee to help manage the funds.

INVESTMENT PORTFOLIO PERFORMANCE

October 1, 2011 to September 30, 2012

(Reported in Percentage and Gross of Investment Management Fees)

	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	3 - Year Average	5 - Year Average
Operating Fund (All Fixed Income) *	4.82	2.23	8.14	11.72	1.33	5.03	5.58
Policy Benchmark (Weighted Avg Benchmark)**	2.65	2.26	4.81	6.74	NA	3.26	NA
Core Plus	9.51	4.94	12.50	16.57	-2.66	8.94	7.97
Intermediate	6.33	NA	NA	NA	NA	NA	NA
Limited Duration	3.15	1.37	4.23	9.14	3.69	2.91	4.29
Extended Cash	1.47	0.41	1.55	3.91	2.37	1.14	1.94
General Employee Pension Fund (Diversified)	18.88	1.20	11.54	0.33	-15.35	4.25	1.91
Policy Benchmark (Weighted Avg Benchmark)**	17.02	2.36	8.32	-1.31	-13.10	3.05	1.67
Domestic Equity Composite	29.00	-0.29	12.53	-7.41	-21.30	1.17	-0.95
Total Int'l Equity	16.06	-5.68	11.16	-3.75	-27.85	-0.60	-2.55
Total Fixed Income	10.20	3.72	12.21	17.00	-4.24	10.88	6.55
Total Real Estate	19.08	12.27	11.64	-26.78	-3.84	-3.13	0.63
Police and Fire Pension Fund (Diversified)	19.27	0.53	9.33	-1.08	-12.55	2.83	1.87
Policy Benchmark (Weighted Avg Benchmark)**	18.69	1.84	7.94	-2.98	-13.09	2.43	1.18
Domestic Equity Composite	30.18	1.29	10.75	-5.33	-19.73	2.02	0.30
Total Int'l Equity	14.60	-13.87	7.42	4.14	-29.14	-1.23	-3.21
Total Fixed Income	6.31	5.11	7.54	11.75	2.20	8.10	6.34
Total Real Estate	12.40	20.69	8.50	-29.39	6.85	-2.58	3.30
Major Indices							
Russell 3000 Composite	30.20	0.55	10.96	-6.42	-21.54	1.45	-0.92
MSCI EAFE Index	14.33	-8.94	3.71	3.80	-30.13	-0.66	-3.00
NCREIF Property Index	11.00	16.10	5.84	-22.09	5.27	-1.45	3.40
Barclays Capital U.S. Aggregate Bond Index	5.16	5.26	8.16	10.56	3.65	7.97	6.53
Barclays Capital U.S. Gov/Credit Intermediate	4.40	NA	NA	NA	NA	NA	NA
BofA ML U.S. Corp & Gov 1-3 Yrs	1.52	1.26	3.26	5.89	4.48	3.45	4.10
BofA ML U.S. Treasury Notes 0-1 Year	0.18	0.31	0.39	1.35	3.71	0.68	2.21
Citigroup Treasury Bill-3 Month	0.05	0.11	0.12	0.39	2.55	0.20	1.62

NA = Specific consolidation / strategy did not exist at that time

*excludes depository accounts

**Benchmark Composition:

	<u>Operating Fund</u>	<u>General Employee</u>	<u>Police and Fire</u>
Barclays Capital Aggregate Bond	35%	19%	25%
Barclays Capital U.S. Govt/Credit Intermediate	5%	0%	0%
BofA ML 1-3 yr Corp/Govt Bond	40%	0%	0%
BofA ML 0-1 yr Treasury Bond	15%	0%	0%
Citigroup 3-month Treasury Bill	5%	1%	0%
Russell 3000 Stock	0%	35%	40%
MSCI EAFE/ACWI Stock	0%	20%	20%
NCREIF Property	0%	15%	10%
S&P MLP Total Return	0%	5%	5%
NCREIF Timberland	0%	5%	0%

Benchmarks for the General Employee and Police and Fire Pension funds are calculated by Summit Strategies while the Operating Portfolio Policy Benchmark is derived from BNY Mellon custody reporting data.

The above schedule provides the investment performance for the City's Active Portfolio (bond only), the City Retirement Systems (covering both General employees and Corrections Officers) and the Police and Firefighter Pension Plan.

LONG TERM FINANCIAL POSITION

Jacksonville will benefit from the recovering economy and the growth of the region. The administrations' commitment to efficient and effective government, conservative investment policies and careful debt management will provide for a prosperous city over the long run.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its comprehensive annual financial report for the fiscal year ended September 30, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Jacksonville has received this Certificate for thirty-one consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for their review.

ACKNOWLEDGMENTS

The extensive effort of preparation and distribution of this report fulfills the Department of Finance's goal of full disclosure of the City's finances. We are committed to issuing reports that are informative and meet the highest standards of governmental accounting and financial reporting. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and changes in financial position.

The 2012 Comprehensive Annual Financial Report represents our commitment to this goal and could not have been prepared without the efficient and dedicated efforts of the entire staff of the Department of Finance (Accounting, Budget, Risk Management and Treasury Divisions), who devoted many hours to compiling and assembling the report. We also wish to express our appreciation to all other City personnel who have contributed to its preparation. In addition, we thank the City's independent certified public accountants, McGladrey, LLP and the Office of the Council Auditor, for their efforts and professional conduct throughout the audit engagement.

Special acknowledgment is due Mayor Alvin Brown, Council President William (Bill) Bishop, Councilman John Crescimbeni, Finance Committee Chair, and the remaining members of the City Council for their strong and effective leadership and continued support in the coordination and planning of the financial affairs of the City of Jacksonville.

Respectfully Submitted,



C. Ronald Belton
Assistant to the Mayor/CFO

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jacksonville
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

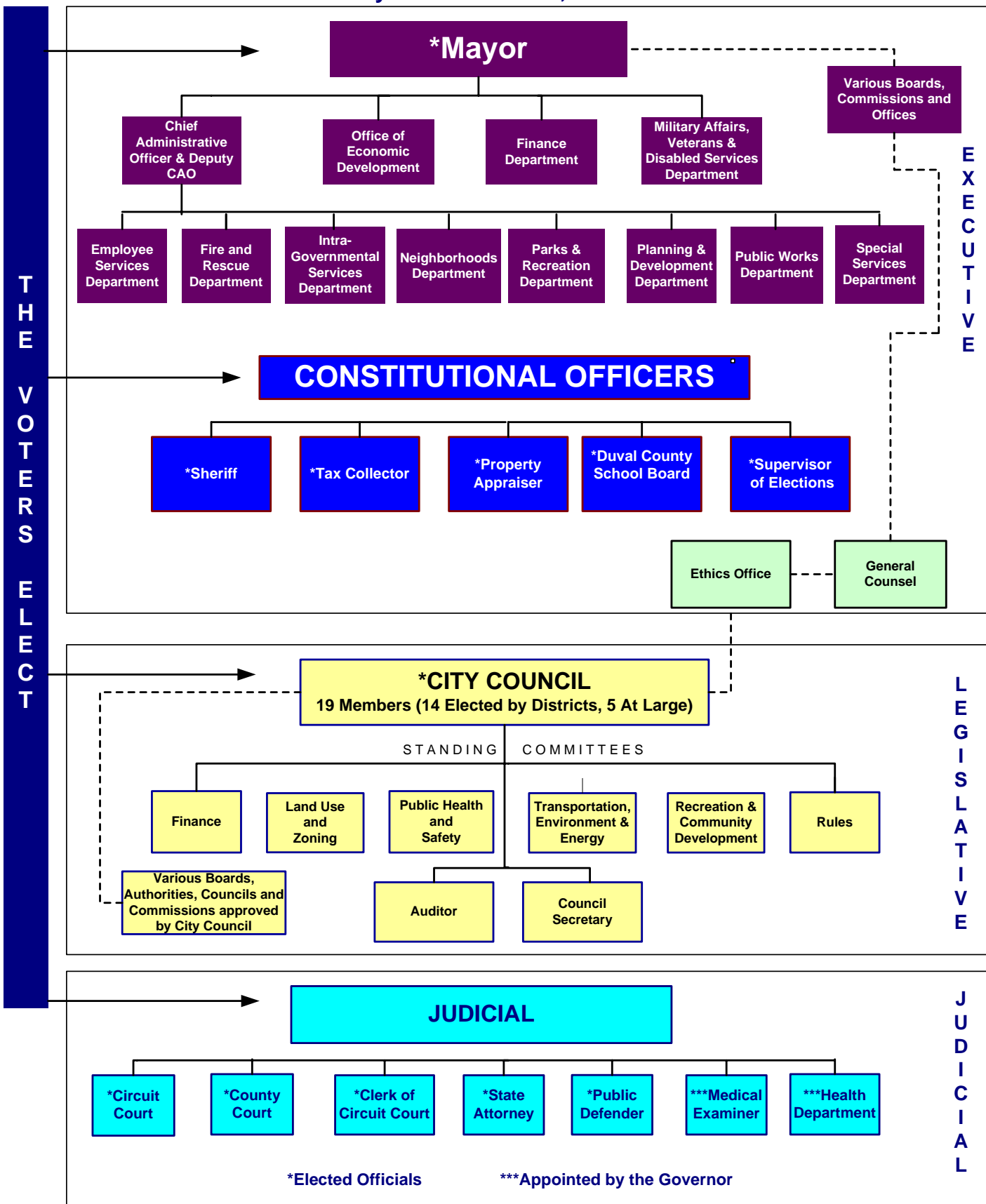
President

Jeffrey R. Emer

Executive Director

ORGANIZATIONAL CHART

City of Jacksonville, Florida



City of Jacksonville, Florida

City Officers and Constitutional Officeholders

Alvin Brown, Mayor

City Officers

Karen Bowling	Chief Administrative Officer
Cleveland Ferguson	Deputy Chief Administrative Officer
Chris Hand	Chief of Staff
Michelle Barth	Deputy Chief of Staff
David DeCamp	Director of Communications
Cindy Laquidara, Esq.	General Counsel
C. Ronald Belton	Director of Finance/Chief Financial Officer
Vacant	Director, Intra-Governmental Services
Kelley Boree	Director, Parks and Recreation
Martin Senterfitt	Director, Fire and Rescue
James Robinson	Director, Public Works
Terrance Ashanta-Barker	Director, Neighborhoods
Calvin Burney	Director, Planning and Development
Theodore Carter	Economic Development Officer
Adm. Victor Guillory	Director, Military Affairs
Ellen Blair	Acting Director, Employee Services
Glenn Hansen	Budget Officer

Constitutional Officeholders

Ronnie Fussell	Clerk of Circuit Court
Jim Overton	Property Appraiser
John Rutherford	Sheriff
Jerry Holland	Supervisor of Elections
Michael Corrigan	Tax Collector

City of Jacksonville, Florida

City Council Officials and Staff

City Council

President of Council William Bishop
Vice President of Council Bill Gulliford

District 1 — Clay Yarborough	District 8 — E. Denise Lee
District 2 — William Bishop	District 9 — Warren A. Jones
District 3 — Richard Clark	District 10 — Reginald L. Brown
District 4 — Don Redman	District 11 — Ray Holt
District 5 — Lori N. Boyer	District 12 — Doyle Carter
District 6 — Matt Schellenberg	District 13 — Bill Gulliford
District 7 — Dr. Johnny Gaffney	District 14 — Jim Love

Group 1 At-Large — Kimberly Daniels
Group 2 At-Large — John R. Crescimbeni
Group 3 At-Large — Stephen C. Joost
Group 4 At-Large — Greg Anderson
Group 5 At-Large — Robin Lumb

Council Staff

Kirk Sherman, CPA Council Auditor
Cheryl Brown Director/Council Secretary
Kristi Sikes Chief of Administrative Services
Dana Farris Chief of Legislative Services
Jeff Clements Chief of Research

* Schedule represents principal officials in office at the time of the report issuance.



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FINANCIAL SECTION





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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Florida (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Downtown Vision, Inc., Jacksonville Airport Authority, and JEA, which collectively represents 88% and 88%, respectively, of the assets and revenue of the aggregate discretely presented component units. We also did not audit the Police and Fire Rescue Pension Plan Trust Fund which represents 33% of the assets and 22% of the revenue/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Downtown Vision, Inc., Jacksonville Airport Authority, JEA, and the Police and Fire Rescue Pension Plan Trust Fund, is based on the reports of the other auditors.

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 of material misstatement. The Downtown Vision, Inc. financial statements were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 29, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of revenue, expenditures and changes in fund balance – budget and actual (budgetary basis) – general fund, and the schedules of employer contributions and funding progress as listed in the table of contents 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 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.

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 fund statements and schedules, supplemental information and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors, in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

McGladrey LLP

Jacksonville, Florida
March 29, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Jacksonville's discussion and analysis is designed to provide an objective and easy to read overview of the City's financial activities, with a focus on significant financial issues, as well as identify material deviations from the financial plan (the approved budget), identify changes in the City's financial position (its ability to address the next and subsequent year challenges), and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. The information contained within this MD&A should be considered only a part of the City's Comprehensive Annual Financial Report (CAFR).

Financial Highlights

- The City's General Fund operations had total revenues of \$954.6 million, a 3% decrease over fiscal year 2011.
- Property tax revenues experienced a \$34.8 million, 7% decrease. The \$23.4 million increase in earnings on investments reflects economic improvements in fiscal year 2012. The \$11.8 million decrease in intergovernmental revenues is primarily the result of a decrease in BJP debt service transfers from JTA.
- With decreases in economic & physical environment expenditures of \$41.5 million, decreases of \$15.8 million in transportation and \$22 million in public safety, total governmental activity expense decreased a total of \$59.6 million or 4%.
- Capital assets were \$3.3 billion on September 30, 2012, resulting in a \$28 million, 1% increase over last fiscal year.

Additional information that explains these financial highlights may be found on pages 13, 16, and 17 of this MD&A.

City Highlights

Fiscal year 2012 had a number of positive outcomes. Some of the impact and improvements were as follows;

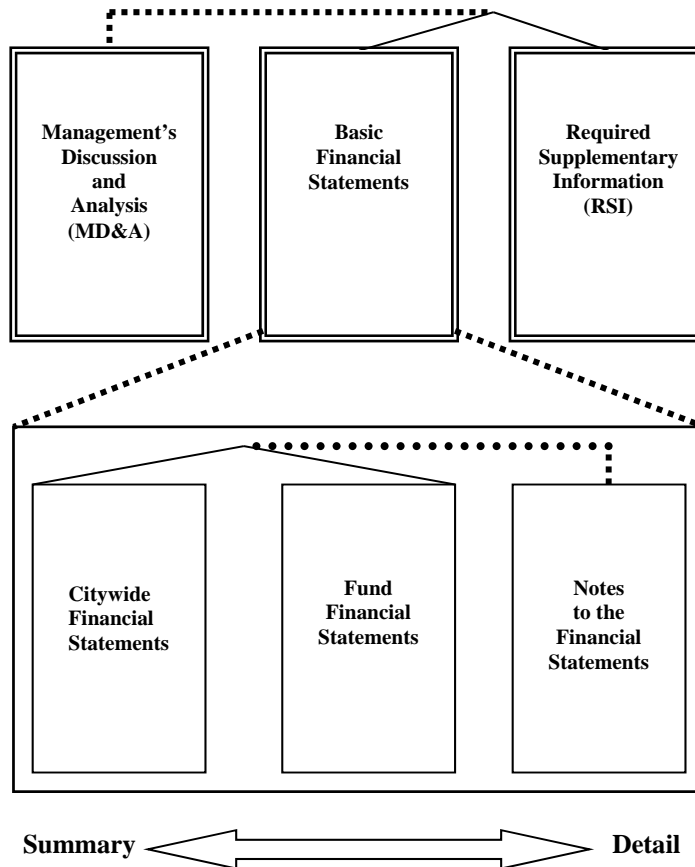
- The size of government was reduced by 200 positions which decreased salary costs by nearly \$1million biweekly
- The City streamlined economic development with the creation of the Office of Economic Development and the Downtown Investment Authority allowing developers to invest in Jacksonville with more ease.
- The process of refinancing \$1.15 billion in bonds was initiated which significantly lowered the cost of funds for the City.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Jacksonville's basic financial statements. As indicated in the following graphic (Figure A-1), the City's basic financial statements are comprised of three components: 1) citywide basic financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and statistical information in addition to the basic financial statements themselves.

Figure A-1

COMPONENTS OF THE ANNUAL FINANCIAL REPORT



Citywide Basic Financial Statements

The citywide basic financial statements are designed to provide readers with a broad overview of the City of Jacksonville's finances, in a manner similar to a private-sector business.

The focus of the Statement of Net Assets is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long term obligations. The Statement of Activities distinguishes functions of the City of Jacksonville that are principally supported by taxes and intergovernmental revenues (governmental activities such as; police, fire, public works, recreation, and general administration) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities such as: solid waste, sports complex, motor vehicle, and public parking).

Component Units are other governmental units over which the City can exercise influence and/or may be obligated to provide financial subsidy. The City of Jacksonville's component units are as follows: JEA, Jacksonville Transportation Authority, Jacksonville Aviation Authority, Jacksonville Port Authority, Jacksonville Housing Finance Authority, Downtown Vision, Inc., Police & Fire Pension and Jacksonville Economic Development Commission (JEDC). Separate financial statements are published by JEA, Jacksonville Transportation Authority, Jacksonville Aviation Authority, Jacksonville Port Authority and Downtown Vision, Inc. With the passage of ordinance 2012-212-E, Article 24 of the City Charter, Chapter 92-341, Laws of Florida was repealed, and the Office of Economic Development was created within the Office of the Mayor. JEDC is presented as a discretely presented component unit for 2012 reporting. Effective October 1, 2012 future year related financial information will be reported as part of the primary government. For more information, see footnote 1B. The focus of the statements is on the primary government and the presentation allows the user to address the relationship with the Component Units.

The two statements (Statement of Net Assets and Statement of Activities) demonstrate how the City's net assets have changed. Increases or decreases in net assets are good indicators of whether the City's financial health is improving or deteriorating over time. Other non-financial factors such as changes in the City's property tax base are important considerations to assess the City's overall financial condition.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types, which provides detailed information about the most significant funds. The City of Jacksonville, like other state and local governments, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants and local administrative and legislative actions. All of the City's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the citywide basic financial statements. However, unlike the citywide basic 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.

Since the focus of governmental funds is narrower than that of the citywide basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the citywide basic financial statements. This allows readers to 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.

Governmental fund 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, Special Bonded Debt Obligations Fund, Better Jacksonville Plan Special Bonded Debt Obligations Fund, and General Projects Fund, all of which are considered to be major funds. Information from other non-major funds is combined into a single, aggregated presentation.

Proprietary Funds

Proprietary funds provide the same type of information as the business-type activities in the citywide basic financial statements, only in more detail. The proprietary fund financial statements can be found in the Fund Financial Statements section of this report.

The City of Jacksonville maintains two major types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the citywide basic financial statements. The City uses enterprise funds to report separate information on operations such as the Solid Waste Disposal Fund, the EverBank Field Fund, the Veteran's Memorial Arena Fund, and the Stormwater Services Fund which are major funds. The Baseball Stadium, Performing Arts, Convention Center, Equestrian Center, Motor Vehicle Inspection, Mayport Ferry, and Public Parking are non-major enterprise funds.

The internal service funds are used to account for activities that provide goods and services to the City's other programs and activities. Since the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the citywide basic financial statements.

Fiduciary Funds

The City of Jacksonville is the trustee, or fiduciary, for trusts such as the City employee's retirement plan. Because of a trust arrangement, these assets can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City of Jacksonville's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the citywide basic financial statements because the assets cannot be used to support or finance the City's programs or operations. The Fiduciary Funds Statement of Changes in Net Assets can be found in the Fund Financial Statement section of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the citywide and fund financial statements. The notes can be found as a part of the Basic Financial Statements section of this report.

Other Information

This report additionally includes required supplementary information (RSI) containing budgetary comparisons with related notes and the progress of the City's employee pension obligations and other post-employment obligations.

The combined statements in connection with non-major governmental and enterprise funds, internal service funds, fiduciary funds and nonmajor component units are presented following the required supplemental information.

Additional statistical information is presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit.

Economic data is presented to allow a broader understanding of the economic and social environment in which the city government operates.

CITYWIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of government's financial position.

As of September 30, 2012, the City of Jacksonville is able to report positive balances in overall net assets (See Table A-1).

Table A-1
Summary Statement of Net Assets
(In Thousands)
as of September 30, 2012 and September 30, 2011

	Governmental Activities		Business Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Cash and Investments	\$ 827,511	\$ 926,371	\$ 82,627	\$ 84,167	910,138	\$ 1,010,538
Current and Other Assets	324,839	270,675	60,764	62,328	385,603	333,003
Capital Assets	2,837,487	2,813,775	437,404	433,263	3,274,891	3,247,038
Total assets	<u>3,989,837</u>	<u>4,010,821</u>	<u>580,795</u>	<u>579,758</u>	<u>4,570,632</u>	<u>\$ 4,590,579</u>
Current Liabilities	247,879	203,333	17,076	18,707	264,955	222,040
Non-current Liabilities	2,965,285	2,973,274	383,335	395,626	3,348,620	3,368,900
Total liabilities	<u>3,213,164</u>	<u>3,176,607</u>	<u>400,411</u>	<u>414,333</u>	<u>3,613,575</u>	<u>3,590,940</u>
Net assets						
Invested in capital assets, net of related debt	948,789	908,709	128,766	124,213	1,077,555	1,032,922
Restricted for:						
State and Federal Grants	47,565	46,268	-	-	47,565	46,268
Capital Projects	-	-	1,579	2,667	1,579	2,667
Permanent Fund non-expendable	123	123	-	-	123	123
Other participant's equity	2,841	112	-	-	2,841	112
Unrestricted	<u>(222,645)</u>	<u>(120,998)</u>	<u>50,039</u>	<u>38,545</u>	<u>(172,606)</u>	<u>(82,453)</u>
Total net assets	<u>\$ 776,673</u>	<u>\$ 834,214</u>	<u>\$ 180,384</u>	<u>\$ 165,425</u>	<u>957,057</u>	<u>\$ 999,639</u>

The largest portion of the City's net assets reflects its substantial capital assets, net of related debt. This displays the City's commitment to investing in assets that have useful lives in excess of the life of the debt issues used to finance the assets.

The negative unrestricted net assets in the governmental activities is primarily due to non-asset related debt issued for various capital projects that belong to other entities, but the debt is a liability of the City. Some of the debt was issued under the Better Jacksonville Plan (BJP), which has dedicated revenue sources for payment of the debt. See Note 18 for further discussion.

The City issued non-asset related debt:

- for the Jacksonville Transportation Authority for state highway projects within the City;
- for the Jacksonville Port Authority for their port terminal facilities;
- to finance improvements at Shands-Jacksonville – a large regional hospital serving the City's citizens, including its indigent population;
- to provide economic development incentives to entice developers to invest in the downtown and other targeted areas of the City, while using Tax Increment District funds to provide a dedicated revenue source for payment of the debt;
- for several other projects within the City, such as pollution remediation, etc. (See Note 18 for further discussion.)

On the following page, Table A-2 provides a summary comparison of the City's operations for the 2011 and 2012 fiscal year ends.

Statement of Activities
(In Thousands)
as of September 30, 2012 and September 30, 2011

	Governmental Activities		Business Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Fines & charges for services	\$ 126,802	\$ 129,700	\$ 112,851	\$ 103,539	\$ 239,653	\$ 233,239
Operating grants/contributions	82,833	96,142	-	-	82,833	96,142
Capital grants/contributions	41,194	27,565	-	-	41,194	27,565
General revenues:						
Property taxes	463,680	498,507	-	-	463,680	498,507
Utility service taxes	123,132	127,955	-	-	123,132	127,955
Sales and tourist taxes	164,827	161,943	11,692	11,134	176,519	173,077
Intergovernmental	160,793	172,571	-	-	160,793	172,571
Franchise Fees	40,624	43,037	-	-	40,624	43,037
JEA Contribution	104,188	101,688	-	-	104,188	101,688
Earnings on Investments	40,329	18,844	4,025	2,127	44,354	20,971
Miscellaneous	33,249	35,693	11,926	12,533	45,175	48,226
Total Revenues	1,381,651	1,413,645	140,494	129,333	1,522,145	1,542,978
Expenses						
General government	156,064	171,163	-	-	156,064	171,163
Human services	113,260	108,837	-	-	113,260	108,837
Public safety	537,222	559,401	-	-	537,222	559,401
Cultural and recreational	64,883	74,066	-	-	64,883	74,066
Transportation	154,770	170,557	-	-	154,770	170,557
Economic & physical environment	201,634	243,084	-	-	201,634	243,084
Interest on long term debt	128,302	88,404	-	-	128,302	88,404
Parking system	-	-	3,499	3,879	3,499	3,879
Motor vehicle inspections	-	-	477	446	477	446
Solid Waste	-	-	73,111	62,977	73,111	62,977
Stormwater services	-	-	18,912	18,730	18,912	18,730
EverBank Field	-	-	24,134	23,603	24,134	23,603
Veterans Memorial Arena	-	-	14,433	14,747	14,433	14,747
Baseball Stadium	-	-	3,118	3,142	3,118	3,142
Performing Arts Center	-	-	4,363	4,369	4,363	4,369
Convention Center	-	-	3,662	3,764	3,662	3,764
Equestrian Center	-	-	1,686	1,836	1,686	1,836
Total Expenses	1,356,135	1,415,512	147,395	137,493	1,503,530	1,553,005
Increases (decreases) in						
net assets before transfers and special item	25,516	(1,867)	(6,901)	(8,160)	18,615	(10,027)
Transfers	(21,861)	(23,087)	21,861	23,087	-	-
Special Item - refinancing of state debt	(61,196)	-	-	-	(61,196)	-
Change in net assets	(57,541)	(24,954)	14,960	14,927	(42,581)	(10,027)
Net assets (deficit), beginning of year	834,214	859,168	165,425	150,498	999,639	1,009,666
Net assets (deficit), end of year	\$ 776,673	\$ 834,214	\$ 180,385	\$ 165,425	\$ 957,058	\$ 999,639

Governmental activities:

The City's governmental activities revenues decreased \$32 million from 2011 to 2012 (see Table A-2) and consists of:

- Property tax revenues reflected a \$34.8 million decrease due to the continuing economic recovery with an additional \$1.9 million decrease in sales and utility taxes.
- Intergovernmental revenues decreased \$11.8 million primarily due to a reduction in transfers from the Better Jacksonville Plan to JTA.
- Interest revenues increased \$21.5 million due to the recovery of unusually low earnings on the investment portfolio in fiscal year 2011.
- Contributions from JEA increased \$2.5 million in fiscal year 2012.

Decreases in governmental activities expenses were \$59.6 million due to the Administration's efforts to reduce costs city-wide.

- Public Safety expense decreased \$22.2 million with decreases in personnel services of \$13.9 million and \$6.2 million operating expenses in the Sherriff's Office and \$3.2 million in operating expenses in Fire Rescue.
- Transportation expenses decreased \$15.8 million in fiscal year 2012 due to the completion of multiple road projects in fiscal year 2011.
- General government expenses decreased \$15.3 million due to decreased spending on the projects such as the courthouse in fiscal year 2012.
- Economic and Physical Environment expenses decreased by \$41.5 million primarily due to the additional depreciation and expense to reduce project assets from Jacksonville Transit Authority (JTA) that occurred in prior fiscal year 2011 and did not reoccur in fiscal year 2012.
- Interest on long term debt increased by \$39.9 million due to an increase in interest expense on outstanding debt in fiscal year 2012.

Business Type activities:

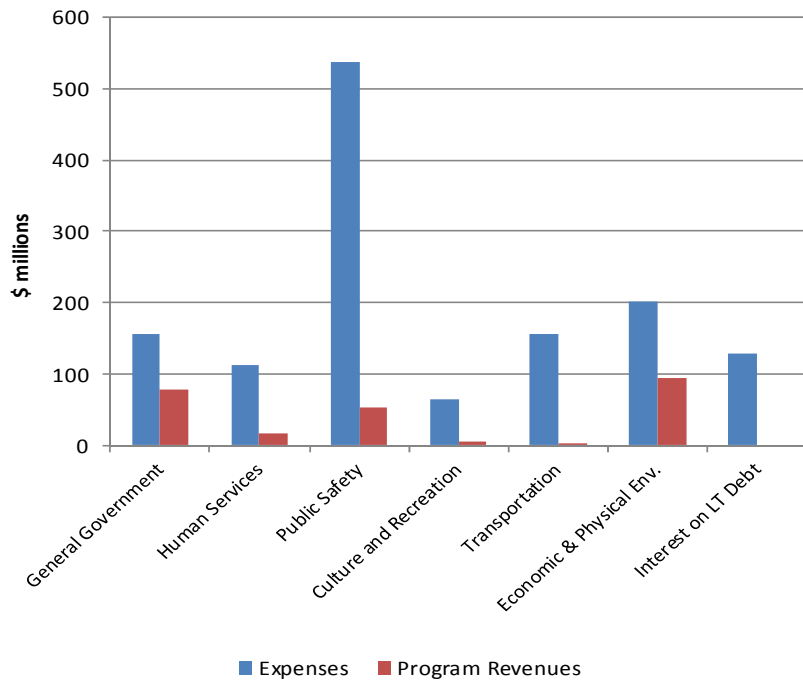
The City's business type revenues increased \$11.2 million in fiscal year 2012:

- Increases in fines and charges for services of \$9.3 million were due to the increase in Solid Waste user fees in fiscal year 2012.
- Earnings on investment revenues increased \$1.9 million due to the recovery of low earnings on investment portfolio in the prior fiscal year.

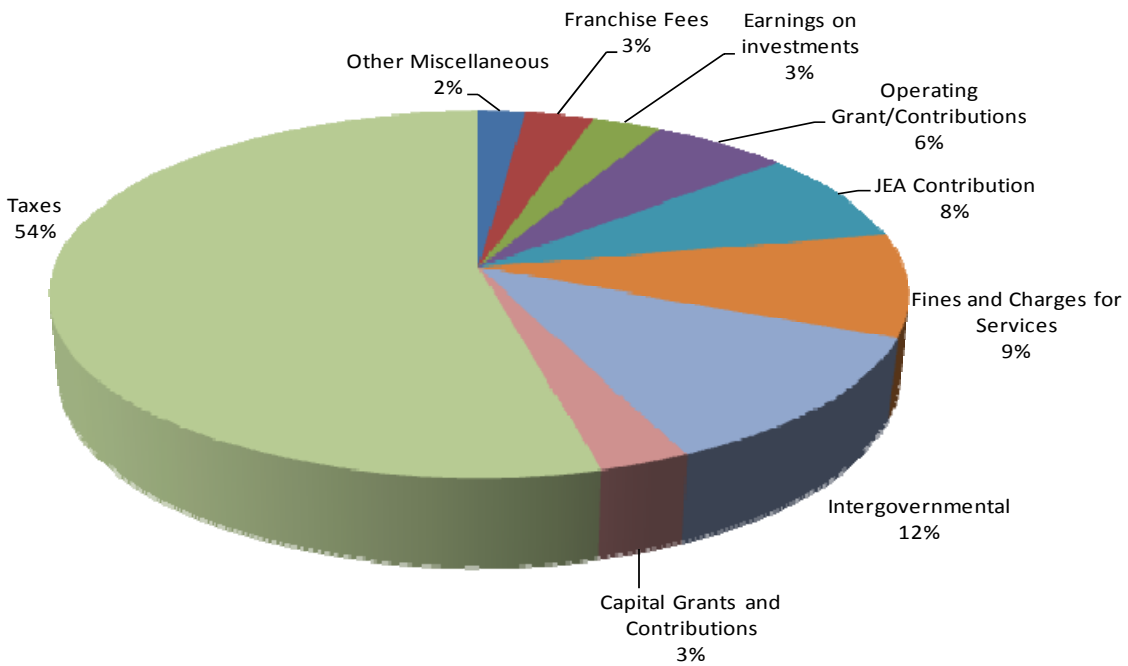
Business type activities expenses increased \$9.9 million in fiscal year 2012:

- Solid Waste's expenditures increased \$10.1 million due to landfill closure/post-closure liability and contract garbage/recycling expense increases in fiscal year 2012.

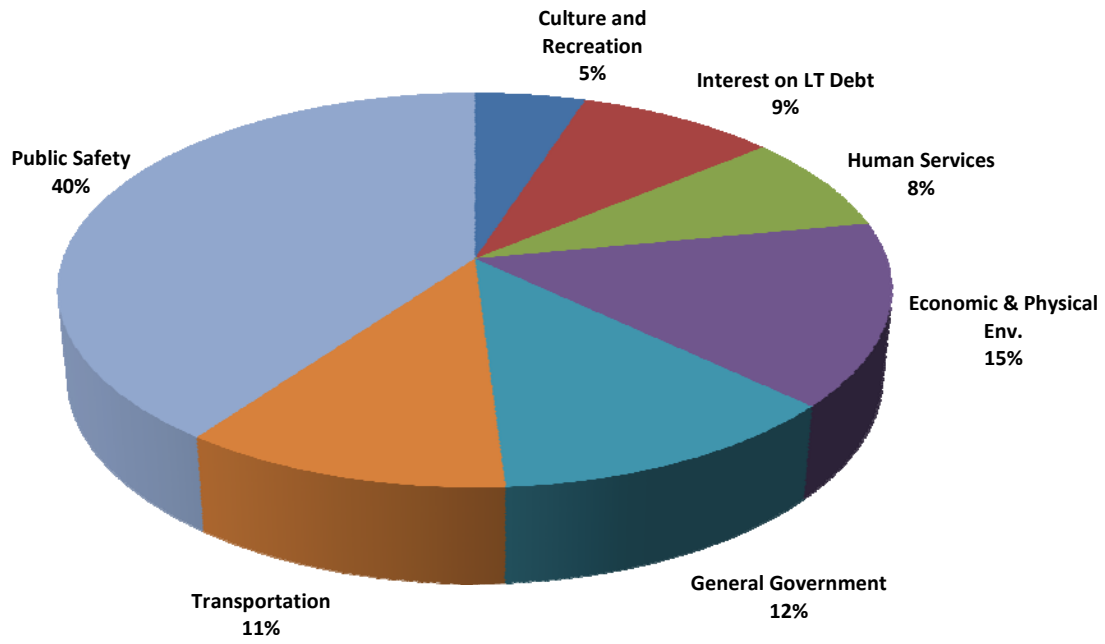
Expenses and Program Revenues - Governmental Activities



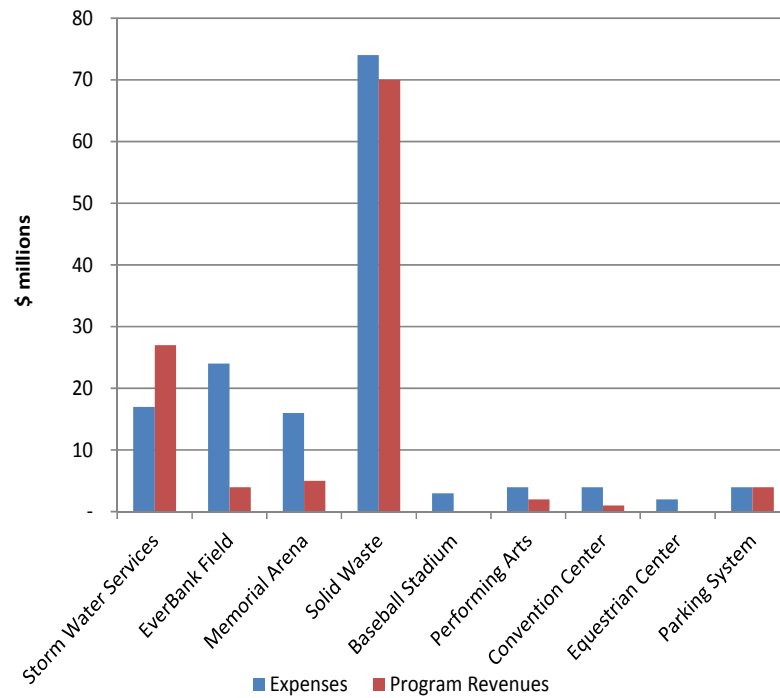
Revenues - Governmental Activities



Expenses - Governmental Activities



Expenses and Program Revenues - Business Type Activities



FINANCIAL ANALYSIS OF THE CITY GOVERNMENT'S FUNDS

As noted earlier, the City of Jacksonville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of fiscal year 2012. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All non-major funds of each governmental fund type with legally adopted annual budgets are included in the Combining Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual, which can be found in the Combining Individual Fund Statements and Schedules. The General Fund and Major Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual is included as Required Supplementary Information following the Notes to the Financial Statements.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$72.1 million. The General Fund's total fund balance was \$150.1 million, with \$48 million committed by City Council as an emergency reserve. The City's Reserve Policy for the General Fund is covered by Section 106.107 of the City's municipal code. The policy requires that the emergency reserve shall not be used except as initiated by the Mayor through written communication to City Council, explaining the emergency, with subsequent approval by two-thirds votes of all City Council members. The Emergency Reserve can be used to address unanticipated non-reimbursed expenditures arising out of a hurricane, tornado, other major weather related events, and/or other massive infrastructure failures or disasters, whether man made or caused by nature. Under normal circumstances, the City would first elect to utilize the Operating Reserve before considering use of its Emergency Reserve.

Key factors affecting changes in major funds and fund balance in fiscal year 2012 operations are as follows:

General Fund:

- Property taxes account for approximately 50% of the General Fund revenue and decreased by \$32.1 million, 6.7% below the previous fiscal year. Interest revenue increased \$9.2 million due to a higher return as opposed to a lower than average 2% in fiscal year 2011. General Fund revenues had an overall decrease of \$29.4 million in revenues over prior 2011 fiscal year and an overall decrease in expenditures of \$31.3 million.

Special Bonded Debt – Better Jacksonville Plan Obligations (BJP):

- Under the Interlocal Agreement, the City and JTA agreed to pledge the ½ cent sales tax and Constitutional Gas Tax to the payment of the BJP bonds. Principal payments decreased \$9.6 million and payment to escrow agent to refund bonds increased \$444.6 million due to the current year issuance of \$546.6 million in refunding Better Jacksonville Plan bonds during fiscal year 2012. This high level of refinancing at a lower interest rate and favorable market conditions generating bond premiums reduced the total required debt service on the Better Jacksonville Plan debt service.

Special Bonded Debt – Obligations:

- There was a \$5.3 million decrease in debt service payments due to fiscal year 2011 issuance of \$222.7 million refunding bonds at lower interest rates and bond premiums received. The Special Bonded Debt-Obligations has separate funding sources from the Special Bonded Debt-Better Jacksonville Plan Obligations discussed above.

General Capital Projects:

- General Capital Project's revenues decreased in fiscal year 2012 \$.7 million due to a reduction in contributions from JEA in fiscal year 2012. Interest earnings increased \$2.3 million in fiscal year 2012.
- Major projects in fiscal year 2012 resulted in a decrease in capital outlay expense of \$44.9 million due to the Courthouse and Road projects completion.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Solid Waste, Stormwater Services, EverBank Field and the Veteran's Memorial Arena are reported as major proprietary funds in fiscal year 2012. The \$10.8 million increase in fines and charges for service revenues is representative of increases in Solid Waste fees and the \$10.1 million increase in Solid Waste expense is the result of an increase in fiscal year 2012 of the accrual for additional landfill closure/postclosure liability in Solid Waste and an increase in contracted garbage/recycling expense as compared to fiscal year 2011.

General Fund Budgetary Highlights:

- Actual revenues for fiscal year 2012 were \$11.7 million below the final budgeted amount, primarily with Utility Service Taxes \$9.3 million with a reduction in communications service tax rates and a reduction of \$3.6 in Franchise Fee revenues.
- Overall actual expenditures for fiscal year 2012 were \$88.2 million under final budget with \$46.1, more than half, related to the budgeted but unused emergency reserve. The additional savings were due to salary and benefit costs reductions and departmental and non-departmental operating cost savings due to the Administration's city-wide reorganization and strong efforts toward cost reduction. All departments within the General Fund had actual expenditures under final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Jacksonville's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$3.3 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, infrastructure, and construction in progress (see Table A-3). With the primary focus on the completion of the radio system and park projects in fiscal year 2011, the completion of the Courthouse project as well as the continuation of several road and parks projects became the focus in fiscal year 2012. Additional information on the City of Jacksonville's capital assets can be found in the Notes to the Financial Statements, Footnote 6 of this report.

Table A-3
Capital Assets
Net of Accumulated Depreciation
(In Thousands)
as of September 30, 2012 and September 30, 2011

	<u>Governmental</u> <u>Activities</u>		<u>Business Type</u> <u>Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Land and easements	\$ 309,983	\$ 306,555	\$ 45,862	\$ 45,577	\$ 355,845	\$ 352,132
Buildings and improvements	1,061,459	809,042	559,399	550,829	1,620,858	1,359,871
Furniture & Equipment	417,029	331,026	6,378	6,312	423,407	337,338
Construction and work in progress	3,217	265,854	2	1,392	3,219	267,246
Infrastructure	2,140,198	2,079,977	32,602	21,158	2,172,800	2,101,135
Other Assets	39,829	33,986	-	1,392	39,829	35,378
Less accumulated depreciation	(1,134,228)	(1,012,665)	(206,839)	(192,005)	(1,341,067)	(1,204,670)
Total	<u>\$ 2,837,487</u>	<u>\$ 2,813,775</u>	<u>\$ 437,404</u>	<u>\$ 434,655</u>	<u>\$ 3,274,891</u>	<u>\$ 3,248,430</u>

Major capital asset project costs in fiscal year 2012 included the following:

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Change</u>
Courthouse Project	\$ 38.9 million	\$ 69.8 million	\$ (30.9)
Road Projects	13.5 million	38.8 million	(25.3)
Countywide Resurfacing	10.7 million	12.2 million	(1.5)
Citywide Radio System	0.4 million	7.1 million	(6.7)
Miscellaneous Projects	8.3 million	7.3 million	1.0
Park Projects	7.9 million	15.7 million	(7.8)
Drainage Projects	0.3 million	1.6 million	(1.3)
Building Projects	1.8 million	1.0 million	0.8
Easements	0.3 million	1.7 million	(1.4)
Fire Department Projects	<u>1.9 million</u>	<u>2.7 million</u>	<u>(0.8)</u>
Total	\$ 84.0 million	\$ 157.9 million	\$ (73.9)

Debt Administration

Debt Service Funds account for the accumulation of resources for and the payment of, interest and principal on most general governmental obligations. Individual debt service funds are described below.

The Special Bonded Debt Obligations Fund accounts for the accumulation of resources for, and the payment of, principal and interest on the City's special and limited bonded obligations payable solely from and secured by a lien upon and pledge of the revenues under the respective bond ordinances.

The Special Bonded Debt - Better Jacksonville Plan Obligations Fund accounts for the accumulation of resources for and the payment of, principal and interest on the City's special bonded obligations payable, which are related to the Better Jacksonville Plan.

The Other Non-Bonded Debt Obligations Fund accounts for the accumulation of resources for and the payment of, principal and interest on other non-bonded debt obligations including the U. S. Government Guaranteed Notes Payable (HUD 108 loans).

At year-end, the City had \$2.9 billion in bonds and notes outstanding as shown in Table A-4. Additional information on the City of Jacksonville's long term-debt can be found in Notes to the Financial Statements, Footnote 8 of this report.

Table A-4
Bonds and Notes Payable
Outstanding Debt at Year End September 30, 2012
(In Thousands)

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Special Obligation Bonds	\$ 828,572	\$ 869,266	\$ -	\$ -	\$ 828,572	\$ 869,266
Special Obligation-BJP	1,315,267	1,316,408			1,315,267	1,316,408
Revenue Bonds Payable	245,823	249,154	287,423	313,015	533,246	562,169
Notes Payable	30,865	45,900	-	-	30,865	45,900
Notes Payable-BJP	57,447	62,511	-	-	57,447	62,511
Deferred Amounts						
Loss on Adv Ref	(2,028)	(2,707)	13,356	(606)	11,328	(3,313)
Issuance premiums	116,378	79,824	-	-	116,378	79,824
Issuance discounts	(2,695)	(2,850)	-	-	(2,695)	(2,850)
Total	\$ 2,589,629	\$ 2,617,506	\$ 300,779	\$ 312,409	\$ 2,890,408	\$ 2,929,915

The City of Jacksonville's debt decreased a net of \$39.5 million as compared to fiscal year 2011.

New indebtedness of the City of Jacksonville consists of:

Closing Date	Par Amount	Source	Primary Use
March 2012	\$ 151,660,000	Refunding Revenue Bonds	Transportation RF
March 2012	\$ 57,730,333	Refunding Revenue Bonds	JTA Road Projects
March 2012	\$ 280,050,000	BJP Sales Tax RFRB	BJP Sales Tax RB
August 2012	\$ 114,890,000	BJP Sales Tax RFRB	BJP Sales Tax RB
September 2012	\$ 4,040,000	Special Revenue Bonds	Capital Projects
September 2012	\$ 6,320,000	Special Revenue Bonds	Special Revenue

The City continued to take advantage of historically low market rates by expanding its bond refunding program. Since July 2011, a total of \$1.15 billion in par amount of bonds were refunded for a cumulative economic gain of \$133 million. Also, a continued improvement in pledged revenues was realized for all but one bond program, with year over year revenue gains ranging from 1.8% to 2.6%. The refunding savings and improved revenues contributed to an improving debt service coverage and resulted in a ratings upgrade by Standard & Poor's of the Excise Taxes Revenue bonds from "A+" to "AA-". However, despite the improving debt service coverage, Fitch issued a one notch downgrade to the Better Jacksonville Sales Tax bonds from "AA-" to "A+" and the Transportation Revenue bonds from "AA" to "AA-". Moody's issued a two notch downgrade to the Transportation Revenue bonds from "AA2" to "A1". The City's overall credit rating was reaffirmed at a strong "AA+" due to an improving financial position and increasing reserves.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational license, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

Other Economic Factors:

- The unemployment rate for the City of Jacksonville is 8.2%, a 1.8% improvement over 2011. This compares to the state's average unemployment rate (8.7%) and the national average unemployment rate (7.8%).
- Jacksonville has the largest Empowerment Zone in the nation;
- Jacksonville has a major port, home to the National Football League's (NFL) Jacksonville Jaguars, is the insurance and financial center of Florida, and is the site of key U.S. Navy bases.

Budget Highlights for fiscal 2012-2013:

- The City's general fund revenues are projected to decline \$9.9 million when compared to fiscal year 2012. Ad valorem tax revenue, the City's largest single source of revenue, is down \$22.8 million reflecting lower housing values. The decrease is offset by higher State Shared revenues and departmental revenues which are up \$4.1 million year over year.
- The budget was balanced without an increase to the millage rate which is maintained at 10.0353, which is below the rolled-back rate of 10.9947 mills. A rolled-back rate is defined as the millage rate that would generate the same amount of property tax revenue from one year to the next from properties that were on the tax roll in the previous year. This means that while, on the whole, property values declined the impact to individual property owners varied. The change in the assessed value of the property determined whether there was an increase or a decrease, as well as the size of the increase or decrease.
- A net total of \$52.0 million in expenses were cut from the general fund tentative budget submitted May 1, 2012. This includes the absorption of an incremental increase in the Police and Fire Pension Fund costs of approximately \$29.0 million above what was originally budgeted. The savings reflect reductions in salary and benefit costs from 548 eliminated positions and departmental and non-departmental operating cost savings from a variety of sources. Also included in these savings are debt service reductions in excess of \$5.4 million. In total, all but seven departments/offices out of 25 within the City's general fund experienced a reduction in their total budget from fiscal year 2012 to fiscal year 2013. Those that did increase were due to costs beyond their immediate control such as utilities and pension.
- The elimination of 548 classified positions for fiscal year 2013 included 234 Public Safety positions.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Finance, Accounting Division, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202, or call (904) 630-1250.



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**CITYWIDE FINANCIAL
STATEMENTS**

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF NET ASSETS -
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	PRIMARY GOVERNMENT				
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS		COMPONENT UNITS
			2012	2011	
ASSETS:					
Cash and investments.....	\$ 693,949	\$ 65,800	\$ 759,749	\$ 851,698	\$ 1,747,010
Cash in escrow and with fiscal agents.....	133,562	16,827	150,389	158,840	60
Securities lending.....	71,242	-	71,242	32,324	-
Receivables, net.....	75,122	49,960	125,082	122,895	343,834
Internal balances.....	887	(887)	-	-	-
Due from independent agencies and other governments.....	124,457	454	124,911	112,448	45,972
Inventories.....	7,121	12	7,133	7,272	163,616
Prepaid expenses and other assets.....	6,623	175	6,798	7,470	250,673
Deferred outflows	19,577	-	19,577	18,617	202,014
Deferred charge - landfill related costs.....	-	10,896	10,896	14,000	-
Unamortized debt issuance costs.....	19,810	154	19,964	17,977	-
CAPITAL ASSETS:					
Land, easements, art in public places and work in progress.....	313,200	45,864	359,064	619,378	777,903
Other capital assets, net of depreciation.....	2,524,287	391,540	2,915,827	2,627,660	7,106,212
TOTAL ASSETS.....	3,989,837	580,795	4,570,632	4,590,579	10,637,294
LIABILITIES:					
Accounts payable and accrued liabilities.....	60,107	10,063	70,170	70,003	205,237
Contracts payable.....	4,843	50	4,893	6,632	-
Due to component units.....	2,520	-	2,520	778	-
Due to independent agencies and other governments.....	13,567	-	13,567	14,005	9,089
Deposits.....	4,904	1,779	6,683	6,133	59,569
Accrued interest payable.....	63,927	5,148	69,075	60,099	96,780
Unearned revenue.....	26,528	36	26,564	29,267	61,226
Securities lending.....	71,260	-	71,260	33,988	-
Other current liabilities.....	223	-	223	1,135	90,590
NONCURRENT LIABILITIES:					
Fair market value of debt management instruments.....	19,577	-	19,577	18,617	202,014
Due within one year.....	137,765	13,557	151,322	163,082	280,442
Due in more than one year.....	2,807,943	369,778	3,177,721	3,187,201	6,549,560
TOTAL LIABILITIES.....	3,213,164	400,411	3,613,575	3,590,940	7,554,507
NET ASSETS:					
Invested in capital assets, net of related debt.....	948,789	128,766	1,077,555	1,032,922	1,677,229
Restricted for:					
Debt service.....	-	-	-	-	408,513
State and federal grants.....	47,565	-	47,565	46,268	-
Capital projects.....	-	1,579	1,579	2,667	144,608
Other participant's equity.....	2,841	-	2,841	112	-
Permanent fund, non-expendable.....	123	-	123	123	-
Other purposes.....	-	-	-	-	12,929
Unrestricted (deficit).....	(222,645)	50,039	(172,606)	(82,453)	839,508
TOTAL NET ASSETS	\$ 776,673	\$ 180,384	\$ 957,057	\$ 999,639	\$ 3,082,787

See accompanying notes.

**CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF ACTIVITIES -
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				PRIMARY GOVERNMENT			COMPONENT UNITS	
	EXPENSES	FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS		
		2012	2011	2012			2011		
PRIMARY GOVERNMENT:									
Governmental activities:									
General government.....	\$ 156,064	\$ 71,500	\$ 3,514	\$ 2,665	\$ (78,385)		\$ (78,385)	\$ (93,246)	
Human services.....	113,260	1,756	14,186	96	(97,222)		(97,222)	(90,276)	
Public safety.....	537,222	38,121	15,937	39	(483,125)		(483,125)	(491,333)	
Culture and recreation.....	64,883	3,829	1,139	480	(59,435)		(59,435)	(67,422)	
Transportation.....	154,770	114	307	2,168	(152,181)		(152,181)	(120,345)	
Economic environment.....	76,227	-	40,213	424	(35,590)		(35,590)	(102,142)	
Physical environment.....	125,407	11,482	7,537	35,322	(71,066)		(71,066)	(108,937)	
Interest on long term debt.....	128,302	-	-	-	(128,302)		(128,302)	(88,404)	
Total governmental activities.....	1,356,135	126,802	82,833	41,194	(1,105,306)		(1,105,306)	(1,162,105)	
Business-type activities:									
Parking system.....	3,499	3,525	-	-	-	26	26	(605)	
Motor vehicle inspections.....	477	446	-	-	-	(31)	(31)	(3)	
Solid Waste.....	73,111	69,748	-	-	-	(3,363)	(3,363)	3,633	
Storm Water Services.....	18,913	26,519	-	-	-	7,606	7,606	2,059	
Mayport Ferry.....	-	-	-	-	-	-	-	-	
EverBank Field.....	24,134	4,054	-	-	-	(20,080)	(20,080)	(20,224)	
Veterans Memorial Arena.....	14,433	4,641	-	-	-	(9,792)	(9,792)	(9,459)	
Baseball Stadium.....	3,118	372	-	-	-	(2,746)	(2,746)	(2,704)	
Performing Arts.....	4,363	2,301	-	-	-	(2,062)	(2,062)	(2,282)	
Convention Center.....	3,662	1,024	-	-	-	(2,638)	(2,638)	(2,797)	
Equestrian Center.....	1,686	221	-	-	-	(1,465)	(1,465)	(1,572)	
Total business-type activities.....	147,396	112,851	-	-	-	(34,545)	(34,545)	(33,954)	
Total primary government.....	\$ 1,503,531	\$ 239,653	\$ 82,833	\$ 41,194	(1,105,306)	(34,545)	(1,139,851)	(1,196,059)	
COMPONENT UNITS:									
Governmental activities.....	\$ 74,392	\$ 787	\$ 6,862	\$ -				\$ (66,743)	
Business-type activities.....	2,036,671	2,055,239	16,608	54,591				89,767	
Total component units.....	\$ 2,111,063	\$ 2,056,026	\$ 23,470	\$ 54,591				\$ 23,024	
General revenues:									
Property taxes.....					463,680	-	463,680	498,507	-
Utility service taxes.....					123,132	-	123,132	127,955	-
Sales and tourist taxes.....					164,827	11,692	176,519	173,077	66,548
Intergovernmental - unrestricted.....					160,793	-	160,793	172,571	63,427
JEA Contribution.....					104,188	-	104,188	101,688	-
Unrestricted earnings on investments.....					40,329	4,025	44,354	20,971	18,646
Franchise Fees.....					40,624	-	40,624	43,037	-
Miscellaneous.....					33,249	11,926	45,175	48,226	28,647
Transfers.....					(21,861)	21,861	-	-	-
Special Item - refinancing of state debt.....					(61,196)	-	(61,196)	-	-
Total general revenues and transfers.....					1,047,765	49,504	1,097,269	1,186,032	177,268
Change in net assets.....					(57,541)	14,959	(42,582)	(10,027)	200,292
Net assets, beginning of year.....					834,214	165,425	999,639	1,009,666	2,882,495
Net assets, end of year.....					\$ 776,673	\$ 180,384	\$ 957,057	\$ 999,639	\$ 3,082,787

See accompanying notes.



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**FUND FINANCIAL
STATEMENTS**



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MAJOR GOVERNMENTAL FUNDS:

GENERAL FUND

The **General Fund** is the principal fund of the City and is used to account for all activities not included in other funds. The General Fund accounts for the normal recurring activities of the City (i.e, police, fire, public works, courts, general government, etc.). These activities are funded principally by property taxes, intergovernmental revenues, and licenses and fees.

DEBT SERVICE FUNDS

The Special Bonded Debt Obligations Fund accounts for the accumulation of resources for, and the payment of, principal and interest on the City's special and limited bonded obligations, which are payable solely from and secured by a lien upon and pledge of the revenues under the respective bond ordinances.

The Special Bonded Debt - Better Jacksonville Plan Obligations Fund accounts for the accumulation of resources for, and the payment of, principal and interest on the City's special bonded obligations payable, which are related to the Better Jacksonville Plan.

CAPITAL PROJECTS FUNDS

The General Projects Fund receives monies appropriated from the General Fund and other sources including proceeds from non-bonded debt for general capital improvements.

CITY OF JACKSONVILLE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	<u>GENERAL FUND</u>	<u>SPECIAL BONDED DEBT- BETTER JACKSONVILLE PLAN OBLIGATIONS</u>	<u>SPECIAL BONDED DEBT- OBLIGATIONS</u>
ASSETS:			
Equity in cash and investments.....	\$ 97,128	\$ 104,663	\$ 19,970
Cash in escrow and with fiscal agents.....	230	48,216	66,795
Securities lending collateral.....	71,242	-	-
Receivables (net, where applicable, of allowances for uncollectibles):			
Accounts and interest.....	20,624	-	-
Mortgages.....	30	-	-
Other.....	14,316	-	-
Due from other funds.....	5,468	-	-
Due from independent agencies and other governments.....	59,183	-	-
Inventories.....	5,115	-	-
Prepaid items.....	9	-	-
TOTAL ASSETS.....	273,345	152,879	86,765
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable and accrued liabilities.....	\$ 29,996	\$ 38	\$ -
Contracts payable.....	15	-	-
Due to other funds.....	8	-	-
Due to component units.....	33	-	-
Due to independent agencies and other governments.....	-	-	-
Due to individuals.....	-	-	-
Bonds payable.....	-	26,682	45,601
Interest payable.....	-	26,927	22,502
Deposits.....	2,243	-	-
Unearned revenue.....	19,669	-	-
Securities lending obligations.....	71,260	-	-
Advances from other funds.....	-	-	-
TOTAL LIABILITIES.....	123,224	53,647	68,103
FUND BALANCES:			
Non Spendable:			
Non Spendable.....	5,115	-	-
Spendable:			
Restricted.....	-	102,804	16,472
Committed.....	69,965	-	-
Assigned.....	2,903	-	2,190
Unassigned.....	72,138	(3,572)	-
TOTAL FUND BALANCES.....	150,121	99,232	18,662
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 273,345	\$ 152,879	\$ 86,765

See accompanying notes.

GENERAL PROJECTS	NON MAJOR GOVERNMENTAL FUNDS	TOTALS	
		2012	2011
\$ 87,239	\$ 223,790	\$ 532,790	\$ 633,223
248	2,938	118,427	125,178
-	-	71,242	32,324
-	1,679	22,303	18,773
-	4,736	4,766	5,137
256	78	14,650	14,644
-	-	5,468	6,931
-	62,716	121,899	110,826
-	-	5,115	5,149
-	729	738	1,476
<u>\$ 87,743</u>	<u>296,666</u>	<u>897,398</u>	<u>953,661</u>
\$ 5,763	\$ 12,481	\$ 48,278	\$ 65,173
671	4,157	4,843	6,625
-	4,573	4,581	4,490
-	2,487	2,520	778
-	-	-	438
-	223	223	209
-	-	72,283	81,997
-	-	49,429	47,843
-	2,661	4,904	3,829
256	4,035	23,960	26,968
-	-	71,260	33,988
6,326	-	6,326	7,083
<u>13,016</u>	<u>30,617</u>	<u>288,607</u>	<u>279,421</u>
-	224	5,339	5,273
20,873	101,032	241,181	296,901
53,854	164,429	288,248	306,427
-	463	5,556	4,041
-	(99)	68,467	61,598
<u>74,727</u>	<u>266,049</u>	<u>608,791</u>	<u>674,240</u>
<u>\$ 87,743</u>	<u>\$ 296,666</u>	<u>\$ 897,398</u>	<u>\$ 953,661</u>



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City of Jacksonville, Florida
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2012
(in thousands)

Total fund balances- governmental funds \$ 608,791

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities 2,837,487
are not financial resources and therefore are not reported in the funds

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

Bonds and notes payable	(2,477,974)
Unamortized bond discounts	2,695
Unamortized bond premium	(116,378)
Unamortized loss on advance refunding of debt	2,028

Total bonds and notes payable (2,589,629)

* Certain assets and liabilities reported in governmental activities are not financial resources and therefore are not reported in the funds:

Notes and Bonds payable accrual at the fund level	72,283
Compensated absences	(59,640)
Net increase in payables for debt accrual	(9,176)
Unamortized bond issuance costs	19,810
Estimated liability for self insured losses-current	(23,627)
Estimated liability for self insured losses-long-term	(73,525)
Other post employment benefits (OPEB) liability	(32,935)
Accrued liability for pollution remediation	(166,352)
Amounts due to independent agencies or other governments	(13,567)

Total (286,729)

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and insurance, to individual funds. The Capital Assets and Long term liabilities are consolidated with the governmental funds on an entity-wide basis. This figure represents the net of Current Assets and Current Liabilities of the Internal Service Funds.

206,753

Net assets of governmental activities

\$ 776,673

* Exception - The City deposits amounts in debt service funds to pay unmatured payables early in the following year.

See accompanying notes.

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	GENERAL FUND	SPECIAL BONDED DEBT- BETTER JACKSONVILLE PLAN OBLIGATIONS	SPECIAL BONDED DEBT- OBLIGATIONS
REVENUES:			
Property taxes.....	\$ 450,571	\$ -	\$ -
Utility service taxes.....	123,132	-	-
Sales and tourist taxes.....	997	-	-
Licenses and permits.....	47,989	-	-
Intergovernmental.....	125,711	23,407	-
Charges for services.....	71,505	-	-
Fines and forfeitures.....	2,459	-	-
JEA contribution.....	104,188	-	-
Interest.....	12,412	5,449	2,259
Other.....	15,638	-	-
Total Revenues.....	954,602	28,856	2,259
EXPENDITURES:			
Current:			
General government.....	135,051	-	-
Human services.....	72,528	-	-
Public safety.....	496,974	-	-
Culture and recreation.....	46,827	-	-
Transportation.....	38,822	-	-
Economic environment.....	12,379	-	-
Physical environment.....	12,131	-	-
Capital outlay.....	-	-	-
Debt service:			
Principal.....	-	26,682	48,441
Interest and fiscal charges.....	9,368	53,520	40,636
Other.....	-	6,920	585
Total Expenditures.....	824,080	87,122	89,662
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	130,522	(58,266)	(87,403)
OTHER FINANCING SOURCES (USES):			
Long term debt issued.....	2,349	-	-
Refunding bond issued.....	-	489,055	2,850
Premium on special obligation bonds payable.....	-	46,925	-
Payment to escrow agent - refunded bonds.....	-	(529,833)	-
Transfers in.....	11,104	52,612	85,673
Transfers out.....	(122,775)	-	-
Total Other Financing Sources (Uses).....	(109,322)	58,759	88,523
NET CHANGES IN FUND BALANCES.....	21,200	493	1,120
FUND BALANCE, BEGINNING OF YEAR.....	128,921	98,739	17,542
FUND BALANCES, END OF YEAR.....	\$ 150,121	\$ 99,232	\$ 18,662

See accompanying notes.

GENERAL PROJECT	NON MAJOR GOVERNMENTAL FUNDS	TOTALS	
		2012	2011
\$ -	\$ 13,109	\$ 463,680	\$ 498,507
-	-	123,132	127,955
-	163,830	164,827	161,943
-	365	48,354	50,852
1,400	98,659	249,177	272,446
57	43,083	114,645	117,749
-	1,968	4,427	4,136
-	-	104,188	101,688
4,882	9,696	34,698	14,927
1,301	13,489	30,428	31,432
<u>7,640</u>	<u>344,199</u>	<u>1,337,556</u>	<u>1,381,635</u>
-	28,166	163,217	163,975
-	38,251	110,779	107,895
-	30,073	527,047	553,409
-	6,936	53,763	63,151
-	101,600	140,422	148,793
-	55,293	67,672	117,876
-	8,799	20,930	28,157
71,382	50,159	121,541	196,145
-	1,025	76,148	82,942
-	361	103,885	99,583
-	-	7,505	4,710
<u>71,382</u>	<u>320,663</u>	<u>1,392,909</u>	<u>1,566,636</u>
<u>(63,742)</u>	<u>23,536</u>	<u>(55,353)</u>	<u>(185,001)</u>
-	-	2,349	210,758
-	-	491,905	79,220
-	-	46,925	18,481
-	-	(529,833)	(85,238)
7,581	48,085	205,055	174,192
<u>(1,510)</u>	<u>(102,212)</u>	<u>(226,497)</u>	<u>(195,689)</u>
<u>6,071</u>	<u>(54,127)</u>	<u>(10,096)</u>	<u>201,724</u>
(57,671)	(30,591)	(65,449)	16,723
<u>132,398</u>	<u>296,640</u>	<u>674,240</u>	<u>657,517</u>
<u>\$ 74,727</u>	<u>\$ 266,049</u>	<u>\$ 608,791</u>	<u>\$ 674,240</u>

City of Jacksonville, 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, 2012
(in thousands)

Net change in fund balances- total governmental funds: \$ (65,449)

Amounts reported for governmental activities in the statement of activities are different because:
 Certain assets and liabilities reported in governmental activities are not current financial resources or do not require the use of current financial resources.

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, certain capital assets are contributed to the City upon completion, requiring recognition of income not reported in the funds.

Capital assets acquired by use of financial resources	116,494	
Capital assets contributed by developers and JTA	35,643	
Capital assets transferred from proprietary funds	367	
Current year depreciation	(118,049)	
Loss on disposition of assets	(791)	
		33,664

Governmental funds report certain bond transactions as resources or uses. However, in the statement of activities these transactions are reported over the life of the debt as expenses.

Bond Issuance Costs	3,318	
Amortization of issuance costs	(1,292)	
Amortization of bond discounts	(155)	
Amortization of bond premium	8,389	
Additional bond premium with new debt issue	(46,925)	
Amortization - loss on refunding	(679)	
		(37,344)

Repayment of bond principal is an expenditure in governmental funds, but the repayment results in a reduction of long-term liabilities in the statement of net assets. Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Long-term debt issued	(491,905)	
Principal repayment	530,115	
		38,210

Some revenues and expenses reported in the statement of activities did not require the use of or provide current financial resources and therefore are not reported in governmental funds:

Decrease in compensated absences payable	2,708	
Decrease of payable to other governments	926	
Increase in other post employment benefits	(5,471)	
Increase of accrual for pollution remediation	(9,124)	
Net effect for reversal of prior year debt accrual	(16,673)	
Increase in payable for capital appreciation bonds	(9,176)	
Decrease in miscellaneous payable	1,100	
Principal reduction of internal Banking fund debt	13,226	
		(21,618)

Internal service funds are used to charge the cost of certain activities to individual funds. The net revenue (expense) and transfers are reported with governmental activities.

Operating loss	(11,804)	
Interest revenue	5,631	
Other non-operating revenue	2,454	
Transfers out, net	(419)	
		(4,138)

Change in Net Assets - Governmental Activities \$ (57,541)

See accompanying notes.

MAJOR ENTERPRISE FUNDS:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the City has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Individual major enterprise funds are described below.

The Solid Waste Disposal Fund accounts for collection, recycling and disposal of commercial and residential garbage services throughout the city, including the operation of three municipally owned landfill sites, two of which are closed.

The EverBank Field Fund accounts for events held at the stadium including National Football League and college football games, concerts and other activities.

The Veterans Memorial Arena Fund accounts for events held at the arena including concerts, college basketball games, and other entertainment events such as the circus, ice skating, gymnastics, professional wrestling and motor sports.

The Storm Water Services Fund accounts for the storm water utility financed by service charges, to be used to pay the expenses of constructing and maintaining the storm water management system.

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

ENTERPRISE FUNDS

	SOLID WASTE DISPOSAL	EVERBANK FIELD	VETERANS MEMORIAL ARENA	STORM- WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
						2012	2011	
ASSETS:								
Equity in cash and investments.....	\$ 17,179	\$ 1,403	\$ 2,912	\$ 19,368	\$ 5,204	\$ 46,066	\$ 44,674	\$ 161,159
Cash with fiscal agents.....	4,805	7,993	3,122	-	907	16,827	20,770	15,135
Receivables (net, where applicable, of allowances for uncollectibles):								
Accounts.....	30,527	165	242	18,480	544	49,958	50,196	193
Loans	-	-	-	-	-	-	-	30,124
Other.....	-	-	-	-	-	-	-	1,355
Due from other funds.....	-	-	579	-	8	587	350	-
Due from independent agencies and other governments.....	92	167	-	195	-	454	188	2,558
Interest and dividend receivables.....	2	-	-	-	-	2	2	-
Inventories.....	-	-	-	-	12	12	14	2,006
Prepaid expenses and other assets.....	-	15	143	-	17	175	176	5,885
Total Current Assets.....	52,605	9,743	6,998	38,043	6,692	114,081	116,370	218,415
NONCURRENT ASSETS:								
Advances to other funds.....	-	-	-	-	-	-	-	6,326
Sinking fund cash and investments.....	19,734	-	-	-	-	19,734	18,723	-
Loans receivable.....	-	-	-	-	-	-	-	228,993
Other receivables.....	-	-	-	-	-	-	-	12,944
CAPITAL ASSETS:								
Land, easements and work in progress.....	12,041	23,339	1,602	823	8,059	45,864	46,969	20,658
Other capital assets, net of depreciation.....	15,679	162,212	103,834	29,451	80,364	391,540	386,294	46,727
Deferred charge - Landfill related costs.....	10,896	-	-	-	-	10,896	14,000	-
Other deferred charges.....	154	-	-	-	-	154	193	-
Total Noncurrent Assets.....	58,504	185,551	105,436	30,274	88,423	468,188	466,179	315,648
TOTAL ASSETS.....	111,109	195,294	112,434	68,317	95,115	582,269	582,549	534,063

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

ENTERPRISE FUNDS

	SOLID WASTE DISPOSAL	EVERBANK FIELD	VETERANS MEMORIAL ARENA	STORM- WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
						2012	2011	
LIABILITIES:								
Accounts payable and accrued liabilities.....	\$ 4,352	\$ 1,158	\$ 468	\$ 1,964	\$ 2,121	\$ 10,063	\$ 9,266	\$ 11,829
Contracts payable.....	1	-	-	49	-	50	7	-
Due to other funds.....	-	25	1	-	1,448	1,474	2,791	-
Deposits.....	235	97	705	1	741	1,779	2,302	-
Accrued interest payable.....	505	3,468	873	-	302	5,148	7,073	5,322
Estimated liability for self-insured losses, current portion..	-	-	-	-	-	-	-	23,627
Current portion of bonds payable.....	4,300	4,525	2,249	-	599	11,673	13,704	12,273
Unearned revenue.....	-	-	36	-	-	36	59	2,568
Accrued compensated absences, current portion.....	179	-	-	172	57	408	429	749
Current portion of notes payable.....	-	-	-	-	-	-	-	4,655
Current portion of loans payable.....	-	-	-	1,476	-	1,476	221	9,436
Total Current Liabilities.....	9,572	9,273	4,332	3,662	5,268	32,107	35,852	70,459
NONCURRENT LIABILITIES:								
Estimated liability for self-insured losses.....	-	-	-	-	-	-	-	73,525
Liability for landfill closure and postclosure care.....	61,050	-	-	-	-	61,050	61,663	-
Accrued compensated absences.....	418	-	-	401	133	952	999	1,748
Notes payable.....	-	-	-	-	-	-	-	23,335
Loans payable.....	-	-	-	17,433	-	17,433	18,909	23,297
Bonds payable.....	19,191	135,985	103,212	-	30,718	289,106	298,705	256,436
Other liabilities.....	454	-	-	589	194	1,237	996	1,665
Total Noncurrent Liabilities.....	81,113	135,985	103,212	18,423	31,045	369,778	381,272	380,006
TOTAL LIABILITIES.....	90,685	145,258	107,544	22,085	36,313	401,885	417,124	450,465
NET ASSETS:								
Invested in capital assets, net of related debt.....	15,279	45,041	(25)	11,365	57,106	128,766	124,213	34,652
Restricted for:								
Capital.....	-	-	-	-	1,579	1,579	2,667	-
Restricted - other participant's equity.....	-	-	-	-	-	-	-	2,841
Unrestricted (deficit).....	5,145	4,995	4,915	34,867	117	50,039	38,545	46,105
TOTAL NET ASSETS	\$ 20,424	\$ 50,036	\$ 4,890	\$ 46,232	\$ 58,802	\$ 180,384	\$ 165,425	\$ 83,598

See accompanying notes.



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CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

ENTERPRISE FUNDS								
	SOLID WASTE DISPOSAL	EVERBANK FIELD	VETERANS MEMORIAL ARENA	STORM- WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
						2012	2011	
OPERATING REVENUE:								
Sales and tourist taxes.....	\$ -	\$ 7,022	\$ -	\$ -	\$ 4,670	\$ 11,692	\$ 11,134	\$ -
Charges for services.....	69,748	4,054	4,641	26,519	7,889	112,851	103,539	219,533
Charges for services for independent authorities..	-	-	-	-	-	-	-	12,458
Other.....	6	5,581	2,600	-	2,243	10,430	11,248	1,014
Total Operating Revenue.....	69,754	16,657	7,241	26,519	14,802	134,973	125,921	233,005
OPERATING EXPENSES:								
Personal services.....	5,742	1,760	1,445	9,018	4,450	22,415	22,872	25,994
Supplies and materials.....	54	60	41	175	99	429	686	28,497
Central services.....	3,156	224	107	2,149	967	6,603	7,750	6,148
Interdepartmental charges.....	230	836	380	42	1,095	2,583	2,793	-
Other services and charges.....	60,692	8,770	5,438	4,880	5,593	85,373	74,962	42,420
Depreciation and amortization.....	2,227	5,549	2,458	1,753	3,133	15,120	13,857	15,861
Court reporter services.....	-	-	-	-	-	-	-	59
Claims and losses.....	-	-	-	-	-	-	-	17,205
Insurance premiums and participant dividends.....	-	-	-	-	-	-	-	108,625
Total Operating Expenses.....	72,101	17,199	9,869	18,017	15,337	132,523	122,920	244,809
OPERATING (LOSS) INCOME.....	(2,347)	(542)	(2,628)	8,502	(535)	2,450	3,001	(11,804)
NON-OPERATING REVENUE (EXPENSES):								
Interest revenue.....	2,431	258	28	1,138	170	4,025	2,127	5,631
Interest expense.....	(1,010)	(6,935)	(4,564)	(896)	(1,468)	(14,873)	(14,573)	-
Other.....	967	4,527	1,530	195	(5,723)	1,496	1,285	2,454
Total Non-Operating Revenue (Expenses).....	2,388	(2,150)	(3,006)	437	(7,021)	(9,352)	(11,161)	8,085
INCOME (LOSS) BEFORE TRANSFERS.....	41	(2,692)	(5,634)	8,939	(7,556)	(6,902)	(8,160)	(3,719)
TRANSFERS:								
Transfers in.....	549	6,487	9,126	1,483	5,886	23,531	24,804	1,544
Transfers out.....	(125)	(411)	(945)	-	(189)	(1,670)	(1,717)	(1,963)
Net Transfers.....	424	6,076	8,181	1,483	5,697	21,861	23,087	(419)
CHANGES IN NET ASSETS.....	465	3,384	2,547	10,422	(1,859)	14,959	14,927	(4,138)
NET ASSETS, BEGINNING OF YEAR.....	19,959	46,652	2,343	35,810	60,661	165,425	150,498	87,736
NET ASSETS, END OF YEAR.....	\$ 20,424	\$ 50,036	\$ 4,890	\$ 46,232	\$ 58,802	\$ 180,384	\$ 165,425	\$ 83,598

See accompanying notes.

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	ENTERPRISE FUNDS		
	SOLID WASTE DISPOSAL	EVERBANK FIELD	VETERANS MEMORIAL ARENA
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers.....	\$ 68,215	\$ 16,825	\$ 7,312
Payments to suppliers.....	(56,929)	(10,164)	(6,309)
Payments to employees	(5,683)	(1,760)	(1,445)
Internal activity- receipts from other funds.....	76	-	-
Internal activity-payments to other funds.....	(4,219)	(219)	(96)
Other cash receipts	1,156	71	-
Other operating cash payments.....	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	2,616	4,753	(538)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	549	6,487	9,126
Transfers to other funds	(125)	(411)	(945)
Advances from other funds	-	-	(229)
Advances to their funds	-	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....	424	6,076	7,952
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(1,497)	(19)	-
Cash with fiscal agent	(138)	(102)	2,250
Proceeds from capital debt.....	-	-	1,543
Proceeds from sale of capital assets	-	-	-
Transfers from other funds	-	-	-
Payments for bond administration fee	-	(3)	-
Interest paid on debt	(1,092)	(7,033)	(5,914)
Principal paid on debt.....	(4,080)	(4,325)	(3,149)
Proceeds from loans payable.....	-	-	-
Payments on loans payable.....	-	-	-
Payments on notes payable.....	-	-	-
Proceeds on bonds payable.....	-	-	-
Payments on bonds payable.....	-	-	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES.....	(6,807)	(11,482)	(5,270)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends	1,348	258	28
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	1,348	258	28
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS.....	(2,419)	(395)	2,172
Equity in cash and investments at October 1, 2011.....	19,598	1,798	740
Equity in cash and investments at September 30, 2012.....	<u>\$ 17,179</u>	<u>\$ 1,403</u>	<u>\$ 2,912</u>

ENTERPRISE FUNDS

STORM- WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
		2012	2011	
\$ 27,409	\$ 12,715	\$ 132,476	\$ 107,377	\$ 232,078
(5,285)	(7,127)	(85,814)	(79,307)	(162,032)
(8,876)	(4,407)	(22,171)	(23,086)	(26,460)
-	-	76	68	-
(1,689)	(859)	(7,082)	(10,336)	(4,179)
-	2,230	3,457	11,385	513
-	-	-	-	(12,764)
<u>11,559</u>	<u>2,552</u>	<u>20,942</u>	<u>6,101</u>	<u>27,156</u>
1,483	5,886	23,531	24,434	1,544
-	(189)	(1,670)	(1,717)	(1,963)
-	(1,346)	(1,575)	1,017	758
-	-	-	(2,413)	-
<u>1,483</u>	<u>4,351</u>	<u>20,286</u>	<u>21,321</u>	<u>339</u>
(11,653)	(4,776)	(17,945)	(12,968)	(12,497)
-	594	2,604	27	(2,243)
-	410	1,953	16,880	-
-	-	-	-	7,351
-	-	-	370	-
-	(1)	(4)	(6)	-
(896)	(1,777)	(16,712)	(15,874)	-
(220)	(845)	(12,619)	(13,128)	-
-	-	-	-	3,142
-	-	-	-	(5,339)
-	-	-	-	(14,010)
-	-	-	-	1,982
-	-	-	-	(5,431)
<u>(12,769)</u>	<u>(6,395)</u>	<u>(42,723)</u>	<u>(24,699)</u>	<u>(27,045)</u>
<u>1,138</u>	<u>115</u>	<u>2,887</u>	<u>1,379</u>	<u>5,631</u>
<u>1,138</u>	<u>115</u>	<u>2,887</u>	<u>1,379</u>	<u>5,631</u>
1,411	623	1,392	4,103	6,081
<u>17,957</u>	<u>4,581</u>	<u>44,674</u>	<u>40,571</u>	<u>155,078</u>
<u>\$ 19,368</u>	<u>\$ 5,204</u>	<u>\$ 46,066</u>	<u>\$ 44,674</u>	<u>\$ 161,159</u>

(continued)

See accompanying notes.

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands; continued)

	ENTERPRISE FUNDS		
	SOLID WASTE DISPOSAL	EVERBANK FIELD	VETERANS MEMORIAL ARENA
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS).....	(\$ 2,347)	(\$ 542)	(\$ 2,628)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization.....	2,227	5,549	2,458
Miscellaneous nonoperating income.....	1,150	71	-
(Increase) decrease in assets:			
Receivables and other current assets, net.....	(1,456)	173	951
Due from independent agencies and other governments.....	(71)	-	-
Inventories.....	-	-	-
Other receivables.....	-	-	-
Loan receivables.....	-	-	-
Prepaid expenses and other assets.....	-	1	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities.....	3,688	(469)	(441)
Contracts payable.....	-	-	-
Due to other funds.....	-	-	-
Deposits.....	22	(30)	(856)
Accrued interest payable.....	-	-	-
Unearned revenue.....	-	-	(22)
Other liabilities.....	76	-	-
Interest payable.....	-	-	-
Liability for landfill closure and postclosure care.....	(613)	-	-
Liability for self-insured losses.....	-	-	-
Accrued compensated absences.....	(60)	-	-
TOTAL ADJUSTMENTS.....	<u>4,963</u>	<u>5,295</u>	<u>2,090</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	 <u>\$ 2,616</u>	 <u>\$ 4,753</u>	 <u>(\$ 538)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in the fair value of investments.....	\$ -	\$ -	\$ -
Capital assets transferred between proprietary funds.....	-	4,304	1,530
Capital assets transferred from governmental activities to proprietary funds.....	-	157	-
Disposal of capital assets.....	-	-	-
Accrued interest.....	(505)	(3,468)	(873)

ENTERPRISE FUNDS

<u>STORM- WATER SERVICES</u>	<u>NON MAJOR ENTERPRISE</u>	<u>TOTALS</u>		<u>INTERNAL SERVICE FUNDS</u>
		<u>2012</u>	<u>2011</u>	
<u>\$ 8,502</u>	<u>(\$ 535)</u>	<u>\$ 2,450</u>	<u>\$ 3,001</u>	<u>(\$ 11,804)</u>
1,753	3,133	15,120	13,857	15,861
-	72	1,293	5,290	-
892	(323)	237	6,663	6
-	-	(71)	3	(1,124)
-	2	2	(6)	103
-	-	-	-	517
-	-	-	-	14,125
-	-	1	23	1,275
293	(174)	2,897	(1,836)	(269)
-	-	-	-	-
-	-	-	-	-
-	341	(523)	439	(2)
-	-	-	-	-
-	-	(22)	(16,395)	328
132	30	238	(216)	234
-	-	-	-	-
-	-	(613)	(4,729)	-
-	-	-	-	8,605
(13)	6	(67)	7	(699)
<u>3,057</u>	<u>3,087</u>	<u>18,492</u>	<u>3,100</u>	<u>38,960</u>
<u>\$ 11,559</u>	<u>\$ 2,552</u>	<u>\$ 20,942</u>	<u>\$ 6,101</u>	<u>\$ 27,156</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,847
-	(5,834)	-	-	-
-	38	195	194	-
-	(1)	(1)	(776)	-
-	(302)	(5,148)	(7,072)	-

See accompanying notes.



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FIDUCIARY FUND LEVEL STATEMENTS

PENSION TRUST FUNDS are funds administered by independent boards for which the City performs a fiduciary role under a defined benefit, defined contribution and disability programs. The participant's retirement annuity is based on a statutory formula using such factors as age, average salary, length of service and others.

PRIVATE PURPOSE TRUST FUND is used to report all trust arrangements, other than those properly reported in pension trust funds, under which principal and income benefit individuals. The City reports its James Brady Disabled Scholarship, Michael Jackson Music Scholarship, J.B. Smith Memorial Scholarship, and Lex Hester Memorial Scholarship funds as private purpose trusts.

AGENCY FUNDS are funds which hold monies in an agency capacity for various government units, individuals or funds.

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	PENSION TRUST FUNDS		PRIVATE PURPOSE TRUST FUND		AGENCY FUNDS	
	2012	2011	2012	2011	2012	2011
<u>ASSETS</u>						
CURRENT ASSETS:						
Equity in cash and investments.....	\$ 32,836	\$ 34,966	\$ 248	\$ 243	\$ 55,224	\$ 43,024
Receivables (net, where applicable, of allowances for uncollectibles):						
Interest and dividends.....	5,128	5,295	-	-	-	-
Accounts.....	230	386	-	-	2,561	2,539
Other.....	2,627	732	-	-	-	-
Due from independent agencies and other governments.....	2,914	1,400	-	-	-	-
Prepaid assets.....	63	-	-	-	-	-
Investments, at fair value:						
U.S. Government obligations.....	150,605	191,921	-	-	-	-
Federal agencies.....	92,292	56,619	-	-	-	-
Municipal bonds.....	631	589	-	-	-	-
Domestic corporate bonds.....	237,078	256,341	-	-	-	-
Short-term investments.....	57,195	26,888	-	-	-	-
Domestic stocks.....	1,112,434	1,041,376	-	-	-	-
International stocks.....	586,973	456,115	-	-	-	-
Real estate.....	220,661	278,054	-	-	-	-
Other fixed income.....	267,162	62,641	-	-	-	-
Alternative investments.....	39,657	41,259	-	-	-	-
Equity in pooled investments.....	2,785	1,075	-	-	-	-
Total investments.....	<u>2,767,473</u>	<u>2,412,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets.....	<u>2,811,271</u>	<u>2,455,657</u>	<u>248</u>	<u>243</u>	<u>57,785</u>	<u>45,563</u>
CAPITAL ASSETS						
Other capital assets, net of depreciation.....	54	34	-	-	-	-
Total Capital Assets, Net.....	<u>54</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Securities lending collateral.....	96,041	128,284	-	-	-	-
TOTAL ASSETS.....	<u>2,907,366</u>	<u>2,583,975</u>	<u>248</u>	<u>243</u>	<u>57,785</u>	<u>45,563</u>
<u>LIABILITIES</u>						
CURRENT LIABILITIES:						
Obligations under securities lending agreement.....	96,046	129,556	-	-	-	-
Accounts payable and accrued liabilities.....	6,243	1,443	-	3	5,019	4,805
Due to independent agencies and other governments.....	-	-	-	-	15,540	15,436
Due to individuals.....	-	-	-	-	6,028	5,851
Current portion accrued compensated absences.....	-	-	-	-	-	-
Deposits held in escrow.....	-	-	-	-	30,814	18,518
Miscellaneous liabilities.....	-	-	-	-	384	953
Total Current Liabilities.....	<u>102,289</u>	<u>130,999</u>	<u>-</u>	<u>3</u>	<u>57,785</u>	<u>45,563</u>
NONCURRENT LIABILITIES:						
Other post employment benefits.....	16	9	-	-	-	-
Accrued compensated absences.....	227	95	-	-	-	-
Terminal leave - group care.....	229	233	-	-	-	-
Due to participants.....	239,860	218,036	-	-	-	-
Total Noncurrent Liabilities.....	<u>240,332</u>	<u>218,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>342,621</u>	<u>349,372</u>	<u>-</u>	<u>3</u>	<u>\$ 57,785</u>	<u>\$ 45,563</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	<u>\$ 2,564,745</u>	<u>\$ 2,234,603</u>	<u>\$ 248</u>	<u>\$ 240</u>		

See accompanying notes.

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	PENSION TRUST FUNDS		PRIVATE PURPOSE TRUST	
	2012	2011	2012	2011
<u>ADDITIONS</u>				
Contributions:				
Employer.....	\$ 133,133	\$ 128,772	\$ -	\$ -
Plan members.....	39,915	41,949	-	-
Total contributions.....	<u>173,048</u>	<u>170,721</u>	<u>-</u>	<u>-</u>
Other additions:				
State insurance contributions.....	9,276	8,955	-	-
Court fines & penalties.....	1,242	1,173	-	-
Miscellaneous.....	60	101	-	-
Transfers in.....	532	172	-	-
Total other additions.....	<u>11,110</u>	<u>10,401</u>	<u>-</u>	<u>-</u>
Investment income:				
Net (depreciation) appreciation in fair value of investments.....	364,432	(35,503)	-	-
Interest.....	28,924	31,714	8	4
Dividends.....	70,906	24,321	-	-
Rebate of commissions.....	108	153	-	-
Rental income.....	1,502	1,937	-	-
Other miscellaneous.....	-	-	-	-
Total investment income	<u>465,872</u>	<u>22,622</u>	<u>8</u>	<u>4</u>
Less investment expense.....	(13,640)	(12,301)	-	-
Less rental expense.....	(196)	(228)	-	-
Net investment income	<u>452,036</u>	<u>10,093</u>	<u>8</u>	<u>4</u>
From Securities Lending Activities:				
Securities lending.....	1,760	414	-	-
Securities lending expenses				
Interest expense (returned to borrower).....	-	7	-	-
Agent fees.....	(123)	(94)	-	-
Total securities lending activities	<u>1,637</u>	<u>327</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS, NET.....	<u>637,831</u>	<u>191,542</u>	<u>8</u>	<u>4</u>
<u>DEDUCTIONS</u>				
Benefit payments.....	235,557	219,695	-	-
DROP benefits.....	47,742	43,919	-	-
Refund of contributions.....	20,746	20,270	-	-
Transfers out.....	532	167	-	-
Administrative expenses.....	3,112	3,900	-	-
Operating expenses.....	-	-	-	11
TOTAL DEDUCTIONS.....	<u>307,689</u>	<u>287,951</u>	<u>-</u>	<u>11</u>
CHANGE IN NET ASSETS.....	330,142	(96,409)	8	(7)
NET ASSETS, BEGINNING OF YEAR.....	<u>2,234,603</u>	<u>2,331,012</u>	<u>240</u>	<u>247</u>
NET ASSETS, END OF YEAR.....	<u>\$ 2,564,745</u>	<u>\$ 2,234,603</u>	<u>\$ 248</u>	<u>\$ 240</u>

See accompanying notes.



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COMPONENT UNITS

Component Units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's governing body with certain exceptions, and either (a) the ability to impose will by the primary government; or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government. The City's major component units follow:

MAJOR COMPONENT UNITS:

The JEA manages and operates an electric utility system and a water and sewer utility system in the Consolidated City of Jacksonville/Duval County area.

The Jacksonville Transportation Authority is responsible for construction, improvement, and maintenance of the Jacksonville Expressway System and operation of the City's mass transit systems, including bus and automated skyway express throughout Duval County.

The Jacksonville Aviation Authority manages and operates the City's aviation/airport facilities.

The Jacksonville Port Authority manages and operates the City's marine port facilities.

COMPONENT UNITS THAT DO NOT ISSUE A SEPARATE REPORT:

The Jacksonville Housing Finance Authority provides money for loans and technical assistance for construction and rehabilitation of housing to alleviate a shortage of housing and capital for investment in housing in Jacksonville.

The Jacksonville Economic Development Commission provides a focal point for economic development in Jacksonville that results in a centralization of economic development programs.

NON-MAJOR COMPONENT UNITS:

The Downtown Vision, Inc. provides community enhancements, such as security, hospitality and clean teams, within the downtown area.

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS -
COMPONENT UNITS (in thousands)
SEPTEMBER 30, 2012**

	<u>JEA</u>	<u>JACKSONVILLE TRANSPORTATION AUTHORITY</u>	<u>JACKSONVILLE AVIATION AUTHORITY</u>
ASSETS			
Cash and cash equivalents.....	\$ 713,334	\$ 73,658	\$ 33,346
Cash in escrow with fiscal agent.....	-	-	-
Investments.....	747,423	30,206	56,503
Due from other governmental agencies.....	-	45,908	-
Accounts and interest receivable.....	251,232	755	4,572
Mortgages receivable.....	-	-	-
Other receivables.....	-	-	6,976
Inventories.....	156,941	3,990	1,123
Deferred outflows.....	194,658	-	4,210
Other assets.....	75,831	8,878	1,750
Custodial Assets - Construction projects.....	-	161,391	-
Capital assets:			
Land and construction in progress.....	381,627	47,914	88,379
Buildings and improvements.....	-	147,576	753,397
Vehicles.....	-	92,643	-
Equipment.....	-	85,069	47,740
Utility plant in service.....	10,176,929	-	-
Other capital assets.....	-	-	2,069
Less: accumulated depreciation.....	(3,993,190)	(203,209)	(353,976)
Total capital assets, net of depreciation.....	<u>6,565,366</u>	<u>169,993</u>	<u>537,609</u>
Total assets.....	<u>8,704,785</u>	<u>494,779</u>	<u>646,089</u>
LIABILITIES			
Accounts payable and accrued expenses.....	181,454	6,906	10,817
Deposits.....	56,350	-	-
Unearned revenue.....	-	5,028	-
Due to other governmental agencies.....	-	552	-
Interest payable.....	93,116	-	3,664
Other current liabilities.....	90,000	-	-
Long-term liabilities:			
Due within one year:			
Estimated liability for injury and damage claims.....	-	2,504	-
Bonds, notes payable, capital leases and contracts.....	251,803	-	13,182
Compensated absences.....	-	269	-
Due in more than one year:			
Estimated liability for injury and damage claims.....	-	1,291	-
Bonds, capital leases and commercial paper.....	5,696,144	-	170,927
Fair market value of debt management instruments.....	194,658	-	4,210
Compensated absences.....	-	704	-
Custodial projects - due to other governments.....	-	181,491	-
OPEB liability.....	-	306	1,697
Other noncurrent liabilities.....	149,949	381	-
Total liabilities.....	<u>6,713,474</u>	<u>199,432</u>	<u>204,497</u>
NET ASSETS			
Invested in capital assets, net of related debt.....	890,648	169,994	355,251
Restricted for:			
Capital projects.....	139,009	-	5,599
Debt service.....	367,198	-	23,112
Other purposes.....	-	-	10,382
Unrestricted.....	594,456	125,353	47,248
Total Net Assets.....	<u>\$ 1,991,311</u>	<u>\$ 295,347</u>	<u>\$ 441,592</u>

See accompanying notes.

JACKSONVILLE PORT AUTHORITY	JACKSONVILLE HOUSING FINANCE AUTHORITY	JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION	DOWNTOWN VISION INC.,	TOTAL
\$ 57,186	\$ 7,633	\$ 26,848	\$ 765	\$ 912,770
-	40	20	-	60
-	-	-	108	834,240
-	-	64	-	45,972
5,273	-	2,697	522	265,051
-	12,974	-	-	12,974
8,834	-	49,999	-	65,809
1,562	-	-	-	163,616
3,146	-	-	-	202,014
2,707	110	-	6	89,282
-	-	-	-	161,391
259,983	-	-	-	777,903
528,662	-	-	77	1,429,712
-	-	-	-	92,643
112,731	-	-	118	245,658
-	-	-	-	10,176,929
-	-	-	-	2,069
(290,253)	-	-	(171)	(4,840,799)
611,123	-	-	24	7,884,115
689,831	\$ 20,757	\$ 79,628	\$ 1,425	10,637,294
5,719	48	274	19	205,237
2,802	19	398	-	59,569
6,212	-	49,986	-	61,226
8,537	-	-	-	9,089
-	-	-	-	96,780
590	-	-	-	90,590
-	-	-	-	2,504
12,599	-	-	-	277,584
-	5	80	-	354
-	-	-	-	1,291
195,315	-	-	-	6,062,386
3,146	-	-	-	202,014
-	11	187	-	902
-	-	-	-	181,491
-	7	79	-	2,089
151,071	-	-	-	301,401
385,991	90	51,004	19	7,554,507
261,312	-	-	24	1,677,229
-	-	-	-	144,608
18,203	-	-	-	408,513
2,547	-	-	-	12,929
21,778	20,667	28,624	1,382	839,508
\$ 303,840	\$ 20,667	\$ 28,624	\$ 1,406	\$ 3,082,787

**CITY OF JACKSONVILLE, FLORIDA
 COMBINING STATEMENT OF ACTIVITIES -
 COMPONENT UNITS (in thousands)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				GOVERNMENTAL ACTIVITIES	
	EXPENSES	FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	JACKSONVILLE TRANSPORTATION AUTHORITY	JACKSONVILLE HOUSING FINANCE AUTHORITY
Governmental activities:						
Jacksonville Transportation Authority	\$ 65,556	\$ -	\$ -	-	\$ (65,556)	\$ -
Jacksonville Housing Finance Authority	190	-	-	-	-	(190)
Jacksonville Economic Development Commission	7,369	67	6,449	-	-	-
Downtown Vision	1,277	720	413	-	-	-
Total governmental activities.....	74,392	787	6,862	-	(65,556)	(190)
Business-type activities:						
JEA	1,779,321	1,908,382	-	18,774	-	-
Jacksonville Transportation Authority	107,315	23,872	10,653	12,514	-	-
Jacksonville Aviation Authority	79,667	71,160	243	8,347	-	-
Jacksonville Port Authority	70,368	51,825	5,712	14,956	-	-
Total business-type activities.....	2,036,671	2,055,239	16,608	54,591	-	-
Total component units.....	\$ 2,111,063	\$ 2,056,026	\$ 23,470	\$ 54,591	(65,556)	(190)
Sales and tourist taxes.....					66,548	-
Intergovernmental - unrestricted.....					-	-
Unrestricted earnings on investments.....					109	333
Miscellaneous.....					1,777	156
Total general revenues and distributions.....					68,434	489
Change in net assets.....					2,878	299
Net assets, beginning of year.....					114,931	20,368
Net assets, end of year.....					\$ 117,809	\$ 20,667

See accompanying notes.

GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES				TOTAL
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION	DOWNTOWN VISION	JEA	JACKSONVILLE TRANSPORTATION AUTHORITY	JACKSONVILLE AVIATION AUTHORITY	JACKSONVILLE PORT AUTHORITY	GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (65,556)
-	-	-	-	-	-	(190)
(853)	-	-	-	-	-	(853)
-	(144)	-	-	-	-	(144)
<u>(853)</u>	<u>(144)</u>					<u>(66,743)</u>
-	-	147,835	-	-	-	147,835
-	-	-	(60,276)	-	-	(60,276)
-	-	-	-	83	-	83
-	-	-	-	-	2,125	2,125
<u>-</u>	<u>-</u>	<u>147,835</u>	<u>(60,276)</u>	<u>83</u>	<u>2,125</u>	<u>89,767</u>
<u>(853)</u>	<u>(144)</u>	<u>147,835</u>	<u>(60,276)</u>	<u>83</u>	<u>2,125</u>	<u>23,024</u>
-	-	-	-	-	-	66,548
-	-	-	63,427	-	-	63,427
1,782	3	15,132	19	1,036	232	18,646
<u>5,153</u>	<u>25</u>	<u>19,785</u>	<u>-</u>	<u>1,180</u>	<u>571</u>	<u>28,647</u>
<u>6,935</u>	<u>28</u>	<u>34,917</u>	<u>63,446</u>	<u>2,216</u>	<u>803</u>	<u>177,268</u>
6,082	(116)	182,752	3,170	2,299	2,928	200,292
<u>22,542</u>	<u>1,522</u>	<u>1,808,559</u>	<u>174,368</u>	<u>439,293</u>	<u>300,912</u>	<u>2,882,495</u>
<u>\$ 28,624</u>	<u>\$ 1,406</u>	<u>\$ 1,991,311</u>	<u>\$ 177,538</u>	<u>\$ 441,592</u>	<u>\$ 303,840</u>	<u>\$ 3,082,787</u>



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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Jacksonville, Florida (the City) conform to accounting principles generally accepted in the United States (GAAP) as applicable to governments. The following is a summary of the more significant policies. Notes 1C. through 19 are note disclosures of the primary government with significant disclosures for major component units incorporated within. Additional significant component unit disclosures are presented in Note 17.

A. Basis of Presentation:

The accompanying financial statements of the City have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the American Institute of Certified Public Accountants (AICPA). Under the auspices of GASB Statement No. 20, the City does not apply FASB pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for units of local government.

B. Financial Reporting Entity:

The City is a consolidated city/county political entity created by Chapter 67-1320 of the Laws of Florida. When consolidation occurred on October 1, 1968, all existing municipalities, authorities and public agencies within Duval County, except for the Duval County School Board, were merged into a single new corporate and political entity also known as the City of Jacksonville. At the same time, however, the cities of Jacksonville Beach, Atlantic Beach, Neptune Beach and the Town of Baldwin elected to retain local autonomy for certain municipal purposes and were reconstituted as separate and distinct urban service districts. The consolidated city government, which is comprised of an elected City Council (19 members) and mayor, provides, under the administration of the appointed Chief Administrative Officer, services to approximately 869,729 residents living in an 840.1 square mile area.

To conform to the traditional county organization of government in the State of Florida, the City retained the offices of the Sheriff, Property Appraiser, Tax Collector, Supervisor of Elections, and Clerk of the Circuit Court, which are also elected by the citizenry. These officers are considered to be not only county officers, but also officers of the consolidated government as well, and therefore are considered as part of the primary government. The three beach cities and the Town of Baldwin continue to function as separate municipal governments.

This report includes all funds, departments, agencies, boards and commissions, and other organizational units that are administered by the mayor and/or controlled by or dependent upon the City Council as set forth in the City Charter. The City, a primary government, has also considered for inclusion all potential component units for which it may be financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. In GASB codification section 2100 Defining the Financial Reporting Entity, the GASB has set forth criteria to be considered in determining financial accountability.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity: (continued)

These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

As required by GAAP, these financial statements present the City of Jacksonville (the primary government) and its component units. The City has identified and included within the financial reporting entity, as its component units, legally separate organizations for which the City is financially accountable or for which a significant relationship with the City exists such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Jacksonville Public Library Board has been classified as a dependent special district by the State of Florida Department of Community Affairs. Per GASB codification section 2100, the Library Board is not considered a component unit as it is not a legally separate organization. Therefore, its activity is included as part of the primary government.

Blended Component Unit. There is one component unit, which is legally separate from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the appropriate funds.

The **Jacksonville Police and Fire Pension Board of Trustees**, created under Article 22 of the City Charter, provide retirement services and benefits to eligible employees of the Office of the Sheriff and the Department of Fire and Rescue. The City appoints two of the five-member board; one member is a police officer; one member is a firefighter; and the remaining member is appointed by the other four members. As sponsor, the City has the ability to modify the plan and to approve the defined benefit contribution to the Police and Fire Pension Board of Trustees in the City's annual budget. The Police and Fire Pension Board of Trustees issues separate financial statements on the fund, which may be obtained from its administrative office at One West Adams Street, Suite 100, Jacksonville, Florida 32202-3616. These transactions are blended in the Fiduciary Funds.

Discrete Component Units. These component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The component units are reported separately to emphasize that they are legally separate from the primary government and are governed by separate boards. The footnotes include financial data of these entities. Each component unit listed below has a September 30 fiscal year end.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
B. Financial Reporting Entity: (continued)

Major Component Units

JEA (formerly known as the Jacksonville Electric Authority) was created by Chapter 67-1569 of the Laws of Florida to own, manage, and operate an electric utility system and a water and sewer utility system in the City and any or all counties adjacent thereto. The governing body of the JEA consists of seven members appointed by the mayor and confirmed by the City Council. The City has the ability to impose its will on the JEA manifested principally through formal budgetary approval. The JEA engages only in business-type activities and issues separate financial statements, which may be obtained from its administrative office in the JEA Plaza at 21 West Church Street, Jacksonville, Florida 32202.

The **Jacksonville Port Authority (JPA)** was created by chapter 2001-319 of the Laws of Florida to operate, manage, and control the publicly owned seaport and ancillary facilities located within Duval County and outside such boundary lines. The governing body of the JPA consists of seven members, four of whom are appointed by the mayor and confirmed by the City Council, and three of whom are appointed by the Governor. The City can impose its will on the JPA through modification and approval of its budgets, which ensures strong accountability to the local constituent citizenry. The JPA engages only in business-type activities and issues separate financial statements. Requests for information may be addressed to the Chief Financial Officer, Jacksonville Port Authority, P.O. Box 3005, Jacksonville, FL 32206-0005.

The **Jacksonville Aviation Authority (JAA)** was created by chapter 2001-319 of the Laws of Florida to operate, manage, and control all of the publicly owned airports and ancillary facilities located within Duval County and outside such boundary lines. The governing body of the JAA consists of seven members, four of whom are appointed by the Governor, and three of whom are appointed by the mayor and confirmed by the City Council. The JAA is fiscally dependent upon the City because the City Council approves and modifies the JAA budget. The JAA engages only in business-type activities and issues separate financial statements. Requests for information may be addressed to the JAA Chief Financial Officer at 14201 Pecan Park Road, Jacksonville, Florida 32218.

The **Jacksonville Transportation Authority (JTA)** is a public body politic and corporate agency of the State of Florida under Chapter 349 of the Florida Statutes. The governing body of the JTA consists of seven members, three of whom are appointed by the governor of Florida, three of whom are appointed by the mayor and confirmed by the City Council, and the seventh member is the district engineer of the Florida Department of Transportation.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity: (continued)

The JTA is empowered to construct, improve, operate and lease the Jacksonville Expressway System. The JTA is, however, fiscally dependent upon the City under Section 14 of the City Charter through approval of its budgets which ensures strong accountability to the local constituent citizenry. The JTA engages in both governmental and business-type activities and issues separate financial statements, which may be obtained from its administrative office at 100 North Myrtle Avenue, Jacksonville, Florida 32203.

Component Units that do not issue a separate report

The **Jacksonville Housing Finance Authority (JHOFA)**, formerly known as the Duval County Housing Finance Authority (DCHFA), was created by City Ordinance 2003-1058, to alleviate a shortage of housing and capital investment for the people of Duval County, pursuant to Florida Statutes, Section 159.604. The mayor appoints three of the five board members. The City has the ability to impose its will on the JHOFA. The JHOFA operates in conjunction with the Jacksonville Housing Commission, also created by Ordinance 2003-1058, and has the rights and duties necessary under Florida Statutes, Chapter 159, Part IV, to preserve outstanding debt, issue new debt and to shield the City from financial liability. The bonds issued and outstanding are included in Note 8K. Conduit Debt. The JHOFA engages only in governmental activities. There are no separately issued financial statements for the JHOFA, whose financial activity is accounted for by the City. The JHOFA financial statements are presented in the financial section of the City report.

The **Jacksonville Economic Development Commission (JEDC)**, created July 1, 1997, under Chapter 92-341, Laws of Florida, provided a focal point for economic development in the City that results in a centralization of economic development programs under the auspices of one agency, thus ensuring a more efficient and practical means of addressing economic development in the City. The JEDC operated with all the powers and authority of a community redevelopment agency under Part III, Chapter 163, Florida Statutes and as an industrial development authority under Part III, Chapter 159, Florida Statutes. The mayor appointed the board members and the chairman, who were confirmed by the City Council, and the City had the ability to impose its will. The JEDC engaged only in governmental activities. There are no separately issued financial statements for the JEDC, whose financial activity is accounted for by the City. The JEDC financial statements are presented in the financial section of the City report.

With the passage of ordinance 2012-212-E, Article 24 of the City Charter, Chapter 92-341, Laws of Florida was repealed, and the Office of Economic Development was created within the Office of the Mayor. JEDC is presented as a discretely presented component unit for 2012 reporting as substantive changes had not occurred by year end. As of October 1, 2012, future year related financial information will be reported as part of the primary government.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity: (continued)

Non-major Component Units

Downtown Vision, Inc. (DVI) was established as a not-for-profit corporation under the Laws of Florida in 1997. DVI was created to provide community enhancements in the downtown area, with associated costs assessed to the properties benefited. The assessment is levied and collected by the City in accordance with the Enhanced Municipal Services Agreement, and was approved by City Ordinance 1999-1175-E. Therefore, DVI is fiscally dependent on the City. The DVI is governed by a 15-member Board of Directors, of which two are City representatives. The enhanced services are provided to property owners within several of the City's Downtown Community Redevelopment areas, including some properties owned by the City. DVI engages only in governmental activities and issues separate financial statements, which may be obtained from its main office at 214 North Hogan Street, Suite 120, Jacksonville, Florida 32202.

The **Jacksonville Health Facilities Authority** (JHFA), created under Chapter 490 of the City Ordinance Code pursuant to Chapter 154 Part III, Laws of Florida, provides appropriate additional means to assist in the development, improvement and maintenance of the public health. The JHFA provides a method for the financing and refinancing, on a tax-exempt basis, of projects on behalf of private corporations and organized not-for-profits that are authorized by law to provide hospital or nursing home services, thus providing facilities at favorable interest costs with a resultant decrease in health care costs for the users of health facilities within the City. All five members are appointed by the City Council, and the City is able to impose its will on the JHFA.

The bonds issued by the JHFA are special limited obligations of the JHFA and the principal and interest are payable from rental payments. The principal and interest on the bonds shall never constitute an indebtedness of the City of Jacksonville, Duval County, the State of Florida or any municipality or political subdivision thereof. Accordingly, the bonds issued and outstanding are included in Note 8K Conduit Debt. During the fiscal year presented, JHFA had no financial transactions or assets and liabilities to report. Therefore, there are no separately issued financial statements for JHFA.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
B. Financial Reporting Entity: (continued)

Related Organizations

The **Jacksonville Housing Authority (JHA)** is governed by a seven member board, whose members are appointed by the mayor and confirmed by City Council. However, the City does not have the ability to impose its will on JHA. The City cannot remove appointed members of the JHA Board at will. JHA managers are appointed by the JHA Board of Directors. The Board approves the operating budget and amendments to the budget. The City does not exercise influence in JHA management or operations. It does not approve JHA budgets, and does not provide or collect major revenues of the JHA. Accordingly, the financial activities of the JHA are not included in the City's financial statements.

The **Duval County Research and Development Authority (Authority)** is governed by a five member board whose members are appointed by the City Council. However, the City does not have the ability to impose its will on the Authority. The City does not exercise influence in the management or operations of the Authority and is not financially accountable for the actions of the Authority. Accordingly, the financial activities of the Authority are not included in the City's financial statements.

Jointly Governed Organization

The **North Florida Transportation Planning Organization (TPO)** is an independent regional transportation planning agency for Duval, Clay, Nassau and St. Johns counties. The mayor, three Jacksonville City council members and various other leaders of the other affiliated communities / transportation agencies, make up the 15 member board, with five members being non-voting.

The City does not have an ongoing financial interest or responsibility to the TPO. However, since the board includes members from each of the governments that created it, the TPO is considered a jointly governed organization of the City.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements:

The basic financial statements include both citywide and fund level statements. The City, as the primary government, is reported separately from its component units. The citywide statements report on all of the activities of the City and its component units except those that are fiduciary in nature.

Statements for fiduciary activities, such as employee pension plans, are presented in a separate section of this report. Both the citywide and fund level statements classify primary activities of the City as either governmental activities, which are primarily supported by taxes and intergovernmental revenues, or business type activities, which are primarily supported by user fees and charges.

The citywide statement of net assets reports all assets and liabilities of the City, including both long-term assets and long-term debt and other obligations. The statement of activities reports the degree to which direct expenses of City functions are offset by program revenues, which include program specific grants and charges for services provided by a specific function. Direct expenses are those that are clearly identifiable with a specific function or program. The net cost of these programs is funded from general revenues such as taxes, intergovernmental revenue and interest earnings.

The fund level statements report on governmental, proprietary and fiduciary fund activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund level financial statements.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the citywide statements governmental column (as discussed under Basis of Accounting in this summary of significant accounting policies), a reconciliation is presented on the page following each governmental fund financial statement which briefly explains the adjustments necessary to convert the fund level statements into the citywide governmental column presentations.

As a general rule, the effect of interfund activity has been eliminated from the citywide financial statements.

D. Fund Structure:

The City's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions or limitations. Each individual fund is a self-balancing set of accounts recording assets, liabilities and residual equities or balances and revenues, expenditures / expenses and changes therein. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into generic classifications as required by GAAP. A brief description of these classifications follows:

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Structure: (continued)

Governmental Funds. These funds report transactions related to resources received and used for those services traditionally provided by city/county government. The following are major governmental funds used by the City:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Funds:

The Special Bonded Debt – Better Jacksonville Plan Obligations Fund accounts for the accumulation of resources for, and the payment of, principal and interest on the City’s special bonded obligations payable, which are related to the Better Jacksonville Plan.

The Special Bonded Debt Obligations Fund accounts for the accumulation of resources for, and the payment of, principal and interest on the City’s special and limited bonded obligations, which are payable solely from and secured by a lien upon and pledge of the revenues under the respective bond ordinances.

Capital Project Funds:

The General Projects Fund receives monies appropriated from the General Fund and other sources including proceeds from non-bonded debt for general capital improvements.

Other Non-major Governmental Funds:

This is the aggregate of all of the non-major governmental funds.

Proprietary Funds. These funds report transactions related to activities similar to those found in the private sector. Major proprietary funds include:

The Solid Waste Disposal Fund accounts for the collection, recycling, and disposal of commercial and residential garbage services throughout the City, including operation of three municipally owned landfill sites, two of which are closed.

The EverBank Field Fund accounts for events held at the stadium including National Football League and college football games, concerts and other activities.

The Storm Water Services Fund accounts for the storm water utility financed by service charges, to be used for paying for costs of constructing and maintaining the storm water management system.

The Veterans Memorial Arena Fund accounts for events held at the arena including concerts, college basketball games, and other entertainment events such as the circus, ice skating, gymnastics, professional wrestling and motor sports.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Structure: (continued)

Other Non-major Enterprise - This is the aggregate of all of the non-major enterprise funds.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operation. The principal operating revenues for the City's proprietary funds are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In addition, the City reports the following fund types:

Internal Service Funds - These funds account for services provided primarily to various departments of the City and to other governmental agencies. Since these funds principally service City departments, internal service fund statements are consolidated into the governmental activities column in the citywide presentation. These activities are fleet management, copy center, data processing, legal, various risk management activities and internal banking fund. Services provided to other governmental agencies are not considered to be material.

Private-purpose Trust Funds - These funds account for resources legally held in trust for the benefit of individuals pursuing higher education in music and urban studies. Earnings on invested resources may be used to support these activities but no expenditure may be made from the principal of these funds.

Pension Trust Funds - These funds account for the activities of the Jacksonville Retirement System and the Police and Fire Pension funds, which accumulate resources for pension benefit payments for qualified employees.

Permanent Fund - This fund is used to account for activities of the City relative to cemetery maintenance at specified locations. Fund resources are restricted. Only earnings on invested resources may be used to support these activities.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Structure: (continued)

Agency Funds - These custodial funds account for monies held as an agent for other governmental units or individuals. The City utilizes several agency funds including the Treasurer Fund to clear cash received and disbursed, Tax Collector Fund accounts for the collection of all taxes, revenues and other cash, Clerk of the Circuit Court Fund accounts for revenues collected by the court system, Plat Deposits Fund accounts for collateral to insure the completion of public improvements, Duval County School Readiness Coalition Fund accounts for similar collections, Florida Retirement System Fund accounts for a multiple-employer, cost-sharing defined benefit plan for certain City employees who elected to remain with the State of Florida Retirement System, Sheriffs Fund accounts for deposits held in accordance with statutes for civil action, safeguarding of monetary evidence, and inmate funds.

E. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The citywide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary pension trust fund financial statements. Agency funds are accounted for using the full accrual basis of accounting. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year in which they are levied for. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include property taxes, taxpayer-assessed tax revenues including sales and utilities services taxes, state shared revenue, intergovernmental revenue, charges for services and investment income. Generally, the City considers a 60-day availability period for revenue recognition. Federal and state grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made, and the City considers amounts received within one year as available. Ambulance billings also have a one year availability period.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting: (continued)

Expenditures are recorded when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources. The City records an accrual for debt service liabilities and expenditures by providing financial resources to a debt service fund for payment of liabilities that will mature early in the following year. Exceptions to the general modified accrual expenditure recognition criteria include capital lease obligations, which are recognized when paid, and payments for compensated absences, pension, OPEB (other post employment benefits), and claims and judgments which are recognized when due.

The City's policy is to use restricted resources first, then unrestricted resources, when both are available for use to fund an activity.

F. Cash, Cash Equivalents, and Investments:

Cash, cash equivalents and investments and related accrued investments earnings are reported in the financial statements as "Equity in cash and investments" under the City's "pooling" concept (See Note 3). All monies, which are not legally restricted to separate administration, are pooled together for investment purposes while each individual fund and/or account is maintained on a daily transaction basis by the City Treasurer. Cash in escrow with fiscal agents is not included in the Statement of Cash Flows ending balances as the funds have been sent to trustee entities to be held for payment of bond principal and interest. Investment earnings are distributed in accordance with the participating funds' relative percentage of investments. All fund types deposit monies into the equity in cash and investments pool of the City. The Proprietary Fund types use this pool as a demand deposit account, and accordingly all amounts in the pool are considered cash and cash equivalents for purposes of the Statement of Cash Flows. Investments are stated at fair value, generally based on quoted market prices except as disclosed herein. Securities, traded on national or international exchanges are valued at the last reported sales price at current exchange rates. The fair value of real estate investments are based on independent appraisals or estimates of fair value as provided by third party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third party fund managers. Increases and decreases in the fair value of investments are reported as investment income. The City of Jacksonville's swap policy allows for the use of interest rate swaps and other financial instruments to manage the City's financial exposure. This policy went into effect on October 1, 2003 and was revised on August 9, 2011. While the City is authorized to utilize interest rate swaps to manage the interest rate risk associated with various assets, no investment interest rate swaps were used during the reporting period.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Receivables:

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based on past collection experience and current economic conditions, to the net realizable values. Types of receivables include amounts that are principally due from the State of Florida for state-shared revenues. Receivables in other funds have arisen in the ordinary course of business.

Certain receivables are related to loans made for economic development purposes. Repayment of these loans is contingent upon a number of economic factors that are outside of the control of the City. Due to the uncertainty over the ultimate collectability of these amounts, a deferral has been recorded in the amount equal to the balance of the receivable.

H. Inventories:

Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems stated at cost, which approximates market, using the average weighted costing method. Reported inventories in governmental funds are included within nonspendable fund balance because it is not in spendable form. In proprietary fund types, inventories are expended when consumed.

I. Capital Assets:

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, capital assets costing \$1,000 or more and having a useful life of more than one year are capitalized. Infrastructure is capitalized based on the accumulated amounts charged to specific capital projects on an annual basis. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are reported in the applicable governmental or business-type column in the citywide financial statements, and in the Proprietary Fund Level Statements.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets: (continued)

Depreciation on all capital assets is calculated using the straight line method over the following useful lives:

Infrastructure - Other	12 - 50 years
Infrastructure - Bridges	100 years
Buildings and improvements	12 - 45 years
Furniture, equipment and library books	3 - 10 years
Software Development	10 years

The City capitalizes collections, such as artwork and library books. The City has a collection of artwork in various sites throughout the interior and exterior of public facilities. The value of the art is expected to either remain the same or increase over time, so it is not depreciated. Software development is capitalized if over a threshold of \$30,000.

J. Contributions:

Contributions in the form of cash and capital assets to the governmental activities of the City are recognized on the Statement of Activities as revenues in the period they are received. Contributions of capital assets, primarily completed infrastructure from developers, are recognized at the fair value at the date of donation. All contributions are reported on the Statement of Activities as program revenues, with operating contributions reported separately from capital contributions.

K. Interfund Activity:

Interfund activity within and among the City's three fund categories (governmental, proprietary, and fiduciary) are classified as reciprocal interfund activity and nonreciprocal interfund activity. Reciprocal interfund resource flows between funds with an expectation of repayment are reported as interfund receivables and payables.

Reciprocal interfund resource flows, without an expectation of repayment within a reasonable time, are reported as transfers between funds. Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external value and are reported as revenues and expenditures (or expenses) in the funds.

Nonreciprocal interfund activities are flows of assets between funds without an equivalent flow of assets in return or without a requirement for repayment are reported as transfers in governmental funds and nonoperating revenues and expenses in proprietary funds.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Restricted Assets:

Assets are reported as restricted in the citywide Statement of Net Assets and the enterprise fund level statements when constraints are placed on net asset use. The constraints are either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.

M. Compensated Absences:

City employees may accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements. This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB Statement No. 16, Accounting for Compensated Absences.

Compensated absences liabilities are accrued when incurred in the citywide financial statements, and the proprietary and fiduciary fund level financial statements. No expenditure is reported in the governmental funds for these amounts until the payment is made. No liability is recorded for nonvesting, accumulated sick pay benefits. Compensated absences liability is determined based on current rates of pay.

N. Risk Financing:

Pursuant to Florida Statute 768.28 "Sovereign Immunity" the City is self-insured for general and automobile liability for state tort claims in excess of \$200,000 per person, and \$300,000 per occurrence. The City has an excess liability policy which provides coverage for general liability at limits of \$5 million per occurrence and subject to a \$2.5 million self-insured retention for the City; and for all other participating entities a \$1 million general liability limit subject to a \$5 million self-insured retention. This policy includes a policy aggregate limit of \$5 million. The excess policy includes employer's liability with \$3 million in the aggregate with a self-insured retention per occurrence of \$1.2 million. The City's self-insured retention is up to \$1.2 million per occurrence for workers compensation statutory benefits. The liability for self-insured losses is based on individual case estimates for reported claims, historical loss data and valuations performed by independent actuaries at September 30, 2012, for incurred but not yet reported claims, claims development, and unallocated loss adjustment expenses. The liability for self-insured losses is accounted for in the Self-Insurance Fund (internal service fund) that pays for claims made against the City.

O. Pension Costs:

Substantially all permanent, full-time employees of the City are covered under two city sponsored defined benefit pension plans and a city sponsored defined contribution plan. Employer contributions are recorded as pension expenditure/expenses when the related payroll is accrued based on an actuarially determined rate in accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Governments.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Landfill Closure and Postclosure Care Costs:

The City recognizes municipal solid waste landfill closure and postclosure care costs under the State of Florida's Solid Waste Management Act of 1988 regulations of the Federal Environmental Protection Agency (EPA), and GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs. For those landfills that stopped accepting solid waste prior to final implementation of the 1988 Act and EPA regulations, the total cost of municipal solid waste landfill (MSWLF) closure is recognized as a deferred charge in the Solid Waste Disposal Enterprise Fund, in accordance with SFAS Statement No. 71, Accounting for the Effects of Certain Types of Regulation, (SFAS 71). The City issued bonds to pay for closure costs on closed landfills. Post-closure care costs on closed landfills are recorded as a liability based on engineer's estimates. The City Council establishes rates that are designed to recover costs and believes it is reasonable to assume that such rates, which will recover the costs, can be charged to and collected from customers. Accordingly, the provisions of SFAS 71 are applied. The City intends to recover these MSWLF costs through future operating revenues of the Solid Waste Disposal Enterprise Fund. Accordingly, MSWLF costs are recognized as expense each year to match the flow of revenue and bonds principal payments, thereby reducing the deferred charge. Expenses for closure and postclosure care costs are recorded each year and the liability is adjusted to the engineer's estimate. MSWLF closure and postclosure care costs incurred for landfills accepting solid waste after final implementation of the 1988 Act and EPA regulations are recognized as an expense. A liability is recorded based upon the landfill capacity used during that year applied to the engineer's estimate of closure and postclosure care costs. (See Note 13.C.)

Q. Long-Term Obligations:

In the citywide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets.

Special obligation bonds, which are supported by certain general revenues (other than ad valorem taxes), do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision, and the City is not obligated to pay the bonds except from revenues pledged for such purposes.

Non Asset Bonds are created when the City issues debt and either (a) constructs an asset which will become the asset of another entity (e.g. State of Florida), (b) contributes proceeds to another entity (e.g. Shands Jacksonville Hospital) to participate in a construction project, or (c) provides an economic incentive to a development or redevelopment project. Part of the Better Jacksonville Plan (BJP) referendum was to make improvements to state roads and/or interchanges with/between state roads. While these projects enhance traffic movements in and around Jacksonville, the constructed assets and the future maintenance responsibility are transferred to the Florida Department of Transportation.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Long-Term Obligations: (continued)

Additionally, under the BJP program, the City provided for non-capital expenditures, such as septic tank remediation and ash clean up, from debt proceeds, which will not result in a capital asset of the City. The City has also provided grants to Shands Jacksonville Hospital, a provider of health care for indigents, from debt proceeds. The City and/or its Community Redevelopment Authority (CRA) districts, to encourage target development, will enter into incentive agreements (including grants and loans) which are in some instances designed to be repaid by either the CRA's tax increment revenues and/or the developer.

R. Categories and Classification of Fund Balance:

Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of constraint placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note 19.

S. Bond Discounts, Premiums and Issuance Costs:

In the fund financial statements, governmental funds recognize bond discounts, premiums and issuance costs in the current period. The face amount of debt issued and bond premiums are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the debt proceeds received, are reported as debt service expenditures.

In the citywide financial statements and for proprietary funds, material bond discount, premium and issuance costs are deferred and amortized as a component of interest expense over the term of the bonds using the straight-line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and bond discount/premium are included in Long-Term Liabilities - Revenue Bonds.

T. Deferred Loss on Debt Refundings:

Losses resulting from advance refundings of debt in the citywide and proprietary fund statements are deferred and amortized over the shorter of the life of the new debt or the remaining life of the old debt. The amount deferred is reported as a component of Long-Term Liabilities in the accompanying financial statements and is amortized and reported as a component of interest expense.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Use of Estimates:

The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

V. Reclassifications:

Certain 2011 amounts have been reclassified to conform with the 2012 presentation. Additionally, amounts in the separately issued financial statements of component units have been reclassified to conform to the presentation of the primary government.

W. Summarized Comparative Information:

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended September 30, 2011, from which the summarized information was derived. Limited 2011 comparative information was adjusted for comparability on some of the financial statements.

X. Prepaids:

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represent items which are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets. Prepaids are processed using the consumption method.

2. BUDGETARY DATA

The City presents a Budgetary Comparison Schedule for the General Fund as Required Supplementary Information. For this reporting period, no special revenue funds met the major fund criteria. The City's budgetary comparison reporting and Notes to Required Supplementary Information containing descriptions of the City's budgetary policies and processes are included in the Required Supplementary Information section of this report.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

3. CASH, INVESTMENTS AND SECURITIES LENDING

A. Cash on Deposit

The City maintains a cash and investment pool that is available for use by all funds except for monies legally restricted to separate administration (i.e. pension plan custodians and deferred compensation plan administrators). The “Equity in cash and investments” on the City Wide Financial Statements, consists of cash and investments owned by each fund and defined as resources that can be liquidated without delay or penalty. Cash and investments held separately, where contractual arrangements and bond covenants require such arrangements, are classified as “restricted assets.” Investment earnings are allocated to the individual funds monthly based on the funds’ weighted average daily cash balance.

CASH and INVESTMENTS		
September 30, 2012		<i>(in thousands)</i>
Primary Government:		
Cash and Cash Equivalents		\$66,689
Cash in escrow and with fiscal agents		150,389
Investments - Primary Government		<u>693,060</u>
Primary Government Total:		<u>910,138</u>
Pension and Agency Funds:		
Cash and Cash Equivalents		
Pension Trust Funds		\$32,836
Private Purpose Trust Funds		248
Agency Funds		55,224
Investments - Pensions		<u>2,772,601</u>
Pension and Agency Total:		<u>2,860,909</u>
Component Units:		
Cash and Cash Equivalents		912,770
Cash in escrow and with fiscal agents		60
Investments - Component Units		<u>834,240</u>
Component Unit Total:		<u>1,747,070</u>
Total Cash and Investments:		<u><u>\$5,518,117</u></u>
Investments Schedules:		
Operating Portfolio		\$1,527,300
(includes interest and dividends receivable)		
Pension Portfolio		2,772,601
(includes interest and dividends receivable)		
Sub-total:		<u>4,299,901</u>
Other Cash/Investments:		
Cash		462,538
Cash with Fiscal Agent		150,449
Restricted Funds		<u>605,229</u>
Sub-total:		<u>1,218,216</u>
Total Cash and Investments:		<u><u>\$5,518,117</u></u>

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

A. Cash on Deposit (continued)

1. Custodial Credit Risk

At September 30, 2012, primary government deposits in financial institutions totaled \$78.5 million. Monies on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts and certificates of deposit are defined as public deposits. All of the City's public deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", and covered by federal depository insurance. For amounts in excess of such federal depository insurance the Act provides that all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor is liable for any loss thereof. Any losses to public depositors are covered by applicable deposit insurance, sales of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

B. Investments and Investment Practices

1. General Operating Investments

The City's operating fund investment guidelines are defined by City Ordinance Code Section 110, Part 2 and a written Investment Policy (the "Policy") as approved by City Council. The Policy establishes a diversified investment strategy, both by type of investment and by manager, a minimum credit quality, and duration limitations. An internal Investment Committee has oversight, within Policy limits, of the implementation and direction of investment strategies. The Policy is reviewed annually for any adjustments due to changes or developments within the investment markets that may provide enhanced investment and/or risk management opportunities.

Other than operating cash invested overnight through the City's zero balance sweep accounts, all invested cash is managed by third-party money managers. Performance benchmarks for the Portfolio are established in the Investment Policy and performance benchmarks for each of the specific third party managers are established by the Investment Committee. The Policy defines the Average Duration and Compliance Categories for investments. Compliance Category limits are stated as a percentage of the 2010-11 Normal Portfolio Balance of \$914 million, which is defined by Ordinance as the average total portfolio balance for the proceeding twelve months.

Performance and compliance reports are submitted to the Investment Committee monthly, and to the Finance Committee quarterly. The City employs an independent investment custodian who takes direction from the money managers and independently settles all trades. The custodian provides performance and compliance reporting at both the portfolio level and by individual manager.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

1. General Operating Investments (continued)

The following schedule reports portfolio compliance at year end, as well as the maximum exposure for each compliance category during the year. Certain compliance categories include assets also measured in another compliance category, i.e. "US Government" issued treasury bonds are also appropriately included in the "US Government plus agencies" category. As a result, the amounts reported as year-end compliance exposures exceed the portfolio balance at year end in aggregate.

**Operating Fund
Compliance Guideline Characteristics
as of September 30, 2012**

Compliance Guideline	Sector Guideline Exposures			
	Exposure to Specific Guideline	Year end Exposure %	% of Normal Portfolio Balance	
			During Year	Maximum By Policy
Duration¹	2.78	NA	3.47	5.00
Liquidity	\$ 205,651,187	22.5%	44.4%	100.0%
Requirements				
USG + Agencies	\$ 253,416,328	27.7%	33.0%	100.0%
US Govt (USG)	133,732,728	14.6%	17.9%	100.0%
Constraints				
Agencies	\$ 119,683,600	13.1%	15.6%	45.0%
MBS	92,780,665	10.2%	11.3%	35.0%
Agency MBS	56,615,878	6.2%	7.3%	35.0%
Non-Agency MBS	36,164,787	4.0%	4.8%	15.0%
Asset Backed Securities	24,253,735	2.7%	2.7%	7.5%
Corporates	284,667,643	31.1%	39.1%	60.0%
Corporates > 1 Year	137,949,015	15.1%	18.3%	40.0%
Municipal Bonds	8,178,199	0.9%	0.9%	10.0%
Bond Funds	135,726,398	14.8%	40.7%	85.0%
Money Market Funds	39,611,628	4.3%	10.5%	40.0%
Certificates of Deposit	-	0.0%	0.1%	20.0%
Repurchase agreements	-	0.0%	0.0%	20.0%
Rule 144a Securities	42,534,892	4.7%	7.3%	10.0%
Specialty Risk				
High Yield	\$ 31,735,378	3.5%	4.4%	7.5%
International	9,618,709	1.1%	2.2%	7.5%
International (non-hedged)	-	0.0%	0.0%	5.0%
Emerging Market	2,665,518	0.3%	0.4%	7.5%
Duration > 8.5	38,131,467	4.2%	4.3%	7.5%
Normal Portfolio Balance	\$ 914,000,000			

¹Commingled Funds and Cash are excluded

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)
B. Investments and Investment Practices (continued)**

2. Pension Plan Investments

The City's two separate defined benefit pension plans are the Jacksonville Retirement System and the Police and Fire Pension Plan. Investments in the City's two plans are governed by state statute and locally adopted investment policies. These policies establish investment objectives and guidelines for the portfolio as a whole, for each individual manager, as well as by instrument and issuer. The following schedules are presented for only the Jacksonville Retirement System investments:

**Jacksonville Retirement System
Distribution by Asset Type
9/30/2012**

	Equities	Bonds	Other	Cash	Total	Percentage
Equity (Domestic)	\$ 671,642,107	\$ -	\$ -	\$ 20,012,791	\$ 691,654,898	42%
Large Cap Value	171,814,997	-	-	7,489,284	179,304,281	11%
Large Cap Growth	164,310,945	-	-	5,184,983	169,495,928	10%
Large Cap Core	174,396,261	-	-	1,162,715	175,558,976	11%
Small Cap Value	40,266,653	-	-	1,475,610	41,742,263	3%
Small Cap Growth	87,348,905	-	-	3,271,098	90,620,003	5%
Small Cap Core	33,504,346	-	-	1,429,101	34,933,447	2%
Equity (International)	\$ 320,478,538	\$ -	\$ -	\$ 5,296	\$ 320,483,834	20%
Value	143,074,313	-	-	5,296	143,079,609	10%
Growth	88,709,575	-	-	-	88,709,575	5%
Emerging	88,694,650	-	-	-	88,694,650	5%
Bonds	\$ -	\$ 369,462,558	\$ -	\$ 3,872,812	\$ 373,335,370	22%
Intermediate	-	203,163,304	-	3,809,211	206,972,515	12%
Aggregate	-	121,764,214	-	101	121,764,315	7%
Inflation Protected	-	44,535,040	-	63,500	44,598,540	3%
Cash Account	\$ -	\$ -	\$ -	\$ 20,514,531	\$ 20,514,531	1%
Other	\$ 90,348,584	\$ -	\$ 157,763,951	\$ 2,788,293	\$ 250,900,828	15%
Real Assets	90,348,584	-	157,763,951	2,788,293	250,900,828	15%
Total investments	\$ 1,082,469,229	\$ 369,462,558	\$ 157,763,951	\$ 47,193,723	\$ 1,656,889,461	100%

Less: Amount reported as receivables (3,044,498)

Total Investments less receivables \$ 1,653,844,963

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

3. CASH, INVESTMENTS AND SECURITIES LENDING

B. Investments and Investment Practices (continued)

2. Pension Plan Investments (continued)

**Police and Fire Pension Fund
Distribution by Asset Type
9/30/2012**

	Equities	Bonds	Other	Cash	Total	Percentage
<u>Equity (Domestic)</u>	\$ 507,161,452	\$ -	\$ -	\$ 12,603,884	\$ 519,765,336	47%
Large Cap Value	100,107,852	-	-	1,260,640	101,368,492	9%
Large Cap Growth	150,579,726	-	-	4,675,137	155,254,863	14%
Large Cap Core	52,773,009	-	-	150	52,773,159	5%
Small Cap Value	83,334,547	-	-	1,526,308	84,860,855	8%
SMID Cap Growth	60,141,706	-	-	1,507,428	61,649,134	5%
MLPs	\$ 60,224,612			\$ 3,634,221	\$ 63,858,833	6%
<u>Equity (International)</u>	\$ 208,765,979	\$ -	\$ -	\$ 1,717,303	\$ 210,483,282	19%
Value	71,057,193	-	-	1,717,220	72,774,413	7%
Growth	72,292,878	-	-	-	72,292,878	6%
Emerging Markets	65,415,908	-	-	83	65,415,991	6%
<u>Bonds</u>	\$ -	\$ 281,052,968	\$ -	\$ (4,679,307)	\$ 276,373,661	24%
Intermediate	-	89,706,358	-	(8,090,841)	81,615,517	7%
Aggregate	-	191,346,610	-	3,411,534	194,758,144	17%
Cash Account	\$ -	\$ -	\$ -	\$ (2,880,088)	\$ (2,880,088)	0%
<u>Other</u>	\$ -	\$ -	\$ 109,184,606	\$ -	\$ 109,184,606	10%
Real Estate	-	-	109,174,492	-	109,174,492	10%
Miscellaneous			10,114		10,114	0%
Total investments	\$ 715,927,431	\$ 281,052,968	\$ 109,184,606	\$ 6,761,792	\$ 1,112,926,797	100%

Less: Amount reported as receivables (2,084,038)

Total Investments less receivables \$ 1,110,842,759

3. Interest Rate Risk

Interest rate risk is controlled primarily through duration, which is a measure that approximates the change in value of a bond, or bond portfolio, for a given change in interest rates. In general, shorter duration measures are less sensitive to interest rate shifts, while longer durations are more sensitive. To limit the portfolio volatility associated with changes in interest rates, the City's Investment Policy Statement restricts the average duration of the overall portfolio to a range of 0.75 – 5.00 years, of which, no more than 7.5% of the individual securities in the portfolio can have a duration greater than 8.5 years. This guideline applies to all investment types underlying the portfolio including, but not limited to, government, agency, corporate, international, and mortgage backed securities, as referenced in Section 3. B. 1.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**3. CASH, INVESTMENTS AND SECURITIES LENDING
B. Investments and Investment Practices (continued)**

4. Credit Quality

The Operating and Pension portfolios measure credit quality of the fixed income holdings contained therein using Moody’s rating schedule. Within the Operating Portfolio, the City’s Investment Policy Statement is designed to control credit risk by requiring both, minimum amounts that must be invested in the highest quality U.S. Government securities, as well as a maximum limit of 9.0% of the normal portfolio balance in non-investment grade securities. This is reported and monitored monthly by the Investment Committee and staff. Credit Quality for the Pension Plan is reported on a quarterly basis and is monitored by the Pension Board of Trustees, staff to the board, and by the plan’s consultant. Credit Quality reports are provided on the overall portfolios to illustrate the credit risk at fiscal-year end.

Operating Portfolio		Credit Quality September 30, 2012	
		General Employee Pension Plan	Police and Fire Pension Fund
Quality Breakdown	Portfolio (%)	Portfolio (%)	Portfolio (%)
Aaa	36%	43%	75%
Aa1-Aa3	5%	3%	4%
A1-A3	12%	18%	12%
Baa1-Baa3	20%	11%	9%
Other	3%	0%	0%
Commingled	24%	25%	0%
	100%	100%	100%

Ratings definitions:

Treasury – United States Treasury Securities

Agency – Government Agency Securities

Aaa (AAA) – Highest Investment Grade Quality Rating

Aa1–Aa3 (AA+ to AA-) – Medium Investment Grade Quality Rating

A1-A3 (A+ to A-) – Medium Low Investment Grade Quality Rating

Baa1-Baa3 (BBB+ to BBB-) – Lowest Investment Grade Quality Rating

Commingled – Securities that are not applicable to Quality Ratings - they represent predominantly mutual funds that are listed and valued as a whole, not individual holdings, as well as minor exposure to non-investment grade securities.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

3. CASH, INVESTMENTS AND SECURITIES LENDING

B. Investments and Investment Practices (continued)

5. Foreign Currency

The City has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through our money managers' portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but it is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor.

Foreign Currency Exposure
September 30, 2012

	Operating Portfolio		General Employees Pension Fund		Police and Fire Pension Fund	
	Exposure	Percentage	Exposure	Percentage	Exposure	Percentage
U.S. DOLLAR	\$ 683,449,820	98.61%	\$ 1,656,615,252	99.98%	\$ 1,076,607,440	96.92%
CANADIAN DOLLAR	4,252,824	0.61%	-	0.00%	-	0.00%
MEXICAN NEW PESO	1,556,446	0.22%	-	0.00%	-	0.00%
NEW ZEALAND DOLLAR	1,292,261	0.19%	-	0.00%	-	0.00%
AUSTRALIAN DOLLAR	1,115,972	0.16%	-	0.00%	1,274,371	0.11%
BRAZIL REAL	869,480	0.13%	-	0.00%	-	0.00%
SWISS FRANC	-	0.00%	244,802	0.01%	3,218,060	
RUSSIAN RUBEL (NEW)	230,665	0.03%	-	0.00%	-	0.00%
NORWEGIAN KRONE	189,113	0.03%	-	0.00%	241,568	0.02%
EURO CURRENCY UNIT	103,021	0.01%	8,892	0.00%	10,105,875	0.91%
JAPANESE YEN	-	0.00%	15,207	0.01%	10,170,554	0.92%
SWEDISH KRONA	-	0.00%	5,309	0.00%	-	0.00%
BRITISH POUND	-	0.00%	-	0.00%	5,950,492	0.54%
SINGAPORE DOLLAR	-	0.00%	-	0.00%	816,782	0.07%
HONG KONG DOLLAR	-	0.00%	-	0.00%	1,873,665	0.17%
SOUTH AFRICAN RAND	-	0.00%	-	0.00%	326,253	0.03%
SOUTH KOREAN WON	-	0.00%	-	0.00%	257,699	0.02%
Total	\$ 693,059,602	100.00%	\$ 1,656,889,462	100.00%	\$ 1,110,842,759	100.00%

C. Securities Lending

The City participates in securities lending with both its Operating and Pension portfolios. The City has a contract with its custodian, The Bank of New York Mellon (the City's Operating Portfolio and the Jacksonville Retirement System) that allows the custodian, acting as agent, to lend securities held in the portfolios with the intent of generating additional interest income. The transactions are designed to be invisible to our third party money managers and are reviewed by staff on an ongoing basis. The market for securities lending was developed to provide temporary access to a large portfolio of securities for broker/dealers who might have a need to borrow specific instruments. Securities are loaned against collateral that may include cash, U.S government securities and irrevocable letters of credit. Securities are loaned against collateral valued at a minimum of 102% of the market value of the securities plus any accrued interest. If the broker/dealer fails to return the security upon request, the custodian, acting as agent, will utilize the collateral to replace the security borrowed.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**3. CASH, INVESTMENTS AND SECURITIES LENDING
C. Securities Lending (continued)**

The securities loaned are on a rolling daily basis and the cash collateral can be deposited and / or withdrawn from the investment on a daily basis. The weighted average duration of the collateralized loans at September 30, 2012 was 94 days for the City's Operating Portfolio and 105 days for the Jacksonville Retirement System.

As a result of market disruptions, caused by the financial crisis of 2008-2009, those managing the collateral pool of assets have shifted their strategy to maintain a target allocation that closely represents a portfolio managed to money market guidelines as contained in 2a-7 of the SEC Investment Company Act of 1940. Rule 2a-7 of the act restricts the quality, maturity, and diversity of investments by money market funds. While the Securities Lending portfolio is not subject to this rule, the managers see these guidelines as a conservative approach that will serve to reduce the overall risk profile of invested collateral funds.

The transaction establishes a rebate interest rate (assuming cash collateral), which is due back to the broker/dealer upon return of the security. The cash is then invested short-term and the City and the custodian share in the incremental return available above the rebated interest rate. The short-term fixed income instruments can be invested in high quality, dollar denominated fixed income instruments, with a policy dollar-weighted, average maturity limit of less than thirty days. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate interest rate, (b) the overnight investment will experience a loss in fair value (i.e., principal) and (c) the collateral will not be sufficient if the borrower fails to return the security back to the lending bank. As noted above, cash collateral is invested in short-term income instruments. When non-cash collateral is provided the collateral must be obligations issued or guaranteed by the U.S. Government or its agencies and instrumentalities. The City cannot pledge or sell these obligations in the absence of a default by the borrower. The net asset value of the collateral may fluctuate and potentially subject the City to credit risk if the above-mentioned 102% daily adjusted collateral were to fall below 100%. As of September 30, 2012, the City of Jacksonville maintained a sufficient 102.1% collateral on loaned securities. During the fiscal year ended September 30, 2012; Securities Lending net income was \$3.2 million (\$1.6 million Operating, \$1.6 million Jacksonville Retirement System).

The City periodically reviews the custodian's practices to insure fair distribution of lending opportunities as well as risk evaluation of prospective broker/dealer borrowers. For accounting purposes, the Statements of Net Assets and Changes in Net Assets reflect the increase in assets, liabilities, interest income and expense associated with securities lending activity.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

4. ACCOUNTS AND MORTGAGES RECEIVABLE

The accounts and mortgages receivable balances in the funds listed below, in thousands, are shown net of an allowance for doubtful accounts. No other funds had an allowance for doubtful accounts at September 30, 2012.

Fund	Accounts Receivable	Allowance for Doubtful Accounts	Net Amount Shown on Balance Sheet
Major Governmental Funds:			
General Fund	\$ 72,648	\$ (37,708)	\$ 34,940
General Capital Project Fund	256	-	256
Non-Major Governmental Funds	1,816	(59)	1,757
Major Enterprise Funds:			
Solid Waste Disposal	35,783	(5,256)	30,527
EverBank Field	228	(63)	165
Veterans Memorial Arena	269	(27)	242
Stormwater	34,239	(15,759)	18,480
Non-Major Enterprise Funds	549	(5)	544
Fiduciary Funds:			
Pension Trust Funds	5,358	-	5,358
Agency Funds	2,561	-	2,561
Fund	Mortgages Receivable	Allowance for Doubtful Accounts	Net Amount Shown on Balance Sheet
General Fund	\$ 30	\$ -	\$ 30
Non-Major Governmental Funds	13,168	(8,432)	4,736

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

5. PROPERTY TAXES

A. Ad Valorem Property Taxes:

Property tax collections are governed by Chapter 197, Florida Statutes. The Duval County Tax Collector bills and collects all property taxes levied within the consolidated city/county. Discounts of 4, 3, 2, and 1% are allowed for early payment in November, December, January, and February, respectively. The total millage rate levied by the City was 10.0353 for the fiscal year ended September 30, 2012.

The Florida Constitution, as amended under Article VII, Section 4, limits the increase in homestead property valuations for ad valorem tax purposes to a maximum of the lesser of (i) three percent (3%) of the assessment for the prior year, or (ii) the percent change in the Consumer Price Index for the preceding calendar year. The first tax year in which the limitations of these constitutional provisions apply is January 1, 1995. Calendar year 1995 is the base year upon which assessed just value of the homestead property is determined.

B. Property Tax Calendar:

The Tax Collector remits collected taxes at least monthly to the City. The City recognizes property tax revenue as it is received from the Tax Collector since virtually all taxes levied will be collected through the tax collection process within the fiscal year levied for. The calendar of events is as follows:

January 1	Property taxes are based on assessed value at this date as determined by the Duval County Property Appraiser.
July 1	Assessment roll approved by the state.
September 30	Millage resolution approved by the City Council.
October 1	Beginning of fiscal year for which taxes have been levied.
November 30	Last day for 4% maximum discount.
April 1	Unpaid property taxes become delinquent.
May 31	Tax certificates are sold by the Duval County Tax Collector. This is the first lien date on the properties.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

6. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

Primary Government

	Beginning Balance October 1, 2011	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	301,924	2,922		304,846
Easements	4,631	506		5,137
Art In Public Places	693	12		705
Construction in progress	244,707	915	(243,192)	2,430
Furniture and equipment in work in process	20,229	83	(20,230)	82
Purchased Software work in process	225		(225)	-
Software Development Work In Process	-			-
Total capital assets not being depreciated	572,409	4,438	(263,647)	313,200
Capital assets being depreciated:				
Buildings	549,172	232,518		781,690
Furniture, equipment and library books	331,026	99,335	(13,332)	417,029
Improvements	259,870	19,899		279,769
Infrastructure	2,079,977	60,221		2,140,198
Purchased Software	7,213	5,798		13,011
Internal Software	26,773	45		26,818
Total assets being depreciated	3,254,031	417,816	(13,332)	3,658,515
Less accumulated depreciation for:				
Buildings	176,746	9,517		186,263
Furniture, equipment and library books	257,897	25,716	(12,346)	271,267
Improvements	51,262	10,422		61,684
Infrastructure	511,192	85,398		596,590
Purchased Software	6,891	178		7,069
Internal Software	8,677	2,678		11,355
Total accumulated depreciation	1,012,665	133,909	(12,346)	1,134,228
Total capital assets being depreciated, net	2,241,366	283,907	(986)	2,524,287
Governmental activities capital assets, net	2,813,775	288,346	(264,633)	2,837,487

	Beginning Balance October 1, 2011	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2012
Business-type activities:				
Capital assets not being depreciated:				
Land	45,242	71		45,313
Easements	335	211		546
Construction in progress	1,392	3	(1,390)	5
Total capital assets not being depreciated	46,969	285	(1,390)	45,864
Capital assets being depreciated:				
Buildings and improvements	550,829	8,570		559,399
Infrastructure	21,158	11,444		32,602
Furniture and equipment	6,312	352	(286)	6,378
Total assets being depreciated	578,299	20,366	(286)	598,379
Less accumulated depreciation for:				
Buildings and improvements	185,131	13,224		198,355
Infrastructure	1,204	1,764		2,968
Furniture and equipment	5,670	132	(286)	5,516
Total accumulated depreciation	192,005	15,120	(286)	206,839
Total capital assets being depreciated, net	386,294	5,246	-	391,540
Business-type activities capital assets, net	433,263	5,531	(1,390)	437,404

CITY OF JACKSONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

6. CAPITAL ASSET ACTIVITY

Depreciation expense was charged to the functions of the primary government as follows (in thousands):

Governmental activities:

General government	18,513
Human services	1,989
Public Safety	10,566
Culture and recreation	13,345
Transportation	10,618
Economic environment	60
Physical environment	78,818
Total depreciation expense - governmental activities	<u>133,909</u>

Depreciation expense was charged to the business-type activities as follows (in thousands):

Business-type activities:

Parking system	361
Motor vehicle inspections	1
Solid Waste	2,227
Stormwater Services	1,753
Ever Bank Field	5,549
Veterans Memorial Arena	2,458
Baseball Stadium	656
Performing Arts	757
Convention Center	645
Equestrian Center	713
Total depreciation expense - business-type activities	<u>15,120</u>

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

A summary of interfund balances follows. (in thousands)

TRANSFERS IN	TRANSFERS OUT								Total
	General	General	Solid	EverBank	Veterans	Non	Non	Internal	
	Fund	Capital	Waste	Field	Memorial	Major	Major	Service	
MAJOR FUNDS									
General Fund						33	9,657	1,414	11,104
General Capital Projects	6,985			396			200		7,581
Solid Waste								549	549
EverBank Field	5,542				945				6,487
Veterans Memorial Arena						146	8,980		9,126
Stormwater	1,483								1,483
Special Bonded Debt	74,049						11,624		85,673
Special Bonded Debt-BJP							52,612		52,612
NON-MAJOR FUNDS									
Enterprise	3,361		125	15		10	2,375		5,886
Governmental	29,858	1,510					16,717		48,085
Internal Service	1,497						47		1,544
	<u>122,775</u>	<u>1,510</u>	<u>125</u>	<u>411</u>	<u>945</u>	<u>189</u>	<u>102,212</u>	<u>1,963</u>	<u>230,130</u>

Transfers between funds are made in the normal course of operations and are for the operational support of the fund receiving the transfer

(in thousands)

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS				
		General	EverBank	Veterans	Non Major	Non Major
	Total	Fund	Field	Memorial	Enterprise	Governmental
MAJOR FUNDS:						
General Fund	5,468		25	1	869	4,573
Enterprise Funds						
Veterans Memorial Arena	579				579	
NON MAJOR FUNDS:						
Enterprise	8	8				
	<u>6,055</u>	<u>8</u>	<u>25</u>	<u>1</u>	<u>1,448</u>	<u>4,573</u>

The purpose of the Due To/From is to provide temporary interfund loans for regular operations.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

During fiscal year 1999, the self-insurance fund advanced \$14,000,000 to the capital projects fund for the purpose of fulfilling City obligations under a redevelopment agreement for a new 900-room hotel with substantial convention and business spaces. The total capital investment for the project was \$126.0 million. The City Council passed an ordinance to treat the funding from the self-insurance fund as a loan which will be repaid from general fund revenues commencing on May 1, 2000 in equal annual installments over 20 years, plus simple interest of 4.4%. The balance of this advance was \$6,326,237 at September 30, 2012.

In fiscal year 2003, the City passed an ordinance to enter into a redevelopment agreement with Vestcor Companies and its subsidiaries for the redevelopment of the Lynch Building and the Roosevelt Hotel into apartment buildings as City historic landmarks. In fiscal year 2003, the City used internal self-insurance funds, in an amount of \$17,816,000, to provide permanent financing for the Lynch Building project. The self-insurance fund will be repaid on an annual basis with funds from the Northbank Downtown Tax Increment District. The terms of the repayment are a 30-year amortization, with a 20-year term at a fixed interest rate of 6% per year. Annual payments are \$1,294,313 which includes both principal and interest with a balloon payment of \$8,290,400 at the end of the 20-year period. The balance of the loan at September 30, 2012 was \$12,944,495 which is recorded in the Self Insurance Fund as other receivables noncurrent.

Vestcor will repay the City an amount of \$17,816,000 to the Downtown Economic Development fund as created by ordinance 2000-1079-E. The terms of the repayment is a 40-year amortization, with a 20-year term at a fixed interest rate of 1.525% per year. Annual principal and interest payments were initially scheduled for \$595,248, but were reduced to interest-only payments for the three year period beginning March 1, 2010. The deferred principal payments were added to the balloon payment, which is now \$11,389,033 due on July 1, 2023. The balance of the loan at September 30, 2012 was \$15,576,840 which is recorded in the Jacksonville Economic Development Commission Fund.

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS

A. Bonds and loans outstanding:

The bonds and loans outstanding as of September 30, 2012 are as follows (in thousands):

GOVERNMENTAL ACTIVITIES:	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Remaining Coupon Rates</u>	<u>True Interest Cost ⁽¹⁾</u>
Revenue Bonds Supported by General Fund:				
Excise Taxes Revenue Bonds:				
Series 1993	\$ 43,605	\$ 5,217	6.250-6.300%	6.292%
Series 2001B	46,735	40,025	4.500-5.125%	5.271%
Series 2002A	56,685	5,895	5.500%	4.270%
Series 2002B	68,475	50,810	4.000-5.375%	4.576%
Series 2003A	18,745	14,765	3.500-4.500%	4.051%
Series 2003C (AMT)	34,540	32,490	4.000-5.250%	4.915%
* Series 2005A	42,820	41,240	3.750-5.000%	4.685%
Series 2006A	36,540	35,170	3.500-5.000%	4.559%
Series 2006B (AMT)	9,255	7,765	3.750-4.000%	4.169%
Series 2006C	23,555	21,420	4.970-5.220% (taxable)	5.228%
Series 2007	42,245	38,115	3.500-5.000%	4.534%
Series 2009A	39,585	37,565	3.000-5.000%	4.399%
* Series 2009B	18,535	15,365	4.000-5.000%	3.035%
* Series 2009C (ATM)	2,275	1,370	3.000-5.000%	3.281%
Local Government Sales Tax Revenue Bonds:				
* Series 1996	47,682	2,688	5.125%	5.352%
Series 2001	103,725	56,480	5.500%	4.571%
Series 2002	63,060	39,220	4.000-5.375%	4.407%
Guaranteed Entitlement Revenue Bonds:				
Series 2002	115,265	94,865	4.000-5.375%	5.019%
Capital Project Revenue Bonds:				
* Series 2008A	67,037	62,276	Variable, assumed 3.50%	N/A
* Series 2008B	67,037	62,276	Variable, assumed 2.89%	N/A
Special Revenue Bonds				
* Series 2009C-1	30,170	25,210	3.000-5.000%	2.509%
* Series 2009C-2 (Taxable BABS)	10,995	10,995	4.240-4.990% (taxable)	3.111%
* Series 2010A	48,000	48,000	3.250-5.000%	2.737%
* Series 2011A	76,500	76,500	5.000-5.250%	4.674%
* Series 2012B	2,850	2,850	1.120%	1.119%
Total Revenue Bonds Supported by General Fund	\$ 1,115,916	\$ 828,572		
Notes Payable Supported by General Fund:				
U.S. Government Guaranteed:				
Series 1995 (Coach)	\$ 3,845	\$ 985	5.080-5.190% (taxable)	N/A
Series 2010 (Hilton Hotel)	2,850	895	1.340-2.200% (taxable)	N/A
Series 2010 (La Villa)	1,700	495	1.340-2.660% (taxable)	N/A
Series 2010 (Armor Holdings)	775	315	1.340-2.660% (taxable)	N/A
Series 2010 (Hampton Inns)	550	185	1.340-2.200% (taxable)	N/A
Total Notes Payable Supported by General Fund	\$ 9,720	\$ 2,875		
Total Bonds and Notes Supported by General Fund	\$ 1,125,636	\$ 831,447		

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

A. Bonds and loans outstanding (continued)

	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Remaining Coupon Rates</u>	<u>True Interest Cost ⁽¹⁾</u>
Special Revenue (Covenant) Bonds Payable from Internal Service Operations:				
Special Revenue Bonds (\$140,908 authorized but unissued):				
Series 2008	\$ 54,215	\$ 48,400	3.500-5.625%	4.966%
Series 2009A	28,613	26,153	Variable, assumed 5.00%	N/A
* Series 2009C-1	40,160	30,915	3.000-5.000%	2.509%
* Series 2009C-2 (taxable BABs)	26,315	26,315	4.240-4.990% (taxable)	3.111%
* Series 2010A	46,945	46,945	3.250-5.000%	2.737%
* Series 2010C-1	27,205	27,205	5.000%	2.763%
* Series 2011A	32,380	32,380	3.000-5.250%	4.674%
Series 2012A	4,040	4,040	1.120%	1.119%
* Series 2012B	3,470	3,470	1.120%	1.119%
	<u>\$ 263,343</u>	<u>\$ 245,823</u>		
Notes Payable from Internal Service Operations:				
Commercial Paper Notes	\$ 137,125	\$ 27,990	Variable, assumed 4.15%	N/A
	<u>\$ 400,468</u>	<u>\$ 273,813</u>		
Revenue Bonds Supported by BJP Revenues:				
Transportation Sales Tax Revenue Bonds:				
Series 2007	\$ 100,675	\$ 88,545	4.000-5.000%	4.745%
Series 2008A	154,535	151,835	Variable, assumed 4.05%	N/A
Series 2008B	121,740	103,400	Variable, assumed 3.20%	N/A
Series 2012A	151,660	151,660	4.000-5.000%	4.324%
Series 2012B	57,730	57,730	2.000-5.000%	3.076%
Infrastructure Sales Tax Revenue Bonds:				
* Series 2003	158,416	8,095	3.750-3.800%	4.715%
* Series 2004	164,200	4,582	3.000%	4.345%
Series 2008	105,470	96,715	4.000-5.000%	4.626%
Series 2011	79,220	79,220	2.000-5.000%	3.615%
* Series 2012	238,570	238,570	2.000-5.000%	3.910%
* Series 2012A	41,095	41,095	5.000%	3.773%
	<u>\$ 1,373,311</u>	<u>\$ 1,021,447</u>		
Special Revenue (Covenant) Bonds Supported by BJP Revenues:				
Special Obligation Bonds:				
Series 2009B-1A	\$ 52,090	\$ 51,090	2.000-5.000%	4.006%
Series 2009B-1B (taxable BABs)	55,925	55,925	6.259% (taxable)	6.341%
Series 2010B	100,205	100,205	5.000%	2.282%
Series 2011B	86,600	86,600	3.000-5.000%	2.953%
	<u>\$ 294,820</u>	<u>\$ 293,820</u>		

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

A. Bonds and loans outstanding (continued)

	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Remaining Coupon Rates</u>	<u>True Interest Cost ⁽¹⁾</u>
Notes Payable Supported by BJP Revenues:				
State of Florida Infrastructure Bank:				
Series 2005	\$ 40,000	\$ 25,335	2.000%	1.901%
Series 2007	48,698	32,112	2.500%	2.456%
	<u>\$ 88,698</u>	<u>\$ 57,447</u>		
Total Notes Payable Supported by BJP Revenues	<u>\$ 88,698</u>	<u>\$ 57,447</u>		
Total Bonds and Notes Supported by BJP Revenues	<u>\$ 1,756,829</u>	<u>\$ 1,372,714</u>		
Total Governmental Activities	<u>\$ 3,282,933</u>	<u>\$ 2,477,974</u>		

BUSINESS-TYPE ACTIVITIES:

Revenue Bonds Supported by Business-Type Activities:

Excise Taxes Revenue Bonds:				
* Series 2005A	\$ 2,000	\$ 2,000	3.625-5.000%	4.685%
* Series 2009B	10,475	7,840	4.000-5.000%	3.035%
* Series 2009C (AMT)	21,455	16,135	3.000-5.000%	3.281%
Local Government Sales Tax Revenue Bonds:				
* Series 1996	17,958	1,012	5.125%	5.352%
Capital Project Revenue Bonds:				
* Series 2008A	248	219	Variable, assumed 3.50%	N/A
* Series 2008B	248	219	Variable, assumed 2.89%	N/A
Infrastructure Sales Tax Revenue Bonds:				
* Series 2003	52,634	2,690	3.750-3.800%	4.715%
* Series 2004	54,555	1,523	3.000%	4.345%
* Series 2012	41,480	41,480	2.000-5.000%	3.910%
* Series 2012A	73,795	73,795	5.000%	3.773%
Capital Improvement Revenue Bonds:				
Series 1997	8,285	5,495	5.150-5.250%	5.452%
Series 1998	37,310	34,360	4.700-5.000%	5.250%
Series 2002A	54,135	51,290	3.700-5.000%	4.820%
Series 2002B	42,170	27,855	5.000-5.250%	4.820%
Series 2002C	26,920	21,510	3.700-5.250%	4.820%
Total Business-Type Activities	<u>\$ 443,668</u>	<u>\$ 287,423</u>		

COMPONENT UNITS (Note 8N):

Bond and notes payable:	
JEA	\$ 5,952,249
JAA	183,860
JPA	<u>243,977</u>
Total Component Unit bonds and notes payable	<u>\$ 6,380,086</u>

* Indicates individual bond series that were issued in support of both Governmental Activities and Business-Type Activities.

(1) True Interest Cost (TIC) is the actual cost of financing debt and refers to the overall rate of interest to be paid over the life of the bonds, factoring in coupon interest, any premium or discounts, and the time value of money.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

B. Debt Service Requirements to Maturity:

The debt service requirements to maturity on long-term obligations at September 30, 2012 are as follows (in thousands). The amounts reported include designated maturities established by management as discussed below and there can be no assurance that the stated debt maturities can be revised in accordance with management’s plan. The table also does not reflect any accelerated amortizations that may result under the term out provisions as discussed in Note 8G.

Fiscal Year Ending September 30	Bonds and Notes Payable from Governmental Activities				Bonds Payable from Business-type Activities		Principal and Interest- Primary Government	Component Units	
	Supported by General Revenues and Internal Service Funds		Supported by BJP Revenues		Enterprise Funds			Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest			
2013	\$ 67,209	\$ 51,127	\$ 31,818	\$ 60,245	\$ 11,678	\$ 12,241	\$ 234,318	\$ 267,521	\$ 106,038
2014	69,898	49,110	46,288	59,746	10,651	13,287	248,980	292,728	211,771
2015	62,776	46,562	51,640	57,895	9,758	12,814	241,445	366,076	200,336
2016	63,825	43,950	54,800	55,758	10,494	12,338	241,165	256,965	187,389
2017	65,544	37,116	60,202	53,273	11,287	11,823	239,245	249,662	177,933
2018-2022	285,971	141,563	286,553	231,184	34,009	53,699	1,032,979	1,219,799	754,401
2023-2027	201,041	89,583	375,374	154,420	66,059	42,905	929,382	1,029,040	569,150
2028-2032	169,683	47,775	410,644	56,259	133,220	15,912	833,493	1,016,538	409,824
2033-2037	85,673	14,859	47,925	6,119	267	7	154,850	1,013,455	241,221
2038-2042	33,640	4,114	7,470	187	-	-	45,411	637,905	72,647
2043-2047	-	-	-	-	-	-	-	43,915	4,320
Totals	<u>\$ 1,105,260</u>	<u>\$ 525,759</u>	<u>\$ 1,372,714</u>	<u>\$ 735,086</u>	<u>\$ 287,423</u>	<u>\$ 175,026</u>	<u>\$ 4,201,268</u>	<u>\$ 6,393,604</u>	<u>\$ 2,935,030</u>

The City’s Covenant Bond program allows for the issuance of debt which has both a stated maturity date, which is the initial maturity for a bond, and a designated maturity, which reflects the City’s intended amortization to maturity. The table of debt service requirements to maturity above is prepared using designated maturities reflecting the City’s intended re-amortization to maturity. At each stated maturity the City can retire the maturing amount in whole or in part, or refund the maturing bonds as a part of its annual capital borrowing into another stated maturity, variable rate debt, or fixed rate debt amortized to maturity as determined by then market conditions.

A comparison of the stated maturity debt and designated maturity debt outstanding at fiscal year end are shown in the tables below (in thousands).

Fiscal Year Ending September 30	by Stated Maturity							
	Supported by General Revenue and Internal Service Funds				Supported by BJP Revenues			Total All Programs
	Series 2009C	Series 2010A	Series 2012B	Total	Series 2010B	Series 2011B	Total	
2013	\$ 6,530	\$ 5,765		\$ 12,295	\$ 7,705		\$ 7,705	\$ 20,000
2014	6,755	5,540		12,295	7,705		7,705	20,000
2015	6,995	5,300		12,295	7,705	\$ 7,000	14,705	27,000
2016	7,345	4,950		12,295	7,705	7,000	14,705	27,000
2017	-	6,200	\$ 6,295	12,495	7,705	10,175	17,880	30,375
2018	-	6,200	-	6,200	7,715	10,175	17,890	24,090
2019	-	6,160	-	6,160	7,715	10,175	17,890	24,050
2020	-	-	-	-	7,715	10,175	17,890	17,890
2021	-	-	-	-	7,715	10,175	17,890	17,890
Total by Series	<u>\$ 27,625</u>	<u>\$ 40,115</u>	<u>\$ 6,295</u>	<u>\$ 74,035</u>	<u>\$ 69,385</u>	<u>\$ 64,875</u>	<u>\$ 134,260</u>	<u>\$ 208,295</u>

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**8. LONG-TERM OBLIGATIONS (continued)
B. Debt Service Requirements to Maturity: (continued)**

Fiscal Year Ending September 30	by Designated Maturity							
	Supported by General Revenue and Internal Service Funds				Supported by BJP Revenues			Total All Programs
	Series 2009C	Series 2010A	Series 2012B	Total	Series 2010B	Series 2011B	Total	
2022			\$ 6,295	\$ 6,295	\$ 7,705	\$ 6,130	\$ 13,835	\$ 20,130
2023	\$ 6,530		-	6,530	7,710	6,375	14,085	20,615
2024	6,755		-	6,755	7,710	6,630	14,340	21,095
2025	6,995		-	6,995	7,710	6,895	14,605	21,600
2026	7,345	\$ 3,125	-	10,470	7,710	7,170	14,880	25,350
2027	-	3,280	-	3,280	7,710	7,460	15,170	18,450
2028	-	3,440	-	3,440	7,710	7,755	15,465	18,905
2029	-	3,615	-	3,615	7,710	8,070	15,780	19,395
2030	-	3,800	-	3,800	7,710	8,390	16,100	19,900
2031	-	1,820	-	1,820	-	-	-	1,820
2032	-	1,910	-	1,910	-	-	-	1,910
2033	-	2,005	-	2,005	-	-	-	2,005
2034	-	2,105	-	2,105	-	-	-	2,105
2035	-	2,210	-	2,210	-	-	-	2,210
2036	-	2,320	-	2,320	-	-	-	2,320
2037	-	2,435	-	2,435	-	-	-	2,435
2038	-	2,560	-	2,560	-	-	-	2,560
2039	-	2,680	-	2,680	-	-	-	2,680
2040	-	2,810	-	2,810	-	-	-	2,810
Total by Series	\$ 27,625	\$ 40,115	\$ 6,295	\$ 74,035	\$ 69,385	\$ 64,875	\$ 134,260	\$ 208,295

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

C. Changes in Long-Term Liabilities:

Changes in long-term liabilities for the fiscal year ended September 30, 2012 are as follows (in thousands):

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due within one year
Governmental Activities:					
Debt activity supported by general revenues:					
Revenue bonds	\$ 869,266	\$ 2,850	\$ 43,544	\$ 828,572	\$ 40,466
Notes payable	3,900	-	1,025	2,875	1,035
Debt activity- general revenues	<u>873,166</u>	<u>2,850</u>	<u>44,569</u>	<u>831,447</u>	<u>41,501</u>
Bonds/notes payable - Banking Fund					
Special revenue (covenant) bonds	249,154	7,510	10,841	245,823	12,273
Notes payable	42,000	-	14,010	27,990	4,655
Debt activity - internal service funds	<u>291,154</u>	<u>7,510</u>	<u>24,851</u>	<u>273,813</u>	<u>16,928</u>
Debt activity - general revenues and internal service	<u>1,164,320</u>	<u>10,360</u>	<u>69,420</u>	<u>1,105,260</u>	<u>58,429</u>
Debt activity supported by BJP revenue:					
Revenue bonds - BJP	1,021,588	489,055	489,196	1,021,447	25,182
Special revenue (covenant) bonds - BJP	294,820	-	1,000	293,820	1,500
Notes payable - BJP	62,511	-	5,064	57,447	5,135
Debt activity - BJP	<u>1,378,919</u>	<u>489,055</u>	<u>495,260</u>	<u>1,372,714</u>	<u>31,817</u>
Total governmental activities	<u>2,543,239</u>	<u>499,415</u>	<u>564,680</u>	<u>2,477,974</u>	<u>90,246</u>
Deferred amounts:					
Loss on Advance Refunding	(2,707)	-	(679)	(2,028)	-
Issuance premiums	79,824	46,925	10,371	116,378	-
Issuance discounts	(2,850)	-	(155)	(2,695)	-
Total deferred amounts	<u>74,267</u>	<u>46,925</u>	<u>9,537</u>	<u>111,655</u>	<u>-</u>
Accrued Compensated Absences	63,047	35,491	38,898	59,640	17,892
Estimated Liability for Self-Insured Losses	88,529	39,145	30,528	97,147	23,627
Pollution Remediation	157,228	11,560	2,436	166,352	6,000
Other Post - Employment Benefits	27,230	5,705	-	32,935	-
Miscellaneous long-term obligations	1,118	-	1,113	5	-
Governmental activity long-term obligations	<u>\$ 2,954,658</u>	<u>\$ 638,241</u>	<u>\$ 647,192</u>	<u>\$ 2,945,708</u>	<u>\$ 137,765</u>

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**8. LONG-TERM OBLIGATIONS (continued)
C. Changes in Long-Term Liabilities: (continued)**

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due within one year
Business-Type Activities:					
Revenue Bonds	\$ 313,015	\$ 115,275	\$ 140,867	\$ 287,423	\$ 11,673
Less: Unamortized Discount/Premium and, Deferred Loss on Advance Refunding	(606)	13,841	(121)	13,356	-
Total Revenue Bonds, less Unamortized Discount/Premium and, Deferred Loss on Advance Refunding	312,409	129,116	140,746	300,779	11,673
Accrued Compensated Absences	1,428	1,018	1,086	1,360	408
Landfill Closure and Post Closure Care	61,164	-	519	60,645	-
Picketville Waste Site	499	-	94	405	-
Other Post - Employment Benefits	996	241	-	1,237	-
Loans payable - Banking Fund	19,130	-	221	18,909	1,476
Business-type activity long-term obligations	<u>\$ 395,626</u>	<u>\$ 130,375</u>	<u>\$ 142,666</u>	<u>\$ 383,335</u>	<u>\$ 13,557</u>
Component Unit Activities:					
Bonds and notes payable:					
JEA	\$ 6,334,363	\$ 1,549,615	\$ 1,931,729	\$ 5,952,249	\$ 249,112
JAA	200,480	-	16,620	183,860	10,220
JPA	226,866	100,410	83,299	243,977	9,141
Other long-term obligations	400	6,171	(4,767)	11,338	1,471
Component unit activity long-term obligations	<u>\$ 6,762,109</u>	<u>\$ 1,656,196</u>	<u>\$ 2,026,881</u>	<u>\$ 6,391,424</u>	<u>\$ 269,944</u>

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

D. Reconciliation of debt issued to financial reporting classifications:

Certain of the City's bonds issued in a single transaction are for assets acquired or constructed for both governmental and business-type activities. As a result, the financial statements report debt outstanding and the related debt service for that combined transaction in both governmental and business-type activities in the relative proportion of the cost of the underlying assets acquired or constructed. When individual business-type revenues are not sufficient to pay for operations inclusive of allocated debt service, interfund transfers are made in amounts to address the shortfall. The following table shows the original combined issue amount and where the debt is reported (in thousands).

Bond Series	Original Amount Issued	Outstanding debt reported in		Total Amount Outstanding
		Governmental Activities	Business-type Activities	
Excise Tax Revenue Bonds:				
Series 2005A	\$ 44,820	\$ 41,240	\$ 2,000	\$ 43,240
Series 2009B	29,010	15,365	7,840	23,205
Series 2009C	23,730	1,370	16,135	17,505
Local Government Sales Tax Revenue Bonds:				
Series 1996	65,640	2,688	1,012	3,700
Capital Projects Revenue Bonds:				
Series 2008A	67,285	62,276	219	62,495
Series 2008B	67,285	62,276	219	62,495
BJP Infrastructure Sales Tax Revenue Bonds:				
Series 2003	211,050	8,095	2,690	10,785
Series 2004	218,755	4,582	1,523	6,105
Series 2012	280,050	238,570	41,480	280,050
Series 2012A	114,890	41,095	73,795	114,890

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

E. Pledged Revenues:

The City has formally committed to secure certain debt issued by the City with specific future revenues. A summary of those debt issues and the related pledged revenues follows. The detailed listing of individual series by pledge source is included in Note 8A.

	Range of remaining term	Approximate future principal and interest	Current year revenue received	Current year principal and interest	Principal and interest as % of revenue
Excise Taxes:	2013 - 2034	\$555,090,881	\$124,673,393	\$43,575,717	34.95%
Local Government					
1/2 Cent Sales Tax:	2018	\$119,143,186	\$72,636,339	\$17,085,126	23.52%
Guaranteed Entitlement Revenues:	2032	\$154,065,838	\$7,825,119	\$7,398,038	94.54%
JEA Charter Revenues (Capital Project Bonds):	2034	\$178,291,887	\$104,187,538	\$6,548,891	6.29%
(Better Jacksonville)					
Transportation Sales Tax:	2022 - 2037	\$870,730,617	\$74,935,750	\$31,790,490	42.42%
Better Jacksonville (Infrastructure) Sales Tax:	2014 - 2030	\$913,871,190	\$64,573,247	\$45,511,922	70.48%
with SIB Loans:	2014 - 2030	\$978,840,491	\$64,573,247	\$51,957,123	80.46%
Sports Facilities Capital Improvement Revenues:	2020 - 2030	\$216,417,015	\$18,860,195	\$11,356,294	60.21%

Excise Taxes - Bonds have been issued to fund citywide capital projects, and are supported by a pledge against the proceeds of the Utilities Services Taxes and the Occupational License Taxes.

Local Government 1/2 Cent Sales Tax - Bonds have been issued to fund the River City Renaissance program and various citywide capital improvements, and are supported by a pledge against the proceeds of the local government half-cent sales tax.

Guaranteed Entitlement Revenues - Bonds have been issued to fund the construction and renovation of various criminal justice facilities, and are supported by a pledge against the City's "guaranteed entitlement" portion of the State's shared revenues under the Revenue Sharing Act for counties and municipalities, which is derived from the State's i) sales and use tax and ii) Cigarette Tax.

JEA Charter Revenues (Capital Project Bonds) - Bonds have been issued to fund drainage and general capital programs, and are supported by a pledge against the JEA Contribution, which is annually appropriated to the City from available Electric and Water & Sewer revenues.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

E. Pledged Revenues (continued)

(Better Jacksonville) Transportation Sales Tax - Bonds have been issued to fund acquisition and construction of road, bridge, drainage and other transportation projects, and are supported by a pledge against the discretionary half-cent Transportation Sales Tax and Gas Tax.

Better Jacksonville (Infrastructure) Sales Tax - Bonds have been issued to fund the acquisition and construction of capital projects constituting part of the Better Jacksonville Plan, and are supported by a pledge against the discretionary half-cent Infrastructure Sales Tax.

Sports Facilities Capital Improvement Revenues - Bonds have been issued to fund renovations to the Municipal Stadium, and are supported by a pledge against the proceeds of Franchise Fees, 15% of the Communications Services Taxes, Sports Facility Sales Tax Rebates, Convention Development Taxes and the Sports Facilities Tourist Development Taxes.

F. New Indebtedness Issued:

On March 29, 2012, the City closed on the sale of \$151,660,000 Transportation Refunding Revenue Bonds, Series 2012A. The 2012A bonds have a true interest cost of 4.324% and an average coupon rate of 4.918% with a mandatory sinking schedule beginning October 1, 2022 and a maturity date of October 1, 2031. The proceeds of the 2012A bonds were used to currently refund a portion of the City's Transportation Revenue Bonds, Series 2001 (\$155,220,000). The issuance provided net proceeds of \$162,859,235, which is inclusive of underwriter's discounts and costs of issuance totaling \$1,162,518 and a bond premium of \$11,199,235. As a result of the refunding, aggregate debt service payments over the remaining life of the bonds were reduced by \$13,196,237, which provided a net economic gain (calculated as the difference between the net present values of the old and new debt service payments) of \$12,745,508, or 8.21%.

On March 29, 2012, the City closed on the sale of \$57,730,000 Transportation Refunding Revenue Bonds, Series 2012B. The 2012B bonds have a true interest cost of 3.076% and an average coupon rate of 4.798% with a mandatory sinking schedule beginning October 1, 2013 and a maturity date of October 1, 2022. The proceeds of the 2012B bonds were used to currently refund a portion of the State of Florida, Full Faith and Credit, Jacksonville Transportation Authority, Senior Lien Refunding Bonds, Series 1997 (\$84,110,000). The issuance provided net proceeds of \$63,743,224, which is inclusive of underwriter's discounts and costs of issuance totaling \$412,619 and a bond premium of \$6,013,224. The refunding did not result in an economic gain to the City. Since this item is unusual in nature and in the control of management, it is recorded as a special item with a net outflow for the refunding of \$61.196 million.

On March 29, 2012, the City closed on the sale of \$280,050,000 Better Jacksonville Sales Tax Refunding Revenue Bonds, Series 2012. The 2012 bonds have a true interest cost of 3.910% and an average coupon rate of 4.910% with a mandatory sinking schedule beginning October 1, 2013 and a maturity date of October 1, 2030. The proceeds of the 2012 bonds were used to currently refund a portion of the City's Better Jacksonville Sales Tax Revenue Bonds, Series 2001 and Series 2004 (\$91,625,000 and \$124,200,000, respectively) and advance refund the Series 2003 bonds (79,560,000 and, together \$295,385,000).

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

8. LONG-TERM OBLIGATIONS (continued)
F. New Indebtedness Issued: (continued)

The issuance provided net proceeds of \$305,698,930, which is inclusive of underwriter's discounts and costs of issuance totaling \$2,079,798 and a bond premium of \$25,648,930. As a result of the refunding, aggregate debt service payments over the remaining life of the bonds were reduced by \$19,903,662, which provided a net economic gain (the difference between the net present values of the old and new debt service payments) of \$14,606,844, or 4.945%.

On August 30, 2012, the City closed on the sale of \$114,890,000 Better Jacksonville Sales Tax Refunding Revenue Bonds, Series 2012A. The 2012A bonds have a true interest cost of 3.773% and an average coupon rate of 5.000% with a mandatory sinking schedule beginning October 1, 2023 and a maturity date of October 1, 2030. The proceeds of the 2012A bonds were used to currently refund a portion of the City's Better Jacksonville Sales Tax Revenue Bonds, Series 2004 (\$49,640,000) and advance refund the Series 2003 bonds (\$80,785,000 and, together \$130,425,000). The issuance provided net proceeds of \$132,794,896, which is inclusive of underwriter's discounts and costs of issuance totaling \$1,013,067 and a bond premium of \$17,904,896. As a result of the refunding, aggregate debt service payments over the remaining life of the bonds were reduced by \$23,524,720, which provided a net economic gain (the difference between the net present values of the old and new debt service payments) of \$12,556,907, or 9.628%.

On September 28, 2012, the City closed on the sale of \$4,040,000 Special Revenue Bonds, Series 2012A with a true interest cost of 1.119% and an average coupon rate of 1.120% with a mandatory sinking schedule beginning October 1, 2013 and a maturity date of October 1, 2016 and a Designated Maturity Date of October 1, 2030. The proceeds of the 2012A bonds were used to fund the acquisition and construction of various capital projects (\$4,020,000). The issuance provided net proceeds of \$4,040,000 which was inclusive of cost of issuance totaling \$20,000.

On September 28, 2012, the City closed on the sale of \$6,320,000 Special Revenue Bonds, Series 2012B. The 2012B bonds have a true interest cost of 1.119% and an average coupon rate of 1.120% with a mandatory sinking schedule beginning October 1, 2013 and a maturity date of October 1, 2017 and a Designated Maturity Date of October 1, 2022. The proceeds of the 2012B bonds were used to currently refund a portion of the City's Special Revenue, Series 2009C-1 (\$6,295,000). The issuance provided net proceeds of \$6,320,000, which is inclusive of cost of issuance totaling \$25,000. The 2012B bonds were not refunded for an economic gain. The refunding was undertaken to refinance, or "roll", the maturing 2009C-1 medium-term note. It is the City's intention to continuously roll the note until the Designated Maturity date (see Note 8B for the Designated Maturity schedule).

Market conditions during the fiscal year dictated the issuance of bonds with significant premiums, which reduced the face amount of the borrowing and the effective True Interest Cost (TIC) of the transaction.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

G. Demand Bonds Issued by the City:

Each series of demand bonds listed below meets the criteria for inclusion as long term debt of the City.

\$154,535,000 Transportation Revenue Bonds, Series 2008A:

Bond Terms - The Series 2008A Transportation Bonds (the Bonds) are uninsured variable rate demand bonds which mature and are remarketed every seven days at a reset interest rate.

Liquidity Agreement Terms - Liquidity for the Bonds is provided by a Standby Bond Purchase Agreement (the Agreement) with JPMorgan Chase Bank (the Bank) dated April 1, 2008 and expiring April 20, 2014.

Terms of Take Out - The Agreement contains a mandatory purchase provision requiring the Bank to purchase the Bonds if the Agreement is not replaced or renewed by the expiration date. If the Bonds were to be purchased by the Bank, then the City would be required to amortize the balance of the Bonds (\$150,485,000 as of the current termination date) over 12 equal quarterly installments beginning 180 days after the date of purchase.

As of September 30, 2012, there were no advances outstanding or bank bonds held under this Agreement.

\$67,285,000 Capital Projects Bonds, Series 2008A:

Bond Terms - The Series 2008A Capital Projects Bonds (the Bonds) are uninsured variable rate demand bonds which mature and are remarketed every seven days at a reset interest rate.

Liquidity Agreement Terms - Liquidity for the Bonds is provided by a Letter of Credit and Reimbursement Agreement (the Agreement) with the Bank of America (the Bank) dated July 1, 2008 and expiring July 15, 2014.

Terms of Take Out - The Agreement contains a mandatory purchase provision requiring the Bank to purchase the Bonds if the Agreement is not replaced or renewed by the expiration date. If either i) the Bonds were to be purchased by the Bank or ii) the Bank extends an advance to the City under the Letter of Credit, then the City would be required to amortize the balance of the Bonds (\$57,875,000 as of the current termination date) over 10 equal semi-annual installments beginning 6 months after the date of purchase or advance.

As of September 30, 2012, there were no advances outstanding or bank bonds held under this Agreement.

During the fiscal year, the \$121,740,000 Transportation Revenue Bonds, Series 2008B were converted to an Index Rate Mode. The existing Letter of Credit and Reimbursement Agreement with Wells Fargo (the Bank) was terminated and the bonds were directly purchased by the Bank.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

H. Non-Asset Debt:

The City has issued debt for the benefit of its component units or other public use entities where the asset acquired or constructed will not be owned by the primary government. An expense is recorded by the City instead of a capital asset on the citywide statements, while the debt remains as a liability of the City. The following is a listing of the outstanding debt in the Governmental Activities that was issued for non-asset backed debt (in thousands):

<u>Excise Taxes Bonds</u>	<u>Entity or Purpose</u>	<u>Amount</u>
Series 1993	Jacksonville Port Authority	\$ 5,217
Series 2002B	Shands Jacksonville Medical Center	50,810
Series 2003C (AMT)	Jacksonville Port Authority	32,490
 <u>Plan (BJP)</u>		
Series 2007	(JTA) road projects	50,785
Series 2009	(JTA) road projects	2,628
Series 2010	(JTA) road projects	12,850
Series 2011	(JTA) road projects	19,740
Series 2012B	(JTA) road projects	57,730
 <u>Infrastructure Bank</u>		
Loan #1	JTA road projects	25,335
Loan #2	JTA road projects	32,112
 <u>Other Bond Issues</u>		
Various	Misc. projects - BJP	81,389
Various	Misc. projects – other	45,341
 <u>Banking Fund Financed Projects</u>		
Various	Misc. projects – other	39,987
 TOTAL		 \$ 456,414

(1) Better Jacksonville Series 2012B is reported as a special item in the City-Wide Financial Statement due to the unusual nature of the transaction. Series 2012B refunded State of Florida, Full Faith and Credit, Jacksonville Transportation Authority, Senior Lien Refunding Bonds, Series 1997 (see Note 8F-New Indebtedness Issued).

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

I. Defeased Debt:

The City has defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements.

As of September 30, 2012, the City had legally defeased the following bond maturities (in thousands):

Issue	Refunded by	Principal Balance at September 30, 2012	Investment Balance with Escrow Agent at September 30, 2012 (a)
Sales Tax Revenue Bonds, Series 1996 (RCR)	Cash Refunded on October 10, 2002	\$14,535	\$15,424
Better Jacksonville Sales Tax Revenue Bonds, Series 2003	Better Jacksonville Sales Tax Refunding Revenue Bonds, Series 2012	\$79,560	\$85,207
Better Jacksonville Sales Tax Revenue Bonds, Series 2003	Better Jacksonville Sales Tax Refunding Revenue Bonds, Series 2012A	\$80,785	\$86,687
Better Jacksonville Sales Tax Revenue Bonds, Series 2004	Better Jacksonville Sales Tax Refunding Revenue Bonds, Series 2012A	\$49,640	\$50,754

(a) Source: Escrow Agent’s Records

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

J. Derivative Instrument Payments and Hedged Debt:

The City has entered into two interest rate swaps structured as integrated hedges with the same amortization as the bonds resulting in synthetic fixed rate debt in the Better Jacksonville Plan financing. For purposes of credit, the swaps are secured by a pledge on the City’s transportation sales tax and constitutional gas tax with a lien on parity to the bonds. The counterparty does not have the right to terminate these transactions unless a termination event occurs. The City retains the right to terminate the swap agreements at any time.

The City computed the actual synthetic rate for both swaps for the year ended September 30, 2012 by adding the net swap payments to the variable rate interest paid and dividing by the notional amount and determined that the actual synthetic rate fell within 90 to 111 percent of the swap fixed rate. Using the synthetic instrument method, the swap is deemed an effective hedging instrument and hedge accounting is applied.

The swap agreements require the City to post cash collateral when the negative market value of the swap exceeds \$25 million equal to the residual exposure. A lower credit rating will also increase the amount of collateral required. The table below summarizes the key elements of the swaps as of September 30, 2012. The fair values were obtained by the counter-parties’ mark-to-market reports submitted to the City.

	SIFMA Index	67% LIBOR
Bond Series	Transportation Revenue Bonds, 2003 ⁽¹⁾	Transportation Revenue Bonds, 2004A ⁽¹⁾
Counterparty (Rating)	Wells Fargo (Aa3)	Wells Fargo (Aa3)
Effective Date	July 1, 2003	September 30, 2004
Maturity Date	October 1, 2020	October 1, 2027
Notional Amount Outstanding	\$35,140,000	\$67,475,000
Variable Rate Received ⁽²⁾	0.153%	0.168%
Fixed Rate Paid	4.010%	3.455%
Change in Fair Value - Current Year	(\$322,320)	(\$636,849)
Underlying Fair Value at Fiscal Year End	(\$6,133,476)	(\$13,443,029)
Net Swap Interest	(\$1,355,439)	(\$2,217,870)

(1) On May 14, 2008, the Series 2003 and Series 2004A Transportation Revenue Bonds were refunded by the Series 2008B Transportation Revenue Refunding Bonds. The Series 2008B bonds were issued as uninsured variable rate demand bonds, which are remarketed every 7 days.

(2) Weighted average of rates throughout the fiscal year.

Credit Risk - As of September 30, 2012, the City was not exposed to credit risk (the risk of economic loss due to a counterparty default on the swap agreements) because each had a negative fair value. However, should interest rates change and the fair values of the swaps become positive, the City would then be exposed to credit risk in the amount of the swap’s fair value.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

J. Derivative Instrument Payments and Hedged Debt (continued)

Basis Risk - As of September 30, 2012, the swaps expose the City to basis risk (the risk of loss due to the mismatch in interest-earning assets and interest-incurring liabilities). The agreement dated July 1, 2003 calls for the City to pay a fixed rate and receive a variable payment based on the BMA index. If the fixed rate is greater than the rates on the BMA index the City will be liable for the difference. The agreement dated September 30, 2004 calls for the City to pay a fixed rate and receive a variable payment of 67% of the one month LIBOR rate. If the fixed rate is greater than the rates on the LIBOR index, the City will be liable for the difference.

Market Risk - As of September 30, 2012, the swaps expose the City to market risk (the risk of loss due to the pricing of the swap under the current economic environment) because each swap currently has a negative fair value. If the swaps were to be terminated under the current economic conditions, the City would be liable to the counterparty for a make-whole payment in the amount equal to the negative fair value.

Using rates as of September 30, 2012 and assuming the rates are unchanged for the remaining term of the bonds, the following table shows the debt service requirements and net swap payments for the City’s hedged variable rate bonds.

Fiscal Year Ending 9/30	Variable-Rate Bonds			Swap Interest Payments			Total Bonds and Swaps
	Principal	Interest	Total	Fixed Pay	Var. Received	Net Pay	
2013	\$ 4,680	\$ 196	\$ 4,876	\$ 3,555	\$ 155	\$ 3,400	\$ 8,276
2014	5,615	188	5,803	3,349	146	3,203	9,006
2015	5,695	177	5,872	3,136	137	2,999	8,871
2016	5,955	166	6,121	2,914	128	2,786	8,907
2017	8,915	155	9,070	2,587	114	2,473	11,543
2018-2022	41,745	514	42,259	7,919	354	7,565	49,824
2023-2027	25,110	201	25,311	2,710	123	2,587	27,898
2028-2032	5,685	11	5,696	-	-	-	5,696
	<u>\$103,400</u>	<u>\$1,608</u>	<u>\$105,008</u>	<u>\$26,170</u>	<u>\$1,157</u>	<u>\$25,013</u>	<u>\$130,021</u>

The above chart is based upon actual rates as of September 30, 2012. The bond and swap rates as of fiscal year end were as follows:

City of Jacksonville \$47,775,000 Transportation Revenue Bonds, Series 2003 (refunded by the Series 2008B bonds):

The 7-day variable rate reset was 0.190%

The BMA rate for swap receipts was 0.164%

City of Jacksonville \$80,275,000 Transportation Revenue Refunding Bonds, Series 2004A (refunded by the Series 2008B bonds):

The 7-day variable rate reset was 0.190%

The 67% of LIBOR rate for swap receipts was 0.154%

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

8. LONG-TERM OBLIGATIONS (continued)

K. Conduit Debt:

The City issued certain conduit debt in the form of industrial development revenue bonds (IDB's) and private activity bonds (PAB's) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Conduit debt refers to certain limited-obligation revenue bonds or similar debt instruments issued by the City for the express purpose of providing capital financing for a specific nongovernmental third party. Although conduit debt bears the name of the City as issuer, it is collateralized by the resources provided by the loan with the third party on whose behalf they are issued. The City acts solely as a conduit issuer with respect to the debt.

Conduit debt is collateralized by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the IDB's and PAB's, ownership of the acquired facilities transfers to the private-sector entity served the bond issue. None of the assets or revenues of the City are pledged to the payment of IDB's or PAB's and under the constitution and laws of Florida, the City may not legally pledge any of its revenues or assets to the payment thereof. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2012, the City had \$580,485,614 IDB's and PAB's total principal outstanding. From time to time, certain issues of such conduit debt may be in default or under investigation as to tax-exempt status of interest on such debt, however, this has no effect on the City's financial position.

As of September 30, 2012, the City had a total of \$122,295,000 Jacksonville Housing Finance Authority (JHOFA), formerly Duval County Housing Finance Authority (DCHFA), Single Family and Multi-Family Bonds outstanding. The amount of Single Family Housing Revenue Bonds outstanding was \$28,690,000. The amount of Multi-Family Housing Bonds outstanding was \$93,605,000. Refunding of previous issues make up \$22,010,000 of the total amount outstanding.

As of September 30, 2012, the City had \$733,209,000 of Jacksonville Health Facilities Authority (JHFA) Bonds total outstanding.

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

8. LONG-TERM OBLIGATIONS (continued)

L. Interest Expense:

Total interest expense for the fiscal year ended September 30, 2012 was \$128.3 million for governmental activities and \$14.9 million for business-type activities.

M. Component Unit Long-Term Debt:

The long-term debt presentations for the major component units in Note 8A through Note 8C contains highly summarized data. Detailed debt presentations are available in each major component unit's separately issued financial report, which may be obtained from the finance offices below.

JEA
21 West Church Street
Jacksonville, Florida 32202

JAA
14201 Pecan Park Road
Jacksonville, Florida 32218

JPA
P.O. Box 3005
Jacksonville, Florida 32206-0005

JTA
100 North Myrtle Avenue
Jacksonville, Florida 32203

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

9. PENSION PLANS

The City sponsors two public employee retirement systems (PERS) administered by separate pension boards of trustees that provide retirement, death and disability benefits: the City of Jacksonville Retirement System (JRS) and the Police and Fire Pension Plan. Substantially all employees of the City participate in one of these two plans with less than 1% of City employees participating in the State of Florida Retirement System. The JRS is administered by a nine-member board of Trustees that makes recommendations to the City Council. The City Council is responsible for establishing or amending the pension plan provisions. The Police and Fire Plan is administered independently by a five-member board.

The JRS is a cost-sharing, multiple-employer, contributory defined benefit pension plan with a defined contribution alternative. JRS includes both the General Employees Pension Plan (GEPP) and the Corrections Officers Pension Plan (COPP). Effective October 1, 2009, the City added an employee choice defined contribution alternative to the defined benefit plan for all members of the GEPP. The City hired a third party administrator to assist employees with the management of their individual accounts within a number of investment options including model portfolios. All full-time City employees, the employees of JEA and the employees of JHA are eligible to participate in the GEPP upon employment. All certified Corrections Officers employed by the City are eligible to participate in the COPP upon employment. There are no separately issued financial statements for the City of Jacksonville Retirement System.

The Police and Fire Pension Plan is a single-employer contributory defined benefit pension plan covering all full-time certified police officers and firefighters employed by the City of Jacksonville Sheriff's Office and Fire and Rescue Department, respectively. The separately issued financial statements for the Police and Fire Pension Plan are available from Police and Fire Pension Fund, One West Adams Street, Suite 100, Jacksonville, FL 32202.

The City of Jacksonville Retirement System and Police and Fire Pension Plan are considered to be a part of the City's financial reporting entity, as discussed in Note 1.B. Effective for the fiscal year ending September 30, 1997, these PERS adopted GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans, intended to provide information needed to assess (1) funding status of a PERS on a long-term, going-concern basis; (2) progress made in accumulating sufficient assets to pay benefits when due; and (3) whether employers are making actuarially determined contributions. The City also follows GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, which require measurement and disclosure of an amount for annual pension cost on the accrual basis of accounting, regardless of the amount recognized as pension expenditures.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

9. PENSION PLANS (continued)

A. Summary of Significant Accounting Policies:

- (1) **Basis of Accounting** -The City's pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution benefit payments and refunds are recognized when due and payable in accordance with the terms of each plan. The Florida Constitution requires plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll and any contribution shortfalls are the responsibility of the City to fund. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes.
- (2) **Method Used to Value Investments** - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals or estimates of fair value as provided by third party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third party fund managers. Investments are managed by third party money managers while cash and securities are held by the City's independent custodian. The City receives a monthly reconciliation of any material differences in pricing by the custodian and manager.

B. Trend Information and Plan Overviews:

- (1) Trend information gives an indication of whether the actuarial value of plan assets is increasing or decreasing over time in relation to the actuarial accrued liability for benefits. Historical trend information for all three plans, on a year-by-year basis, is included in the accompanying Required Supplemental Information. The annual pension costs for the fiscal year ended September 30, 2012 were \$69.3 and \$90.3 million for JRS and PFPF respectively, which was equal to the required contributions. Trend information for each of the City's three plans is as follows:

EMPLOYER CONTRIBUTIONS			
(in thousands)			
<u>Valuation Date</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
General Employees Pension Plan			
9/30/2010	38,609	105%	(2,097)
9/30/2011	39,101	101%	(2,374)
9/30/2012	57,471	87%	5,198
Corrections Officers Pension Plan			
9/30/2010	9,098	104%	(246)
9/30/2011	8,882	109%	(1,075)
9/30/2012	11,847	76%	1,706
Police and Fire Pension Plan			
9/30/2010	95,020	100%	-
9/30/2011	94,631	100%	-
9/30/2012	90,278	100%	-

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**9. PENSION PLANS (continued)
B. Trend Information and Plan Overviews: (continued)**

Valuation Date	FUNDING PROGRESS (in thousands)					
	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as % of Covered Payroll
General Employees Pension Plan						
9/30/2011	1,582,042	2,217,381	635,339	71.35%	314,054	202.3%
Corrections Officers Pension Plan						
9/30/2011	103,154	223,579	120,425	46.14%	31,832	378.3%
Police and Fire Pension Plan						
9/30/2011	1,042,241	2,427,198	1,384,957	42.94%	148,968	929.7%

** Note: 2012 actuarial valuation reports for the above pension plans were not available as of the printing date of this statement.

Net Pension Obligation and Annual Pension Cost

(Dollar amounts in thousands)	General Employees Pension Plan	Corrections Officers Pension Plan
Annual required contribution (ARC)	57,498	11,861
Interest on net pension obligation	(196)	(89)
Adjustment to ARC	169	75
Annual pension cost	57,471	11,847
Contributions made	(49,899)	(9,066)
Increase in net pension obligation (asset)	7,572	2,781
Net pension obligation (asset) beginning of year	(2,374)	(1,075)
Net pension obligation end of year	5,198	1,706

Note: Police & Fire Pension Plan did not have a net pension obligation or asset as of fiscal year end.

The following page is an overview of selected plan elements for the City’s defined benefit plans.

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**9. PENSION PLANS (continued)
B. Trend Information and Plan Overviews: (continued)**

PLAN OVERVIEW AS OF SEPTEMBER 30, 2012

	Jacksonville Retirement System		
	General	Corrections	Police
	Employee Pension Plan	Officers Pension Plan	and Fire Pension Plan
Membership:			
Retirees and beneficiaries currently receiving benefits	4,783	241	2,045
Deferred Retirement Option (DROP) participants	NA		550
Terminated employees vested, not yet receiving benefits	81	1	52
Active employment plan members:			
Vested	3,494	351	1,848
Non-vested	1,991	278	365
Total plan membership	10,349	871	4,860
Benefit structure:			
Accrual rate:			
Years one through twenty	2.5%	3.0%	3.0%
Years twenty-one and after	2.5%	2.0%	2.0%
Years of service required to vest	5	5	5
Years of service required- normal retirement	30	20	20
Final average pay parameters	3 years	3 years	2 years
Maximum benefit as % applied to final average pay	80%	80%	80%
Cost of living (COLA) adjustments:			
Years delay after retirement	5	1	1
Annual percentage increase	3%	3%	3%
DROP structure:			
Options	Back	Forward	Forward
Maximum duration- years	5	5	5
Earnings rate on benefit payments held in trust	actual with +4% ceiling, -4% floor	actual with 0% floor	8.4% guaranteed
Financial information (in millions):			
Annual contributions 2011-12:			
City	\$ 27	\$ 9	\$ 73
Other participating employers	\$ 24	N/A	N/A
Other sources	-	-	\$ 10
Employer contribution stated as percentage of pay:			
FYE 9-30-10	13.50%	31.78%	49.60%
FYE 9-30-11	13.50%	31.78%	49.60%
FYE 9-30-12	17.52%	31.78%	49.60%
Employee contribution stated as percentage of pay	8%	8%	7%
Covered Payroll	\$ 287	\$ 29	\$ 134
Benefit payments (including DROP payments)	\$ 135	\$ 9	\$ 140

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**9. PENSION PLANS (continued)
B. Trend Information and Plan Overviews: (continued)**

ACTUARIAL PLAN VALUATION AS OF SEPTEMBER 30, 2011

	Jacksonville Retirement System		
	General	Corrections	Police
	Employee Pension Plan	Officers Pension Plan	and Fire Pension Plan
Actuarial reports:			
Date of last actuarial valuation	October 1, 2011	October 1, 2011	October 1, 2011
Actuarial method	Entry age	Entry age	Entry age
Plan assumptions:			
Earnings rate	8.25%	8.25%	7.75%
Mortality Table in use	RP-2000	RP-2000	RP-2000
Salary growth	3.50%	3.50%	5.00%
Unfunded Liability Amortization period	30 years, Closed	30 years, Closed	5 - 30 years, Open
Amortization method	Level Pct of Payroll	Level Pct of Payroll	Level Percent
Asset Valuation Method	5-year smoothing	5-year smoothing	5-year smoothing

Actuarial financial information (in millions):

Assets (net of securities lending) as of September 30, 2011:

Market value	\$	1,384	\$	93	\$	956
Actuarial value	\$	1,582	\$	103	\$	1,042
Unfunded Actuarial Accrued Liability- September 30, 2011	\$	635	\$	120	\$	1,385
Funded Ratio		71.35%		46.14%		42.94%

C. City of Jacksonville Retirement System: Financial Information

(1) The Statement of Fiduciary Net Assets – Jacksonville Retirement System - General Employees and Corrections Officers Plan for the year ended September 30, 2012 is as follows (in thousands):

ASSETS

Equity in cash and investments.....	\$	32,652
Receivables		5,671
Investments, at fair value		1,656,630
Capital assets, net of depreciation.....		1
Securities Lending Collateral.....		96,041
TOTAL ASSETS.....		1,790,995

LIABILITIES

Obligations Under Securities Lending Agreement....		96,046
Accounts payable and accrued liabilities.....		1,066
Accrued Compensated Absences.....		16
Due to Drop Participants.....		14,360
TOTAL LIABILITIES.....		111,488

NET ASSETS HELD IN TRUST FOR

PENSION BENEFITS.....		\$ 1,679,507
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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

9. PENSION PLANS (continued)

C. City of Jacksonville Retirement System: Financial Information (continued)

(2) The Statement of Changes in Fiduciary Net Assets – Jacksonville Retirement System for the year ended September 30, 2012 is as follows (in thousands):

<u>ADDITIONS</u>	
Contributions:	
Employer.....	\$ 60,490
Plan Member.....	28,304
Total contributions.....	<u>\$ 88,794</u>
Other additions.....	1,009
Investment income.....	270,382
Securities Lending.....	1,637
TOTAL ADDITIONS.....	<u>361,822</u>
 <u>DEDUCTIONS</u>	
Benefits payments.....	138,789
DROP Benefits.....	4,951
Refunds of contributions.....	20,970
Administrative expenses.....	760
TOTAL DEDUCTIONS.....	<u>165,470</u>
 Net change in net assets.....	 196,352
 NET ASSETS, BEGINNING OF YEAR.....	 <u>1,483,155</u>
 NET ASSETS, END OF YEAR.....	 <u>\$ 1,679,507</u>

D. Police and Fire Pension Plan

(1) Net assets available for benefits are designated pursuant to an agreement between the Police and Fire Pension Plan Board of Trustees and the City effective April 1, 2000, and include two actuarially computed components, the City Stabilization Account and the Enhanced Benefit Account. The City Stabilization Account, which has a balance of \$6.7 million as of September 30, 2012, was established for the purpose of cushioning actuarial losses in the base benefits fund and giving the City greater flexibility in its funding of the Plan. The Enhanced Benefits Account which has a balance of \$21.7 million of September 30, 2012, was established to hold any remaining State premium tax refunds not assigned to offset City contribution requirements. The base benefits fund consists of the remaining assets pledged to provide fund benefits.

(2) During the fiscal year, the Plan received a remittance from the State of Florida in the amount of \$9.3 million pursuant to Chapters 175 and 185, Florida Statutes. Such remittances, which are reported as State insurance contributions in the Statement of Changes in Fiduciary Net Assets are generally earmarked under state policy and legal guidance for the purpose of granting enhanced benefits to public safety pension plans throughout the State of Florida. The remittances received by the Plan are governed by the Restated Agreement executed between the Plan and the City.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

9. PENSION PLANS (continued)

D. Police and Fire Pension Plan (continued)

The Agreement stipulated that \$6.5 million of the \$9.3 million remittance received during the fiscal year is to be allocated for expenditures authorized within the current benefit structure, with the remaining \$2.8 million being uncommitted and earmarked for use in funding future benefits and/or ad-hoc, non-recurring expenditures as authorized by the Trustees of the Plan. During the fiscal year, \$1.8 million of the \$2.8 million uncommitted element was expended for ad-hoc non-recurring expenditures.

E. Defined Contribution Plan

As of October 1, 2009, the City created by ordinance a Defined Contribution (DC) plan within the Jacksonville Retirement System for GEPP participants as an employee choice alternative to the DB plans. Both employer and employee contributions to the DC plan stated as a percentage of pay were 7.7% and totaled \$631 and \$632 thousand for the 2011-12 fiscal year. Employees vest in the employer contributions to the plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Employees can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation.

F. Florida Retirement System

- (1) Plan Description - The City also participates in the Florida Retirement System (FRS), a multiple-employer cost-sharing retirement system which covers less than 1% of the City's full-time employees. FRS is a defined-benefit contributory retirement plan, administered by the State of Florida, Division of Retirement. The City payroll for employees covered by FRS was \$2.8 million during the fiscal year; the City's total payroll for all employees was \$421.2 million.

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following; (1) after 30 years of service regardless of age; (2) six years of service and age 62; or (3) 25 years special risk service (age 55 if not continuous). Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest years of earnings. The System also provides death and disability benefits. Benefits are established by state statutes.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

9. PENSION PLANS (continued)

F. Florida Retirement System (continued)

(2) A. Employer Contributions – For the fiscal years ended September 30, 2012, 2011, and 2010, the City contributed \$321,000, \$552,000, and \$584,000 respectively, to the System for covered employees. For the Fiscal year ended September 30, 2012, the contributions represented less than 1% of the System’s total contributions required by all participating employers of 3.2 billion. Contributions in fiscal years 2011 and 2010 were also less than 1% of the total contributions required by all participating employers, which amount to approximately 3.0 and 2.3 billion per year.

B. Employee Contributions: Effective July 1, 2011 the Senate Bill 2100 – Pension Reform was passed, requiring a 3% Employee Contribution for all Plans except DROP. Total employee contributions from October, 1, 2011 to September 30, 2012 were \$73,837.

The City has contributed 100% of the annual required contribution for each of the last three years.

The funding methods and the determination of benefits payable are provided in various Acts of the State Legislature. These Acts require that employers make contributions actuarially determined at the rates in effect at September 30, 2012, of 5.181% of the compensation for regular members, 14.90% for risk members, 10.23% for elected county officials, and 6.30% for senior management and 5.44% for DROP Plan members.

(3) Trend Information - Ten-year historical trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due is presented in the System’s June 30, 2012 annual financial report. The report may be obtained from the State of Florida, Department of Management Services, Division of Retirement P.O. Box 9000, Tallahassee, Florida 32315-9000.

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description: The City provides retirees with the option to purchase health insurance from the City's single employer, experience rated health insurance contract plan (Plan) that provides medical benefits to active and eligible retirees at the City's group rate as mandated by Florida Statute 112.0801 and therefore has an implicit rate subsidy benefit for the retirees' participation. As of the valuation date, the Plan had approximately 7,769 active participants and 1,369 retirees receiving benefits. The Plan does not issue a separate publicly available financial report.

Funding Policy: To date, the City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses plus any addition to the reserve for accrued costs incurred but not yet reported, as determined as part of the insurance contract. The contribution requirements of Plan members are established by the City. The City pays any remaining required amounts after contributions of plan members are taken into account. Currently, retired members pay the full premium associated with the coverage elected; no direct City subsidy is currently applicable; however, there is an implicit cost discussed below. Spouses and other dependents are also eligible for coverage, and the member is responsible for payment of the applicable premiums. Plan members contributed \$4.9 million in premiums for fiscal year 2012, representing 44.9% of the total fiscal year 2012 OPEB cost.

State of Florida law prohibits the City from separately rating retirees and active employees. The City therefore assigns to both groups equal, blended-rate premiums. Although both groups are assigned the same blended rate premiums, GAAP requires the actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate from active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

Annual OPEB Cost and Net OPEB obligation: The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC).

The City has elected to calculate the ARC and related information using the Entry Age Normal Salary Based Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years on an open basis. It is calculated assuming a level percentage of projected payroll. Annual requirements include a 4.5% discount rate, compounded annually, based on assumptions that the plan will be unfunded. The annual health care cost trend rate was assumed at 9% at September 30, 2012 grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.0%. The projected salary increase assumption is 4% per year.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

The actuarial accrued liability (AAL) was determined as of September 30, 2012, based on the above assumptions and cost method, and applied to member data current at September 30, 2012. Liabilities were developed based on age adjusted costs for retirees currently receiving Plan benefits as of September 30, 2012, with an AAL calculated to be \$126.2 million, which is unfunded (or 0% funded). The annual covered payroll is \$362.4 million, resulting in an unfunded AAL of 34.8%. The actuarial calculations reflect a long-term perspective using methods and assumptions that are designed to reduce short-term volatility in AAL and actuarial value of assets. The Plan provisions affecting the valuation were those in effect on September 30, 2012.

OPEB Government Accounting Standards Board (GASB) 45 results are not based on the assumption that all members terminate service as of the valuation date, but rather on the assumption that the various forces of decrement-future disablement, future mortality, future termination of employment, and future retirement-continue to be operative.

Plan Obligation: (in thousands)	2012
Annual Required City Contribution (ARC)	\$ 10,593
Interest on Plan Obligation	1,273
Adjustment to ARC	<u>(1,010)</u>
Annual Plan Retiree Cost	\$ 10,856
Contributions Made	<u>(4,873)</u>
Change in Plan Obligation	5,983
Plan Obligation Beginning of Year	<u>28,283</u>
Plan Obligation End of Year	<u><u>\$ 34,266</u></u>

At fiscal year-end 2012, the City accrued \$33 million in the Governmental Statement of Net Assets, \$1.2 million in the Business-Type Statement of Net Assets, \$79 thousand in the Jacksonville Economic Development Commission (JEDC), and \$7 thousand in the Jacksonville Housing Finance Authority (JHFA) two discreetly presented component units.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding years are as follows: (in thousands)

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/2010	11,219	41.9%	21,857
9/30/2011	10,621	39.5%	28,283
9/30/2012	10,856	44.9%	34,266

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

11. DEFERRED COMPENSATION PROGRAM

The City offers its employees a deferred compensation program created in accordance with Internal Revenue Code (IRC) Section 457 and Chapter 112.215, Florida Statutes. During the year ended September 30, 1999, the City complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Pursuant to the provisions of GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the financial statements do not display deferred compensation balances in an Agency Fund.

12. RISK FINANCING

The City is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omission; injuries to employees and natural disasters. The Risk Management Division (“Division”) administers the public liability (general liability and automobile liability) and workers’ compensation self-insurance program (“Program”) covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority.

The Program’s self-insurance fund provides coverage for the workers’ compensation and tort liability of the city, its officers, employees, or agents. It is established pursuant to Jacksonville City Ordinance, Chapter 128. The Program is a combination of self-insurance, coupled with a layer of excess coverage to mitigate aberrant and substantial unexpected losses.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

12. RISK FINANCING (continued)

While the City self-insures for automobile liability and automobile first party property damage, general liability and workers' compensation; it transfers its risk through the purchase of insurance for its other exposures. As a result of various contractual requirements, the City procures several miscellaneous general liability policies. The following schedule indicates the major categories of policies purchased to transfer risk. The City also purchases Watercraft (P&I)/Hull, Wharfinger Liability, Fine Arts, Out of State Automobile Liability, and General Liability (Rails to Trail, Power lines Easement, Riverwalk, and Voting Precincts) to transfer risk. The following policies are subject to sublimits, policy aggregates (where applicable) terms, conditions and exclusions as noted in the policies. Coverages are applicable to specific entities named as an insured.

<u>Coverages</u>	<u>Limits Occurrence and Aggregate</u>	<u>Retentions/Deductibles</u>
General Liability (City)	\$ 5,000,000	\$ 2,500,000
General Liability (JEA, JPA, JHA, and JAA)	\$ 1,000,000	\$ 5,000,000
Workers' Compensation Benefits	Statutory	\$ 1,200,000
Employers' Liability	\$ 3,000,000	\$ 1,200,000
Property (Real & Personal Property) -	\$ 600,000,000	\$ 100,000 ⁽¹⁾
Boiler and Machinery	\$ 100,000,000	\$ 50,000
Employee Fidelity	\$ 5,000,000	\$ 50,000 ⁽²⁾
Aircraft Liability	\$ 20,000,000	-
Aircraft Physical Damage (Schedule Value)	\$ 2,729,827	\$ 1,000 / 250 ⁽³⁾
Watercraft (P&I)	\$ 1,000,000	\$ 2,000
Watercraft Physical Damage	\$ 8,510,493	Various/Per Schedule ⁽⁴⁾
Wharfingers Liability	\$ 5,000,000	\$ 1,000
Fine Arts - Scheduled Value	\$ 145,625	\$ 1,000 / 2% Windstorm
Out of State Automobile Liability	\$ 1,000,000	-
Excess Medical Malpractice	\$ 10,000,000	\$ 1,500,000
Rails to Trail General Liability	\$ 3,000,000	\$ 1,000
Power Lines Easement General Liability	\$ 2,000,000	\$ 500
Riverwalk General Liability	\$ 5,000,000	\$ 5,000
Voting Precincts General Liability	\$ 1,000,000	\$ 500

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

12. RISK FINANCING (continued)

(1) The property limits and deductibles are on a per occurrence basis except as otherwise noted in the policy.

The property policy deductible for named windstorm losses is equal to 5% of total values of the locations involved in the occurrence, subject to a minimum deductible of \$500,000 and maximum of \$25,000,000, except individual maximum deductible applies to Duval County Unified Courthouse \$5,000,000, Jacksonville Municipal Stadium \$3,500,000, Times Union Center of Performance Arts \$3,500,000, Main Library \$3,500,000, Jacksonville Veterans Memorial Arena \$2,500,000 and Ed Ball Building. The affected locations individual maximum deductibles are inclusive of the \$25,000,000 named storm deductible.

The policy \$25,000 deductibles apply to Jacksonville Port Authority Equipment Floater, Fine Arts (Excess over other collected insurance) and Property in Transit and Electronic Data Program Equipment and Media. The policy includes Service Interruption coverage with a 24 hours waiting period.

(2) Crime coverage affords Faithful Performance, Forgery or Alteration, Inside the Premises (Theft of Money and Securities), Inside Premises (Robbery or Safe Burglary of Other Property), Outside the Premises, Computer Fraud, Funds Transfer Fraud and Money Orders and Counterfeit Money. These coverages have a \$3,000,000 limit with a \$25,000 deductible applicable to each coverage either on a per loss or occurrence basis.

(3) Aircraft physical damage deductibles are for aircrafts not in motion or in motion: (1) \$1,000 is for rotor wings not in motion and \$250 fixed wings; 5% of hull not to exceed \$25,000 value for rotor wings in motion and \$1,000 fixed wings.

(4) Watercraft physical damage deductibles are in the range of \$100 to \$55,000. These deductibles are based upon the vessel value.

The Division performs the following functions internally: loss prevention, workers' compensation claims, general liability and automobile liability claims, purchase of insurance for its other exposures, and related management activities.

Annually, as of September 30, the Program has a third party actuary review of the claim history for all open claim years. The actuary projects the ultimate claim payment obligation (including the incurred but not reported claims and claim development) for each year's claim experience and the probable loss fund cost for the New Year. The City is pro-active in managing workers' compensation costs, and has gone from in-house defense counsel to outside defense counsel for fiscal year 2013. This use of outside defense counsel should result in continued savings, and leveling of costs that otherwise would be increasing faster than the general inflationary rate. The effect of using outside counsel is to continue to mitigate the impact of long term liability of life time claims thereby having a favorable impact on claim experience and development in the workers' compensation program on an ongoing basis. These projections are provided as a range of estimates (low, expected and high), with a discounted alternative for each of the three estimates. The liability is established at the expected level using a discounted rate of 2%. The claims liability at September 30, 2012 is \$97,147.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

12. RISK FINANCING (continued)

The expected loss fund estimate is used to budget the self-insurance fund for general liability, automobile liability, and workers' compensation. As an internal service fund, charges are billed to the various funds and component units of the City. If an adjustment is necessary to increase the reported fund liability to reflect the actuary's estimated ultimate claim payment, then the self-insurance fund will either draw upon its accumulated net assets and/or initiate a year-end billing to the City itself and component units of the City. The City's practice of cash funding the projected ultimate claims payment is intended to temporarily accumulate net assets, which can be used to meet changes in estimates over time. Projected ultimate claims payment experience is as of the end of each fiscal year, even though some payments may not be made until a later date.

The City maintains separate fiscal year accounting, which allows any excess revenues available to be returned to the City itself, and component units and the accumulation of an operating reserve authorized by the City of Jacksonville Ordinance Code Section 106.106. As of September 30, 2012, the City has available excess revenues in the Self-Insurance fund of \$3,373 (in thousands) and an operating reserve in the amount of \$62 (in thousands) for a combined unrestricted net asset of \$3,435 (in thousands). In the Supplemental Section of the City's Comprehensive Annual Financial Report, is a trend information schedule for general/auto liability and workers' compensation, entitled "Schedule of Self-Insurance Ten Year Claims Development Information," which reflects the claims paid and liability projection development of each of the most recent ten years as of September 30, 2012.

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

12. RISK FINANCING (continued)

The following schedule presents the changes in aggregate claims liabilities for the past two years of the self-insurance fund's general liability, automobile liability, and workers' compensation.

**SELF-INSURANCE FUND
CHANGES IN AGGREGATE CLAIMS LIABILITIES HISTORY (Including ULAE)
FOR THE YEARS ENDING SEPTEMBER 30
(in thousands)**

	General/Auto Liability		Workers Compensation		Totals	
	2012	2011	2012	2011	2012	2011
Unpaid claims and claims adjustment expenses at beginning of fiscal year	\$11,366	\$10,796	\$77,163	\$72,828	\$88,529	\$83,624
Incurred claims and claim adjustment expenses:						
Provisions for insured events of the current fiscal year	4,109	3,884	12,264	6,402	16,373	10,286
Increases (decreases) in provision for insured events of prior fiscal years	295	2,214	11,032	15,406	11,327	17,620
Total incurred claims and claim adjustment expenses	4,404	6,098	23,296	21,808	27,700	27,906
Payments:						
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,652	1,660	3,914	3,054	5,566	4,714
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	2,838	3,868	10,678	14,419	13,516	18,287
Total Payments	4,490	5,528	14,592	17,473	19,082	23,001
Total unpaid claims and claim adjustment expenses at end of fiscal year	\$11,280	\$11,366	\$85,867	\$77,163	\$97,147	\$88,529

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

13. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

A. Compliance with Finance Related Legal and Contractual Provisions:

In the opinion of management, the City has no violations of finance related legal and contractual provisions.

B. Fund Deficits:

The following individual funds had a fund deficit at September 30, 2012, (in thousands):

	<u>Fund Balance/ Net Asset</u>
Non-Major Special Revenue fund:	
Community Development Block Grant	(\$99)
Internal Service Funds	
Copy Center	(\$51)

The Community Development Block Grant fund net asset deficit is due to normal cash flow timing differences related to grant reimbursement.

The Copy Center's 2012 net asset figure represents a \$52 thousand improvement from the 2011 deficit of (\$103) thousand. The rates were adjusted in previous years and the remainder of the deficit is expected to be eliminated by the results of future operations.

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**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

13. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

C. Landfill Closure and Postclosure Care Costs:

The State of Florida's Solid Waste Management Act of 1988 and regulations of the U.S. Environmental Protection Agency (EPA) and the State of Florida Department of Environmental Protection (FDEP) require the City to be responsible for constructing and maintaining the final landfill cover, monitoring ground water and methane gas, and continuing leachate management 30 years after its municipally owned landfills stop accepting solid waste and are closed. The estimated total costs of municipal solid waste landfill (MSWLF) closure and post closure (long-term) care costs reported by the City are based upon professional consulting engineers' studies prepared annually pursuant to rules promulgated by EPA and FDEP. However, existing EPA and FDEP closure and long-term regulations may change which might require the City to revise its MSWLF cost estimates used in the future.

MSWLF costs, for open landfills, are recognized in accordance with GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs. A liability of the Solid Waste Disposal Enterprise Fund is recorded based upon landfill capacity used at fiscal year-end and a current operating expense of the Fund in the fiscal year in which the MSWLF costs are recovered through earned, operating revenue.

The estimated liability for MSWLF closure and long-term care costs at September 30, 2012, is (in thousands):

	Balance, September 30, 2011	Accrual / Adjustment of Costs	Balance, September 30, 2012
Inactive Landfills -			
Long-term care costs	\$ 9,110	\$ (2,367)	\$ 6,743
Active Landfill -			
Closure and Long-term care costs	52,054	1,848	53,902
Total Landfill Liability	<u>\$ 61,164</u>	<u>\$ (519)</u>	<u>\$ 60,645</u>

At September 30, 2012, the City's total liability for landfill closure and long-term care was \$60.6 million. Of this amount \$53.9 million relates to the active landfill, Trail Ridge, and \$6.7 million relates to the inactive landfills, North and East. Adjustments of costs include accruals or adjustments to cost estimates and reductions for payment of post closure care costs.

Expenses for closure and long-term care costs are funded from future operating revenues of the Solid Waste Disposal fund and bond proceeds. As noted in Note 1. P, the application of SFAS No. 71 resulted in certain cost being capitalized and amortized to later periods. The City obtained bond proceeds to support closure and long-term care cost for North and East landfills and Picketville Waste Site. At September 30, 2012 the deferred balance of the capitalized cost is \$10.9 million, which during the year the City amortized \$3.1 million.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**13. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES
C. Landfill Closure and Long-term Care Costs: (continued)**

Active Landfill – Trail Ridge

The closure and long-term liability for Trail Ridge as of September 30, 2012 is \$53.9 million which represents an increase of \$1.8 million compared to preceding year. This increase resulted from adjustments for inflation and current annual closure and long-term care cost estimates. The percentage of landfill capacity used is estimated to be 78%.

Inactive Landfills – North and East

North and East landfills closed October 1999 and April 1992, respectively. The long-term liability for North and East as of September 30, 2012 is \$5.5 million for 6 years and \$1.2 million for 3 years, respectively. When compared to the preceding year, the liability balances decreased \$2.3 million aggregately, due to adjustments for current annual closure cost estimates and cost paid for performing and monitoring closure work.

Annually, the City is required by Chapter 62-701.630 of the Florida Administrative Code, to accumulate resources for payment of closure and long-term care cost. The City is in compliance with these requirements. As of September 30, 2012 \$30,863,145 which includes \$8,333,141 for accelerated payments, have been accumulated for payment of closure and long-term care cost (see summary below). Accelerated payments are payments in excess of the required financial assurance balances which are held in reserves for contingencies and are used to offset future operational cost.

	<u>Trail Ridge</u>	<u>North</u>	<u>East</u>	<u>Total</u>
Current cost of closure	\$ 21,208,484	\$ -	\$ -	\$ 21,208,484
Annual cost of long-term care	-	925,818	395,702	1,321,520
Accelerate funds above state minimum	<u>8,333,141</u>	<u>-</u>	<u>-</u>	<u>8,333,141</u>
Total balance in escrow account	<u>\$ 29,541,625</u>	<u>\$ 925,818</u>	<u>\$ 395,702</u>	<u>\$ 30,863,145</u>

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

14. LESSOR OPERATING LEASE

- A. Jacksonville Jaguars, Inc.** - The City has entered into a lease dated September 7, 1993, pursuant to which the City leases EverBank Field, a City owned stadium, and adjacent practice facilities to the Jacksonville Jaguars, Inc. (Jaguars) for a period of 30 years from the first National Football League (NFL) regular season play in 1995; Amendment 5, executed September 6, 2002, extends the lease an additional five years.

The lease entitles the Jaguars to use the stadium on game days, for practices and summer training camp, and for the period necessary before game days. During other periods of time, the City has the right to use the stadium, except for certain administrative spaces, training facilities, suites, and other areas that are for the exclusive use of the Jaguars.

For the first five years, rent is deferred in the amount of \$250,000 per year; in years 6-10 rent is \$500,000 per year; in years 11-20 \$1,000,000; and in the final 15 years \$1.25 million, including the lease extension. Amendment 8, executed January 2006, reduced the total Jaguars rent obligations by \$8,600,000, which was provided through rental reductions in the amount of \$1,433,333 for six payments beginning with the November 2005 payment through the June 2008 payment.

Amendment 8 also reduces supplemental lease obligations, with the City's acceptance of payment from the Jaguars in the amount of \$10,197,891 for the full satisfaction of amounts due for Super Bowl net revenues. Rents from years 11 through the end of the lease are subject to escalation based on one-half of any increase in the Consumer Price Index, but not to exceed 2.5% per year.

In addition, the Jaguars are obligated to pay supplemental rent in an amount equal to the annual debt service incurred by the City for certain costs of renovation of \$53.1 million requested by the Jaguars over a 30 year period with interest computed on a tax-exempt basis; inclusive of Amendment 7 executed May 27, 2004.

The lease generally permits the City to retain revenues from City events at the stadium, with some exceptions. Amendment 8 outlines provisions for advertising revenue generated from electronic signage for different stadium functions. The City is required to provide electricity, water and sewer services for the stadium at its expense. The City must maintain the stadium and all leasehold improvements. Per Amendment 8, the City agreed to provide \$1,000,000 for additional electronic signs. The City is required to pay for game day personnel, excluding concessions, on the days of Jaguar games. Amendment 8 gives the Jaguars the responsibility to provide concessions to all events within the concessions area. The Jaguars retain all net revenues from concessions and similar sales on NFL game days. The lease obligates the Jaguars to maintain its franchise at the stadium in Jacksonville and to not relocate unless it pays the City certain guaranteed amounts. Amendment 9 outlines a revenue sharing agreement for the stadium naming rights and provides the parameters for the marketing of the stadium name.

**CITY OF JACKSONVILLE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**14. LESSOR OPERATING LEASE (continued)
 A. Jacksonville Jaguars, Inc. (continued)**

Also, Amendment 9 details additional advertising rights and allows for certain fixed signage at the stadium. However, the subsequent naming rights agreement with EverBank eliminated the City participation in revenue from the stadium naming rights.

Amendment 10 outlines the accepted procedures for the use of the City established Sports Complex Capital Maintenance Fund. The agreement allows the Jaguars to advance fund certain capital, repair and maintenance projects at the stadium and receive reimbursement from the City. Amendment 10 also establishes the procedures for the creation of the related capital improvement plan.

A summary of scheduled lease payments is as follows:

<u>Year</u>	<u>Payment</u>
2013	4,047,200
2014	4,006,519
2015	3,960,040
2016	4,768,677
2017	4,749,626
2018 - 2022	21,924,464
2023 - 2027	25,472,788
2028 - 2030	16,473,479

The Jaguars Operating Lease is subject to the rental provisions of GASB #13 – Accounting for Operating Leases with Scheduled Rent Increases.

The Base Rental associated with the startup of operations and the initial capital costs for transforming the stadium to an NFL stadium has deferred rents for the first five years and then scheduled rent increases throughout the term of the lease, Amendment #8 in FY2005 providing rental credits of \$2,866,666 in FY2006, FY2007, and FY2008, which reduced the rental payment in each of those years. Paragraph 6 of GASB #13 states that “Sometimes an operating lease with scheduled rent increases contains payment requirements in a particular year or years that are artificially low when viewed in the context of earlier or later payment requirements.” This occurred with the base rental of the Jaguars contract. Paragraph 6 guidance states that the operating lease transactions should be measured utilizing one of two measures, with Paragraph 6a being “The operating lease transactions may be measured on a straight-line basis over the lease term.” The City has recorded a deferred rent receivable of \$11,809,583 due to the application of GASB #13 based on the difference in the actual rent paid and the calculated straight line rent.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

14. LESSOR OPERATING LEASE (continued)

A. Jacksonville Jaguars, Inc. (continued)

In analyzing the lease, there are two conditions that could affect the collection of the deferred rent receivables. The lease has been modified eleven times since the original agreement, providing for rent reduction as noted in amendment #8. Based on this history of amending the lease, there is uncertainty and a potential for other rental reductions or deferrals which could put the collection of the deferred rent receivables at risk. Additionally, the lease has several paragraphs concerning early termination of the contract and provides the City of Jacksonville reasonable liquidated damages in the circumstance of the Jaguars leaving the City. This termination provision, in effect, makes the rental collection subject to a year by year basis. The City has an offsetting allowance for the entire \$11,809,583 deferred rent receivables. As payments are made, the deferred receivables and allowance are adjusted accordingly.

B. Shands Jacksonville

Under an agreement with a not-for-profit corporation, Shands Jacksonville, formerly known as University Medical Center, the City leases to Shands certain capital assets, principally land and buildings, over a term to September 30, 2027 with an option to renew for an additional forty years to 2067 at \$1 per year. In addition, Shands is to be a full service hospital in support of the indigent care programs of the City of Jacksonville and Duval County under the agreement. Shands is to maintain, in good condition, and make improvements and betterments to the Hospital as necessary over the life of the lease. At termination of the lease, all leased property shall revert to the City.

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation:

The City is named as party in legal proceedings which occur in the normal course of government operations. Such litigation includes, but is not limited to, claims asserted against the City arising from alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of state or federal laws.

It is not possible at the present time to estimate the ultimate outcome or liability, if any, to the City for these proceedings. However, it is the City's opinion that ultimate liability in these matters, if any, is not expected to have a material adverse effect on the City's financial position.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

B. Grants and Contracts:

The City participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of the City. All City agencies and departments are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or department is a recipient of a federal grant, contract or their sponsored agreement. Certain agencies and departments may not be in total compliance with these regulations. Failure to comply may result in questions concerning eligibility of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the City.

C. Self-Insurance:

Through the City's Risk Management Division, the City maintains an insurance and self-insurance program (See Note 12). The Division administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the city general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and Jacksonville Aviation Authority under the City's Ordinance Code Chapter 128. The City purchases commercial insurance for workers' compensation claims in excess of \$1.2 million. Under the laws of the State of Florida, the city has sovereign immunity for state tort claims in excess of \$200,000 per person, and \$300,000 per occurrence. The City retains coverage on all other types of insurance including real and tangible property. The self-insured programs of the City, which are included in the Self-Insurance Internal Service Fund, are funded on a dollar-for-dollar basis determined actuarially for the estimated losses for claim development and incurred but not reported claims, and unallocated loss adjustment expenses. Claims are reserve on ultimate probable cost basis.

D. Pollution Remediation:

Governmental Accounting Standards Board Statement No. 49 Accounting and Financial Reporting for Pollution Remediation Obligations (GASB 49) provides accounting and financial reporting for pollution remediation obligations. While GASB 49 does not require the City to search for pollution, it does require the City to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

D. Pollution Remediation: (continued)

- The City is compelled to take remediation action because pollution creates an imminent endangerment to public health,
- The City is in violation of pollution prevention,
- The City is named, or has evidence that it will be named as responsible party by a regulator,
- The City is named, or has evidence that it will be named in a lawsuit to enforce cleanup, or
- The City commences or legally obligates itself to conduct pollution remediation activities.

The City recorded a pollution remediation liability as of September 30, 2012 of approximately \$166.4 million (See Note 8. C for schedule) using the expected cash flow technique. Under this technique, the City estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. However, this liability could change over time due to changes in cost of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

Whitehouse Waste Oil Pits Superfund Site

The US Environmental Protection Agency (USEPA) identified the City as a potential responsible party (PRP) at the *Whitehouse Waste Oil Pits Superfund Site* in western Duval County. The City and other (PRPs) participated in the USEPA's Pilot Allocation Project which resulted in the USEPA assuming as much as 65% of the liability at the site, with the City being allocated less than 10% of the liability.

The USEPA estimates \$20 million site costs, with the City paying approximately \$2 million over the life of the project (which includes a 30 year operations and maintenance period). Site work was substantially complete in October 2006 when operations and maintenance work began. The PRPs have more than \$1.9 million on deposit to fund operations and maintenance; however until USEPA officially declares the remedial action complete, the prospect for additional work remains. In January 2008, the City met with adjacent property owners to negotiate the purchase of additional private property to account for the location of the remedial berm. Negotiations are ongoing, with the estimated additional purchase within the limits of the remaining funds contributed by PRPs. The City and other PRPs settled with the USEPA which had sought reimbursement of its cost of a removal action in 1995, regarding the Bill Johns Waste Oil Site. The City's liability is based on contracting with the waste oil service to empty used oil collection points operated under a recycling grant from the State. Florida Department of Environmental Protection (FDEP) has submitted a demand to the PRPs to assess the site further to determine the extent of contamination that may remain after the removal action. The liability to FDEP is being assessed, but the site may be eligible for the state-funded cleanup program, relieving the City of any financial exposure. Because of the uncertainty of this event, no accrual has been recorded.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

D. Pollution Remediation: (continued)

Ash Sites

The City has identified four sites that were used for incinerator ash waste. The common practice during the 1950s and 1960s was to incinerate garbage and then mix the residual ash waste with other soil and use it as fill dirt. The City and the USEPA signed an agreement in 1999 to develop a plan to remediate the four sites. In order to make the sites and surrounding areas safe from a variety of residual pollutants, the City has proposed to the EPA a plan to clean up the areas by removing the top two feet of soil, placing a barrier, and then replacing the topsoil with untainted dirt. The project is estimated to take several years to complete once started and a cost estimate of \$76.7 million has been accrued based on the City's estimate used in its five year capital project plan.

Other Sites

FDEP had identified five sites of potential liability the City is responsible for. These sites are: *Burke St. Lime Pitts, Doe Boy Dump Site, Gold Merit/Pope Plan, Confederate Park, and Southside Incinerator Site.*

These projects, which are estimated to take several years to complete once started, have an estimated cost of \$51.4 million, which has been accrued by the City and included in the City's five year capital projects plan. Various other remediation sites exist within the City and \$37.9 million has been accrued for their estimated liability based on their inclusion in the City's five year capital projects plan.

The liability for *Picketville Waste Dump Site* at September 30, 2012, of \$0.4 million is based on the most recent estimate by the Federal Government of the City's allocated share of the clean-up and long term care cost of the site under a Participation Agreement and Consent Decree with the USEPA. The City was identified as a responsible party, sharing 65% of the total clean-up costs.

E. Garage Development Agreement:

The City entered into agreements for a private developer to construct and operate three parking garages. Two of the garages are to support the sports complex and the other is to support a new courthouse site. The current agreement provides an operating subsidy to support debt service, operating deficits, required reserves, and percentage return of equity, totaling approximately \$4 million per year. Associated therewith, the City has options to buyout the current business arrangement, refinance the related non-city debt and assume operational control thereof.

F. Other Litigation:

The City is involved in a number of legal matters as of September 30, 2012. Related claims involve various issues including contract disputes, civil rights, negligence, wrongful deaths and other contested matters. An estimate of potential losses for these claims cannot be made at this time.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

F. Other Litigation: (continued)

Since September 30, 2012, the City settled several legal matters. The City does not consider the settlement amounts to be material.

In accordance with FAS 5, no accrual has been made in the accompanying financial statements for these cases because relevant criteria have not been met. Payments, if any, will be funded by general revenue sources and earnings.

G. Construction and other significant Commitments: At September 30, 2012, the City had significant commitments for the following projects (in thousands):

General Government	
Contractual Services	2,032
Courthouse	3,806
Environmental Cleanup	607
Facilities Cap Maint	1,188
Improvements	1,064
Misc Services & Charges	1,015
Mobile Equipment	3,040
Other Operating Supplies	702
Professional Services	4,383
LaVilla Brooklyn Project	1,731
Workers Compensation	523
Computer items under \$1,000	539
Public Safety	
Food Services - Jail	740
Disaster Recovery	2,083
Radio Systems	1,746
Security Guard Services	1,332
Specialized Equipment	771
Physical Environment	
Ash Site Remediation	20,740
Drainage	3,992
Garbage/Recycling Contract	3,273
Miscellaneous	2,229
Stormwater	1,810
Tree Protection	4,527
Transportation	
Public Works Road Projects	6,311
Resurfacing	4,639
Economic Environment	
Bay/Hogan Garage	3,500
HUD	2,659
Edward Waters College	550
Pinnacle Project	722
Human Services	
Subsidies & Contributions to private organizations	5,443
Culture/Recreation	
Parks	2,100
	89,797

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

H. Encumbrance Commitments:

At September 30, 2012, the City had encumbrance commitments in the Governmental Funds as follows: (in thousands)

<u>MAJOR FUNDS</u>	
General Fund	9,172
General Projects	36,568
Total Major Funds	45,740
<u>NON-MAJOR FUNDS</u>	
Concurrency Management	953
Air Pollution Control and Monitoring	1
Tourism Development	515
Clerk of the Court	24
Transportation Fund	147
Budgeted General Government	4,700
Public Safety	570
Emergency 9-1-1	158
Tax Increment Districts	750
Jacksonville Children's Commission	1,752
American Recovery & Reinvestment Act	1,386
Community Development Block Grant	5,472
Maintenance, Parks and Recreation	150
Other Federal, State and Local Grants	7,210
Housing and Neighborhoods	858
State Housing Initiative Partnership	30
Non Budgeted General Government	775
Better Jacksonville Plan Construction Project	3,834
Bond Projects	4,494
Grant Projects	1,739
Total Non-Major Funds	35,518
TOTAL ENCUMBRANCES	81,258

*The Better Jacksonville Plan Construction Project Fund accounts for funds associated with the \$2.25 billion improvement plan. Council appropriated funds for the plan in its entirety at the inception, while funding sources including dedicated sales tax and debt issues are secured as needed. Multi-year contracts are encumbered and funding sources are obtained as construction occurs.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

16. SUBSEQUENT EVENTS

A. JEA

In October 2012, JEA repaid the \$2.7 million SJRPP line of credit draws that were outstanding as of September 30, 2012.

B. JAA

Debt Activity

On December 4, 2012 JAA gave notice of defeasance to bondholders regarding Series 2006 Bonds maturing on October 1, 2031. Full principal of \$53.63 million and interest of \$622 thousand will be paid to from the escrow account to the bondholders in early 2013.

On December 4, 2012 JAA issued a note in the amount of \$48.47 million to refund a portion of 2006 revenue bonds. The note has a fixed rate of 1.73% and a final maturity of October 1, 2022. The principal balance at maturity is \$34.74 million. JAA will recognize a present value savings of \$24.15 million on the transaction.

17. MAJOR DISCRETELY PRESENTED COMPONENT UNITS - ADDITIONAL DISCLOSURE

During fiscal year 2012, the City had financial transactions with its discretely presented component units classified as follows for financial reporting purposes:

A. JEA:

Contribution - On October 1, 1968, the City turned its electrical department over to the newly created JEA. Additionally, on June 1, 1997, the JEA assumed the operation and all related assets and liabilities of the water and sewer system from the City. The JEA is required by the City Charter to contribute annually to the General Fund of the City an amount not to exceed 5.513 mills per kilowatt per hour sold and at a rate of 2.149 mills per cubic feet of water sold. For the fiscal year ended September 30, 2012 these contributions total \$104,187,538. Such contributions to the City's General Fund are for the use of the public right-of-way in connection with its electric distribution system and its water sewer distribution and collection system and are based on calculations contained within section 21.07 of the City Charter.

Franchise Fees - Effective April 1, 2008, the City enacted a 3% franchise fee from designated revenues of the Electric and Water and Sewer Utility systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. For the year ended September 30, 2012, the City received from JEA \$29,461,951 and \$9,859,046 of its electric and water and sewer funds.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**17. MAJOR DISCRETELY PRESENTED COMPONENT UNITS - ADDITIONAL
DISCLOSURE (continued)**

B. Jacksonville Transportation Authority (JTA) :

Local Option One-Half Cent Sales Tax - On August 11, 1989, Jacksonville citizens voted for the removal of all tolls from county/city bridges and certain roads and replaced the revenue with a local option one-half cent sales tax that provides a permanent funding source for the construction and maintenance of the City's roads and bridges; the operation and maintenance of the bus system and the refinancing of existing bonds issued for the construction of such bridges and roads. All collections from the one-half cent sales tax are statutorily required to be remitted to the JTA. Accordingly, the City remitted all collections from the one-half cent sales tax to the JTA in the amount of \$66.6 million in fiscal year 2012. Such collection and payment by the City of this local option one-half cent sales tax is recorded in the Transportation Special Revenue fund as revenue and a transportation expenditure in the equal amount. The JTA reports the transfer from the City as sales tax revenue.

In fiscal year 2000, the City and the JTA entered into an inter-local agreement for the purpose of jointly exercising the separate powers of each to the maximum extent allowable by the law in the development, scheduling, financing, planning, permitting, design, construction, and implementation of a \$750 million Road, Bridge and Drainage Capital Improvement Work Program. The term of the agreement commenced on October 1, 2000 and continues in effect until all of the bonds have been duly paid in full or defeased in accordance with their terms. The City and JTA agreed to pledge the Sales Tax and the Constitutional Gas Tax for the payment of bonds issued to implement the program.

Monies available above debt service would be collected in a pay-as-you-go fund to assist with the payment of program expenditures. The City is making available the Local Option Gas Tax for the operation of the JTA's Mass Transit Division.

C. Jacksonville Port Authority (JPA):

Interlocal Agreement - In connection with a major port and marine facilities capital improvement project (the "Project"), the City and the JPA entered into an Interlocal Agreement upon the issuance of \$43,605,140 Excise Taxes Revenue Bonds, Series 1993 (the "1993 Bonds"). Subsequent to this transaction, the parties entered into an Amended and Restated Interlocal Agreement in conjunction with the issuance of \$57,150,000 Excise Taxes Revenue Bonds, Series 1996B (the "1996B Bonds"). The 1996B Bonds were refunded by the Excise Taxes Revenue Refunding Bonds, Series 2001A (the "2001A Bonds"). The 1993 Bonds were partially refunded by the Excise Taxes Revenue Refunding and Improvement Bonds, Series 2003C (the "2003C Bonds, and together with the 1993 Bonds and 2001A Bonds, the "Bonds").

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**17. MAJOR DISCRETELY PRESENTED COMPONENT UNITS - ADDITIONAL
DISCLOSURE (continued)**

C. Jacksonville Port Authority (JPA): (continued)

Under the Amended and Restated Interlocal Agreement, the City agreed to issue the Bonds to finance the Project, and the JPA, in consideration therefore, agreed to reimburse the City for debt service payments on the Bonds from certain revenues allocated to the JPA. Any insufficiency in the extent of such revenues allocated to the JPA under the Amended and Restated Interlocal Agreement or any amendments to the Amended and Restated Interlocal Agreement does not affect in any manner any obligation of the City pursuant to the terms of the Bonds.

The amended and restated Interlocal Agreement is not for the benefit of the holders of the Bonds and the JPA has no obligation under that Amended and Restated Interlocal Agreement to any third party bondholder. The revenues allocated to the JPA are not pledged as security for the Bonds.

The Amended and Restated Interlocal Agreement provides for the allocation of three sources of revenue (collectively referred to as the “Pledged Revenues”) by the City to the JPA. The first source of revenue relates to the allocation of half of the increased revenues in the Telecommunications Tax, which is 85% of the Communication Services Tax (the “Authority Allocation No. 1”). The second source of revenue relates to the amount calculated by multiplying one quarter (.25) mills by the gross kilowatt hours (as defined in Article 21 of the City Charter) sold by JEA during the twelve month period ending May 31 of the prior fiscal year (the “Authority Allocation No. 2”). The third source of revenues relates to the \$800,000 annual contribution remitted by the City to the JPA as described in Section 5(a) of the JPA act. Such Pledged Revenues are to be applied by the City to the payment of debt service on the Bonds for such fiscal year prior to being paid to the JPA. For the fiscal year ended September 30, 2012, the amount of Pledged Revenues in excess of the debt service requirements of the Bonds was \$5.85 million with a total of \$5.71 million being distributed to JPA.

In previous years, the City expended \$43.1 million on the Project from proceeds of the 1993 Bonds for the benefit of the JPA under the Amended and Restated Interlocal Agreement, which completed the 1993 Bond Program. In previous years, the City expended \$64 million on the Project from proceeds of the 1996B Bonds for the benefit of the JPA under the Interlocal Agreement. The City accounted for these expenditures in the Capital Projects Funds. The City does not capitalize these capital outlay expenditures.

**CITY OF JACKSONVILLE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

18. NET ASSETS:

The government-wide and business-type fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

Invested in Capital Assets, Net of Related Debt - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Assets – are liquid assets which have third-party (statutory, bond covenant or granting agency) limitations on their use. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Net Assets – typically represents unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, City Council has authority to revisit or alter these managerial decisions.

While the Unrestricted Net Assets balance is a single number in accordance with GASB Statement 34, the impact of non-asset debt will appear to reduce the year-end discretionary balance available to the government.

However, in the City’s case, given that a portion of these non-asset bonds/loans reported in the Governmental Activities column have a dedicated revenue source (to amortize the debt over time) the year-end available portion of the Net Assets to the City is greater than is apparent. The following schedule illustrates these differences (000s):

Governmental Unrestricted Net Assets (per statement – page 22)	\$ (222,645)
Impact of Better Jacksonville Plan’s (BJP) bond financed capital expenditures incurred by component units and other entities.	282,569
Economic Incentives to be repaid by TIF revenue and/or Developer	<u>31,705</u>
Governmental - Unrestricted Net Assets (adjusted for dedicated revenue funded portions)	<u><u>\$ 91,629</u></u>

Because the BJP program has dedicated sales tax revenue sources which will be used to repay the related debt service and either the CRA’s tax increment financing (TIF) revenue or the Developer repayments are anticipated to address the related debt service principal and all or a portion of the interest, the Government Unrestricted Net Assets (adjusted for dedicate revenue funded portions of non-assets debt) more truly reflect the General Government’s available (although partially tentatively targeted) portion of net assets.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

19. FUND BALANCE DISCLOSURE:

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, City Council, through the issuance of an ordinance. Commitments may only be changed through the same type of formal action that created the commitment.
- Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned through the following: 1) The Director of Finance is authorized by City Council to assign amounts for a specific purpose. (2) The City Council has authorized the Director of Finance, in coordination with the Council Auditor, to recapture excess fund balance that isn't restricted or committed and transfer the excess to the General Fund – General Service District. Excess fund balance that is not recaptured is classified as assigned by the Director of Finance to be used for the purpose of the subfund.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

19. FUND BALANCE DISCLOSURE: (continued)

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the emergency reserve established by the City Council. Under normal circumstances, the City would first elect to utilize the Operating Reserve (Unassigned fund balance in the General Fund) before considering use of its Emergency Reserve.

The City Council established an emergency reserve policy and fund beginning with the fiscal year 2006 budget and amended with Ordinance 2010-852-E, which added “The Emergency Reserve can be used to address unanticipated non-reimbursed expenditures arising out of a hurricane, tornado, other major weather related events, and/or other massive infrastructure failures or other disasters, whether man made or caused by nature.” The emergency reserve is contained as a separate subfund within the General Fund and is included in each annual budget. The emergency reserve shall not be used except as initiated by the Mayor through written communication to the City Council, explaining the emergency, and requires approval by two-thirds vote of all City Council members. The emergency reserve will be classified as committed fund balance.

The City does not have a formal minimum fund balance policy. However, the City’s Ordinance code addresses various targeted reserve positions and the Administration calculates targets and actuals to report the results annually to City Council.

A schedule of City fund balances is provided in the following pages.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

19. FUND BALANCE DISCLOSURE

A. FUND BALANCE CLASSIFICATION (in thousands)

	MAJOR FUNDS			
	GENERAL FUND	SPECIAL BONDED DEBT- BETTER JACKSONVILLE PLAN OBLIGATIONS	SPECIAL BONDED DEBT- OBLIGATIONS	GENERAL PROJECTS
FUND BALANCES:				
Non Spendable:				
Inventories	5,115	-	-	-
Other	-	-	-	-
Spendable:				
Restricted for:				
Debt Service Reserved by Debt Covenants	-	102,804	16,472	-
Park Projects	-	-	-	619
Physical Environment	-	-	-	12,105
Conservation and Resource Management	-	-	-	-
Transportation Projects	-	-	-	3,394
Human Services	-	-	-	-
Regional Stormwater Facilities	-	-	-	-
Drainage System Projects	-	-	-	-
Housing and Urban Development	-	-	-	-
Building	-	-	-	-
Public Safety	-	-	-	395
Industry Development	-	-	-	2,955
Other Infrastructure and Development	-	-	-	-
Other	-	-	-	1,405
Committed to:				
City Council Emergency Use	48,000	-	-	-
Drainage Projects	-	-	-	-
Park Projects	1,932	-	-	1,597
Planning Projects	5,963	-	-	-
Physical Environment	-	-	-	31,233
Conservation and Resource Management	-	-	-	-
Transportation Projects	882	-	-	8,756
Emergency and Disaster Relief	-	-	-	-
Court Projects and Operations	-	-	-	-
Public Safety	11,996	-	-	1,018
Industry Development	-	-	-	7,624
Other	1,192	-	-	3,626
Assigned to:				
Debt Service	-	-	2,190	-
Public Safety	1,585	-	-	-
Other	1,318	-	-	-
Unassigned	72,138	(3,572)	-	-
Total Fund Balances	\$ 150,121	\$ 99,232	\$ 18,662	\$ 74,727

(Continued)

NON MAJOR GOVERNMENTAL FUNDS	TOTAL ALL FUNDS	
	2012	2011
-	5,115	5,149
224	224	124
-	119,276	114,491
27,674	28,293	32,416
-	12,105	14,888
7,101	7,101	6,847
10,889	14,283	18,262
15,859	15,859	16,610
8,765	8,765	5,690
-	-	6,663
12,144	12,144	11,005
3,693	3,693	12,228
2,751	3,146	3,531
999	3,954	4,431
6,518	6,518	7,322
4,639	6,044	42,517
-	48,000	45,913
1,452	1,452	1,452
11,418	14,947	18,639
1,280	7,243	5,012
-	31,233	21,084
21,467	21,467	19,452
100,445	110,083	121,507
7,210	7,210	6,459
2,031	2,031	2,844
9,277	22,291	16,023
2,934	10,558	6,539
6,915	11,733	41,503
463	2,653	2,079
-	1,585	949
-	1,318	1,013
(99)	68,467	61,598
<u>\$ 266,049</u>	<u>\$ 608,791</u>	<u>\$ 674,240</u>



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REQUIRED SUPPLEMENTAL INFORMATION

CITY OF JACKSONVILLE, FLORIDA

GENERAL FUND REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCES - BUDGET AND ACTUAL (in thousands)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	GENERAL FUND					
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES	BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUE:						
Property taxes.....	\$ 454,806	\$ 451,388	\$ 450,571	\$ -	\$ 450,571	(\$ 817)
Utility service taxes.....	132,454	132,454	123,132	-	123,132	(9,322)
Sales and use taxes.....	1,097	1,097	997	-	997	(100)
Franchise Fees.....	44,227	44,227	40,593	-	40,593	(3,634)
Licenses and permits.....	7,635	7,635	7,396	-	7,396	(239)
Intergovernmental.....	128,279	128,279	125,711	-	125,711	(2,568)
Charges for services.....	67,959	67,959	71,505	-	71,505	3,546
Fines and forfeitures.....	2,575	2,575	2,459	-	2,459	(116)
JEA Charter.....	104,188	104,188	104,188	-	104,188	-
Interest.....	8,421	10,515	12,412	-	12,412	1,897
Other.....	15,907	16,017	15,638	-	15,638	(379)
Total Revenue.....	967,548	966,334	954,602	-	954,602	(11,732)
EXPENDITURES AND ENCUMBRANCES:						
Intra-Governmental Services.....	16,176	9,170	8,807	364	9,171	(1)
City Council.....	8,120	8,144	7,939	80	8,019	125
Clerk of the Courts.....	3,443	3,443	2,940	-	2,940	503
Courts.....	889	888	863	5	868	20
Employee Services.....	209	7,332	6,016	245	6,261	1,071
Finance.....	6,354	6,278	6,222	15	6,237	41
Fire/Rescue.....	162,044	161,782	156,599	1,288	157,887	3,895
General Counsel.....	370	550	534	-	534	16
Health Administrator.....	958	958	926	-	926	32
Jacksonville Children's Commission.....	6,755	6,752	5,980	191	6,171	581
Jacksonville Human Rights Commission.....	902	902	857	1	858	44
Mayor.....	3,449	3,508	3,177	34	3,211	297
Mayor's Boards and Commissions.....	422	427	425	2	427	-
Medical Examiner.....	2,711	2,693	2,439	7	2,446	247
Military Affairs, Vet & Disabled Svcs.....	1,034	1,119	1,118	1	1,119	-
Neighborhoods.....	18,307	18,973	16,894	249	17,143	1,830
Office of Ethics.....	-	142	114	-	114	28
Parks & Recreation.....	10,143	10,129	9,183	288	9,471	658
Property Appraiser.....	8,899	8,899	8,667	4	8,671	228
Public Defender.....	1,014	1,323	1,309	-	1,309	14
Planning and Development.....	6,907	6,839	5,783	464	6,247	592
Public Libraries.....	38,485	38,451	37,328	43	37,371	1,080
Public Works.....	83,697	83,142	77,121	1,841	78,962	4,180
Special Services.....	20,193	16,996	15,496	749	16,245	751
State Attorney.....	180	180	187	1	188	(8)
Supervisor of Elections.....	9,046	8,990	7,459	55	7,514	1,476
Office of the Sheriff.....	351,528	339,943	332,071	3,001	335,072	4,871
Tax Collector.....	16,601	16,573	14,439	93	14,532	2,041
Federal Program Reserve.....	171	135	-	-	-	135
Contribution to Shands-Jacksonville.....	23,776	23,776	23,776	-	23,776	-
Cash Carryover Reserves.....	46,050	46,050	-	-	-	46,050
Jacksonville Misc. Citywide Activities.....	62,788	77,791	69,411	151	69,562	8,229
Total Expenditures.....	911,621	912,278	824,080	9,172	833,252	79,026
EXCESS OF REVENUE OVER (UNDER)						
EXPENDITURES.....	55,927	54,056	130,522	(9,172)	121,350	67,294
OTHER FINANCING SOURCES (USES):						
Long Term Debt Issued.....	1,797	3,956	2,349	-	2,349	(1,607)
Operating transfers in.....	5,454	10,990	11,104	-	11,104	114
Operating transfers out.....	(121,017)	(123,770)	(122,775)	-	(122,775)	995
Total Other Financing Sources (Uses).....	(113,766)	(108,824)	(109,322)	-	(109,322)	(498)
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	(57,839)	(54,768)	21,200	(9,172)	12,028	66,796
FUND BALANCES - BEGINNING.....	128,921	128,921	128,921	-	128,921	-
FUND BALANCES - ENDING.....	71,082	74,153	150,121	(9,172)	140,949	66,796

CITY OF JACKSONVILLE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

1. BUDGETARY DATA

The City uses the following procedures in establishing the budgetary data reflected in the financial statements.

A. The City adopts its budget in accordance with Chapters 129 and 200, Florida Statutes, the City Charter and Municipal Ordinance Code.

(1) The Mayor's Proposed Budget is presented to the City Council on the second Tuesday in July; the budget ordinance, millage levy ordinance and related resolutions are introduced.

(2) During the first Council meeting in September, public hearings are held on both the budget and the millage rate. Following the public hearings, the Council adopts a tentative budget and tentative millage rate. A final budget and millage is adopted by full Council, and is effective on October 1.

The City presents a Budgetary Comparison Schedule as Required Supplementary Information for the General Fund and each major special revenue fund with a legally adopted budget. For the Fiscal Year 2012, no special revenue funds met the criteria to be reported as a major fund. The City has opted to make this presentation in the format and classifications of the budget document. These schedules report actual expenditures using generally accepted accounting principles as well as expenditures on the budgetary basis, which include amounts encumbered for future spending.

B. The City adopts annual budgets for the General Fund, certain Special Revenue Funds, and Proprietary Funds. The City reports Budgetary Comparisons for its General Fund and Major Special Revenue Funds in the Required Supplementary Information section of the report. None of these funds had an excess of expenditures over appropriations for the year ended September 30, 2012. Proprietary Fund budgets are adopted for management control purposes. The City is not required to include Budgetary Comparisons for Proprietary Funds in this report. Project or program budgets, which may not coincide with the City's fiscal year, or which may exceed a single annual period, are adopted by separate ordinance for most Special Revenue Funds and Capital Project Funds. Budgets are not formally adopted for Debt Service Funds as internal spending controls are set by compliance with bond covenants. The Special Revenue Funds which are not annually budgeted include the following: Public Safety, Community Development Block Grant, Job Training Partnership Act Grant, Maintenance Parks and Recreation, Metropolitan Planning Organization, Other Federal, State and Local Grants, Better Jacksonville Trust Fund, Housing and Neighborhoods, State Housing Initiative Partnership, Non-Budgeted General Government, Clerk of Court, and American Recovery & Reinvestment Act.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

1. BUDGETARY DATA (continued)

C. Level of Budgetary Control - Expenditures may not exceed appropriations and are controlled in the following manner:

- (1) The budget is adopted by ordinance which sets the legal level of control at the fund level by department.
- (2) The City adopted more stringent administrative policies that control expenditures at the major category (Personal Services, Operating Expense, Capital Outlay, Debt Service) level within divisions within individual funds.
- (3) The City, additionally, adopted a Municipal Ordinance Code Policy that provides transfer authority to the mayor, without City Council approval, within an individual fund if the total transferred funds for a specific purpose, project or issue is under \$500,000 during the fiscal year. These transfers are reported to the Finance Committee on a quarterly basis.

D. Supplemental Appropriations - The City Council may, through passage of an ordinance, amend the budget in any manner permissible under state and local law, with one exception. Bond covenants, trust and agency agreements, and certain clauses of ordinances in effect may restrict certain budgetary items in terms of amount or use.

In certain instances the City may supplement the appropriations in a fund due to unexpected high levels of receipts or under estimates of carry forward balances. Supplemental appropriations to the Fiscal Year 2012 Annual Budget Ordinance were made throughout the year, the effects of which were not material.

E. All appropriations in annually budgeted funds, except for amounts corresponding to outstanding encumbrances, lapse at year-end or at the close of the authorizing project/program, unless specifically carried forward by ordinance.

F. Formal budgetary integration is used as a management control device for all funds of the City, except certain Debt Service Funds as explained in Note to RSI 1.C.

G. The City's Annual Financial Plan, or published budget document, may be obtained from the City's Budget Office located at 117 West Duval Street, Suite 325, Jacksonville, Florida 32202.

H. The Clerk of Court special revenue fund budget is not approved by the City. The Court subfund is submitted and approved by the State and is based on the State's July 1st to June 30th fiscal year. The Court's Public Modernization Trust subfund and Child Support Enforcement Trust subfund are not budgeted. This special revenue fund does not meet the annually budgeted criteria.

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

(in thousands)

<u>Plan Year Ending September 30</u>	<u>Annual Required Contributions</u>	<u>City Cash Contributions</u>	<u>Alloted from Past Excess Contributions</u>	<u>Total Employer Contributions</u>	<u>Percentage Contributed</u>
General Employees Pension Plan					
2007	29,297	29,581	-	29,581	101%
2008	29,371	29,488	-	29,488	100%
2009	29,491	29,530	-	29,530	100%
2010	38,612	40,551	-	40,551	105%
2011	39,124	39,378	-	39,378	101%
2012	57,498	49,899	-	49,899	87%
Corrections Officers Plan					
2007	1,830	2,482	-	2,482	136%
2008	4,329	4,350	-	4,350	100%
2009	5,268	5,101	146	5,247	100%
2010	9,097	9,491	-	9,491	104%
2011	8,885	9,711	-	9,711	109%
2012	11,861	9,066	-	9,066	76%

Certain adjustments are made to the annual required contribution if the plan carries a net pension obligation (NPO). The net pension obligation is defined in GASB No. 27 as the cumulative difference at the date of adoption between annual requirements and actual contributions plus the cumulative difference between the requirements and contributions after that date. For 2012 interest credits attributable to the timing of contribution payments resulted in a net pension obligation of \$6,904 thousand for the plan as a whole, \$5,198 thousand for General Employees and \$1,706 thousand for Corrections.

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER AND MEMBER CONTRIBUTIONS
POLICE AND FIRE RETIREMENT SYSTEM
SEPTEMBER 30, 2012**

(in thousands)

Plan Year Ending Sept., 30	*Annual Required Contributions	City Cash Contributions	Allocated from CBSA (2)	Court Fines	Premium Tax Refunds	Total Employer Contributions	Total Member Contributions	Percentage Contributed
2010 (1)	95,020	81,171	(5,015)	1,026	6,322	83,504	11,516	100%
2011	94,631	75,039	1,162	864	5,959	83,024	11,607	100%
2012	90,278	69,829	3,130	770	5,345	79,074	11,204	100%

NOTES:

* Excess contributions from all sources are accumulated in the City Budget Stabilization Account (CBSA), which is drawn upon if actual contributions fall below the annual required contribution.

(1) The FY2010 values have been revised.

In all years shown, 100% of the ARC has been contributed thus producing a Net Pension Obligation of \$0 for all years.

City Cash Contributions shown above do not include employer buyback contributions.

Total Member Contributions shown above include DROP contributions, but do not include employee buyback contributions.

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

(in thousands)

Valuation Date	Actuarial Value of Assets (2) (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
General Employees Pension Plan						
9/30/2006	1,593,296	1,812,972	219,676	87.88%	237,108	92.6%
9/30/2007	1,712,461	1,904,929	192,468	89.90%	248,887	77.3%
9/30/2008	1,673,435	2,004,279	330,844	83.49%	262,345	126.1%
9/30/2009	1,591,345	2,065,464	474,119	77.05%	276,257	171.6%
9/30/2010	1,640,892	2,163,080	522,188	75.86%	322,531	161.9%
9/30/2011	1,582,042	2,217,381	635,339	71.35%	314,054	202.3%
9/30/2012*	--	--	--	--	--	--
Corrections Officers Plan						
9/30/2006	68,791	104,126	35,335	66.07%	27,702	127.6%
9/30/2007	78,458	116,945	38,487	67.09%	27,083	142.1%
9/30/2008	83,056	137,830	54,774	60.26%	26,334	208.0%
9/30/2009	86,358	181,031	94,673	47.70%	27,661	342.3%
9/30/2010	97,464	204,384	106,920	47.69%	32,329	330.7%
9/30/2011	103,154	223,575	120,421	46.14%	31,832	378.3%
9/30/2012*	--	--	--	--	--	--

(1) Actuarial Assumptions provided in the notes to financial statements

(2) Net of the unassigned past-excess contributions separate account

* Note: Updated actuarial valuation reports for the above pension plans were not available as of the printing date of this statement

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
POLICE AND FIRE RETIREMENT SYSTEM
SEPTEMBER 30, 2012**

(in thousands)

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
09/30/09	855,997	1,753,946	897,949	48.80%	155,558	577.24%
09/30/10	2 1,060,406	2,024,453	964,047	52.38%	158,047	609.97%
09/30/11	2 1,039,894	2,427,198	1,387,304	42.84%	148,968	931.28%
09/30/12	*					

* An updated actuarial valuation for the Plan was not completed as of the date of issuance of the Police and Fire Pension report.

(1) Actuarial Assumptions provided in the notes to the financial statements.

(2) Beginning with 2010, the actuarial value of assets and AAL reflect accumulated DROP payments along with DROP and RLA interest since these are assets of the Trust. Beginning in 2011, the Senior Staff Voluntary Retirement Plan is recognized as part of the assets of the Trust.

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
CITY OF JACKSONVILLE POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
SEPTEMBER 30, 2012**

(in thousands)

<u>Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Percentage Funded</u>	<u>Annual Covered Payroll</u>	<u>UAAL as Percentage of Payroll</u>
9/30/2010	\$ 139,600	\$0	\$ 139,600	0.0%	\$ 393,800	35.5%
9/30/2011	\$ 123,300	\$0	\$ 123,300	0.0%	\$ 384,900	32.0%
9/30/2012	\$ 126,200	\$0	\$ 126,200	0.0%	\$ 362,400	34.8%

Actuarial Assumptions provided in the notes to financial statements. The City is not funding the AAL.

The decrease in Actuarial Accrued Liability (AAL) from fiscal years 2010 to 2011 and 2012 were due to the following:

- (a) A 4.5% discount rate was used in fiscal year 2010, 2011, and 2012.
- (b) Used marginally lower participation assumptions based on actual data provided by the City.
- (c) The other key assumption was the treatment of retirees who are not eligible for Medicare.
Based on the information provided by the City's health insurance carrier, fiscal years 2010, 2011, and 2012 assumed that 10% of the current retirees would not be eligible for Medicare.



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NON-MAJOR GOVERNMENTAL FUNDS:

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditure for specific purposes as described below.

The Concurrency Management Fund provides funding for maintenance and update of the Concurrency Management System which is the basis for ensuring compliance with the 2010 Comprehensive Plan.

The Air Pollution Control and Monitoring Fund receives revenue from licenses and fees, and contributions from the federal government to monitor and control environmental problems related to the air quality in Jacksonville.

Tourism Development Fund collects revenues from tourist and convention development taxes to fund tourism programs sponsored by the Tourist Development Council through the City.

The Clerk of the Circuit Court Fund receives revenue collected on behalf of the state and City by the courts system for various judgments, fines, bonds, fees and licenses, and other miscellaneous amounts. The Fund includes Public Records Modernization activity which receives revenues from a service charge authorized by Florida Statute 28.24(15)(d) to be held in trust and used exclusively for equipment, personnel training, and technical assistance in modernizing the official public records system of the Clerk's office.

The Transportation Fund accounts for revenue from the City's six cent local option gas tax, the state-shared 5th and 6th cent gas tax, and the one-half cent local option sales tax used to fund major road and related capital infrastructure construction and maintenance and the City's mass transit and automated skyway express system operations.

The Budgeted General Government Fund accounts for numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

The Public Safety Fund funds specific public safety programs through user fees and intergovernmental revenue for emergency management planning and disaster medical services provided by the Office of the Sheriff and the City Department of Fire and Rescue.

The Emergency 9-1-1 Fund receives revenues from a fee added to the telephone bill of telephone customers that may be used for system operations and improvements.

The Tax Increment Districts Fund receives a distribution of ad valorem tax revenue levied and collected in the City's four tax increment districts used to promote future commercial business development that expands property tax base values in the City's core downtown areas and the northwest region.

The Jacksonville Children's Commission Fund receives City funds, and various grants, to serve as the community coalition for children. The autonomous board has the ongoing responsibility of improving the lives of Jacksonville's children by serving as the central focus for the evaluation, planning and distribution of funds for children's services that are consistent with City programs and goals.

The American Recovery & Reinvestment Act Fund accounts for resources received from the American Recovery Act (ARRA) of 2009. The funding supports the City's efforts to address crime and public safety, energy efficiency and environmental quality, infrastructure and transportation improvements, and job creation and workforce development.

The Community Development Block Grant Fund receives monies from the federal government in the form of community development block grants made available to specific targeted areas of Jacksonville to assist in rehabilitation and revitalization in support of the area's future economic growth and stability.

The Job Training Partnership Act Grant Fund accounts for direct federal assistance to the Private Industry Council of Jacksonville in providing employment and training services to the economically disadvantaged and displaced citizens of Jacksonville through cooperative efforts with local private sector businesses.

The Maintenance, Parks and Recreation Fund receives revenues from user fees and charges from parks and recreation facilities that are dedicated to parks maintenance and improvements, and acquisition of new recreational facilities.

The Metropolitan Planning Organization Fund receives funds from the Federal Highway Department and the Federal Urban Mass Transportation Administration, and the Florida Department of Transportation for planning the future of Jacksonville's metropolitan area, principally in the area of transportation.

The Other Federal, State and Local Grants Fund records all other miscellaneous grants administered by the City from federal, state and local sources not specifically accounted for by other funds covering diverse programs such as: day care, adult homemaker, beach erosion, base conversion and redevelopment, economic capital development, aids treatment care, senior services and nutrition, crime prevention and drug abuse, teenage pregnancy and childhood development, foster grandparents, and waste tire disposal.

The Better Jacksonville Plan Trust Fund receives revenue from the half-cent infrastructure sales tax. All monies placed into this trust are appropriated for Debt Service requirements and contributions to the Better Jacksonville Capital Projects Fund.

Housing and Neighborhoods was designated as the housing agency for Affordable Housing, State Housing Initiative Partnership funds, and all other matters related to housing, with the exception of those matters which fall within the responsibility of the Jacksonville Housing Authority.

The State Housing Initiative Partnership Fund accounts for revenue collected by the Clerk of the Circuit Court on certain property transactions in Duval county passed from the State earmarked for housing assistance and financial incentive programs to increase the availability of affordable housing in Jacksonville including down payment assistance, home owner repair and rehabilitation and acquisition of existing single family dwellings for home ownership.

The Non-Budgeted General Government Fund accounts for numerous smaller funds whose revenues are dedicated to a variety of specific purposes.

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for, and the payment of, interest and principal on most general governmental obligations. Individual debt service funds are described below.

The Other Non-Bonded Debt Obligations Fund accounts for the accumulation of resources for, and the payment of, principal and interest on other non-bonded debt obligations.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources segregated for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and fiduciary funds). Descriptions of individual funds in this fund type follow.

The Better Jacksonville Plan Construction Projects Fund receives revenues from the two local option sales tax programs and proceeds from the sale of bonded debt issued by the City to fund projects under the Better Jacksonville Plan.

The Bond Projects Fund receives proceeds from the sale of bonded debt issued by the City to fund major capital improvement projects.

The Grant Projects Fund accounts for monies received by the City under various federal, state and local grants restricted to expenditure of specific capital improvements funded under the grant program.

The River City Renaissance Project Fund accounts for proceeds of a comprehensive capital improvement initiative (the "River City Renaissance") for projects concerning the environment, children, health and social services, economic development, neighborhoods and downtown, parks and recreation, and the arts.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. The City accounts for its Cemetery Maintenance Funds as a Permanent Fund.

CITY OF JACKSONVILLE, FLORIDA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012
 WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	SPECIAL REVENUE FUNDS			
	CONCURRENCY MANAGEMENT	AIR POLLUTION CONTROL AND MONITORING	TOURISM DEVELOPMENT	CLERK OF THE COURT
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 53,298	\$ 1,491	\$ 3,747	\$ 1,952
Cash in escrow and with fiscal agents.....	-	-	100	2,333
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	-	-	-	-
Mortgages.....	-	-	-	-
Others.....	-	-	-	-
Due from independent agencies and other governments.....	-	251	-	5
Prepaid Items.....	-	-	-	-
TOTAL ASSETS.....	\$ 53,298	\$ 1,742	\$ 3,847	\$ 4,290
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable and accrued liabilities.....	\$ 338	\$ 61	\$ 58	\$ 250
Contracts payable.....	74	-	-	-
Due to other funds.....	-	-	-	-
Due to component units.....	-	-	-	-
Due to individuals.....	-	-	-	-
Deposits.....	362	-	-	2,000
Unearned revenue.....	-	-	-	-
TOTAL LIABILITIES.....	774	61	58	2,250
FUND BALANCES (DEFICIT):				
Non Spendable:				
Non Spendable.....	-	-	100	-
Spendable:				
Restricted.....	-	1,681	-	-
Committed.....	52,524	-	3,689	2,040
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total Fund Balances (Deficit).....	52,524	1,681	3,789	2,040
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)..	\$ 53,298	\$ 1,742	\$ 3,847	\$ 4,290

See accompanying notes.

SPECIAL REVENUE FUNDS

TRANSPORTATION FUND	BUDGETED GENERAL GOVERNMENT	PUBLIC SAFETY	EMERGENCY 9-1-1	TAX INCREMENT DISTRICTS	JACKSONVILLE CHILDREN'S COMMISSION	AMERICAN RECOVERY & REINVESTMENT ACT
\$ 18,793	\$ 24,499	\$ 266	\$ 7,240	\$ 750	\$ 998	\$ 73
-	-	-	-	-	-	-
-	3	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,146	444	261	-	-	8,037	3,450
-	-	-	-	-	728	-
<u>\$ 33,939</u>	<u>\$ 24,946</u>	<u>\$ 527</u>	<u>\$ 7,240</u>	<u>\$ 750</u>	<u>\$ 9,763</u>	<u>\$ 3,523</u>
\$ 44	\$ 541	\$ 42	\$ 107	\$ -	\$ 1,461	\$ 623
-	-	-	-	-	-	-
-	-	-	-	-	-	2,900
2,286	-	-	-	-	-	-
-	-	-	-	-	-	-
-	207	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,330</u>	<u>748</u>	<u>42</u>	<u>107</u>	<u>-</u>	<u>1,461</u>	<u>3,523</u>
-	-	-	-	-	-	-
-	-	-	-	-	8,302	-
31,609	24,198	485	7,133	750	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>31,609</u>	<u>24,198</u>	<u>485</u>	<u>7,133</u>	<u>750</u>	<u>8,302</u>	<u>-</u>
<u>\$ 33,939</u>	<u>\$ 24,946</u>	<u>\$ 527</u>	<u>\$ 7,240</u>	<u>\$ 750</u>	<u>\$ 9,763</u>	<u>\$ 3,523</u>

(continued)

CITY OF JACKSONVILLE, FLORIDA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012
 WITH COMPARATIVE TOTALS FOR 2011 (in thousands; continued)

	SPECIAL REVENUE FUNDS			
	COMMUNITY DEVELOPMENT BLOCK GRANT	JOB TRAINING PARTNERSHIP ACT GRANT	MAINTENANCE, PARKS AND RECREATION	METROPOLITAN PLANNING ORGANIZATION
<u>ASSETS</u>				
Equity in cash and investments.....	\$ -	\$ 722	\$ 3,503	\$ 125
Cash in escrow and with fiscal agents.....	-	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	-	-	3	-
Mortgages.....	530	-	-	-
Others.....	-	-	-	-
Due from independent agencies and other governments.....	2,997	-	-	-
Prepaid Items.....	-	-	1	-
TOTAL ASSETS.....	\$ 3,527	\$ 722	\$ 3,507	\$ 125
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable and accrued liabilities.....	\$ 1,363	\$ -	\$ 127	\$ -
Contracts payable.....	-	-	-	-
Due to other funds.....	1,657	-	-	-
Due to component units.....	-	-	-	-
Due to individuals.....	-	-	-	-
Deposits.....	6	-	-	-
Unearned revenue.....	600	-	-	-
TOTAL LIABILITIES.....	3,626	-	127	-
FUND BALANCES (DEFICIT):				
Non Spendable:				
Non Spendable.....	-	-	1	-
Spendable:				
Restricted.....	-	722	-	125
Committed.....	-	-	3,379	-
Assigned.....	-	-	-	-
Unassigned.....	(99)	-	-	-
Total Fund Balances (Deficit).....	(99)	722	3,380	125
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT).....	\$ 3,527	\$ 722	\$ 3,507	\$ 125

See accompanying notes.

SPECIAL REVENUE FUNDS

OTHER FEDERAL, STATE AND LOCAL GRANTS	BETTER JACKSONVILLE PLAN TRUST	HOUSING AND NEIGHBORHOODS	STATE HOUSING INITIATIVE PARTNERSHIP	NON-BUDGETED GENERAL GOVERNMENT	TOTALS	
					2012	2011
\$ 11,308	\$ 6,284	\$ 8,120	\$ 769	\$ 21,435	\$ 165,373	\$ 175,403
43	-	381	-	81	2,938	4,515
-	-	-	-	1,673	1,679	2,083
-	-	2,861	1,345	-	4,736	5,106
-	-	-	-	78	78	15
5,214	11,437	531	-	67	47,840	48,713
-	-	-	-	-	729	1,178
<u>\$ 16,565</u>	<u>\$ 17,721</u>	<u>\$ 11,893</u>	<u>\$ 2,114</u>	<u>\$ 23,334</u>	<u>\$ 223,373</u>	<u>\$ 237,013</u>
\$ 1,523	\$ -	\$ 395	\$ 31	\$ 252	\$ 7,216	\$ 17,897
20	-	-	-	-	94	332
16	-	-	-	-	4,573	4,490
-	-	-	-	-	2,286	-
-	-	-	-	223	223	209
-	-	77	-	9	2,661	2,614
-	-	15	1,345	2,075	4,035	6,852
<u>1,559</u>	<u>-</u>	<u>487</u>	<u>1,376</u>	<u>2,559</u>	<u>21,088</u>	<u>\$ 32,394</u>
-	-	-	-	-	101	1
15,006	-	11,406	738	-	37,980	36,121
-	17,721	-	-	20,775	164,303	168,697
-	-	-	-	-	-	-
-	-	-	-	-	(99)	(200)
<u>15,006</u>	<u>17,721</u>	<u>11,406</u>	<u>738</u>	<u>20,775</u>	<u>202,285</u>	<u>204,619</u>
<u>\$ 16,565</u>	<u>\$ 17,721</u>	<u>\$ 11,893</u>	<u>\$ 2,114</u>	<u>\$ 23,334</u>	<u>\$ 223,373</u>	<u>\$ 237,013</u>

(continued)

CITY OF JACKSONVILLE, FLORIDA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012
 WITH COMPARATIVE TOTALS FOR 2011 (in thousands; continued)

DEBT SERVICE FUNDS

	OTHER NON-BONDED DEBT OBLIGATIONS	TOTALS	
		2012	2011
ASSETS			
Equity in cash and investments.....	\$ 463	\$ 463	\$ 289
Cash in escrow and with fiscal agents.....	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles):			
Accounts	-	-	-
Mortgages.....	-	-	-
Others.....	-	-	-
Due from independent agencies and other governments.....	-	-	-
Prepaid Items.....	-	-	-
TOTAL ASSETS.....	\$ 463	\$ 463	\$ 289
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities.....	\$ -	\$ -	\$ -
Contracts payable.....	-	-	-
Due to other funds.....	-	-	-
Due to component units.....	-	-	-
Due to individuals.....	-	-	-
Deposits.....	-	-	-
Unearned revenue.....	-	-	-
TOTAL LIABILITIES.....	-	-	-
FUND BALANCES (DEFICIT):			
Non Spendable:			
Non Spendable.....	-	-	-
Spendable:			
Restricted.....	-	-	-
Committed.....	-	-	-
Assigned.....	463	463	289
Unassigned.....	-	-	-
Total Fund Balances (Deficit).....	463	463	289
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)...	\$ 463	\$ 463	\$ 289

See accompanying notes.

CAPITAL PROJECTS FUNDS

BETTER JACKSONVILLE PLAN CONSTRUCTION PROJECT	BOND PROJECTS	GRANT PROJECTS	RIVER CITY RENAISSANCE PROJECT	TOTALS	
				2012	2011
\$ 1,729	\$ 47,895	\$ 6,593	\$ 1,488	\$ 57,705	\$ 93,521
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,717	-	4,159	-	14,876	13,140
-	-	-	-	-	-
<u>\$ 12,446</u>	<u>\$ 47,895</u>	<u>\$ 10,752</u>	<u>\$ 1,488</u>	<u>\$ 72,581</u>	<u>\$ 106,661</u>
\$ 2,758	\$ 1,403	\$ 1,102	\$ 2	\$ 5,265	\$ 8,568
3,967	31	65	-	4,063	5,833
-	-	-	-	-	-
201	-	-	-	201	745
-	-	-	-	-	-
-	-	-	-	-	21
-	-	-	-	-	-
<u>6,926</u>	<u>1,434</u>	<u>1,167</u>	<u>2</u>	<u>9,529</u>	<u>15,167</u>
-	-	-	-	-	-
5,520	46,461	9,585	1,486	63,052	91,494
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,520</u>	<u>46,461</u>	<u>9,585</u>	<u>1,486</u>	<u>63,052</u>	<u>91,494</u>
<u>\$ 12,446</u>	<u>\$ 47,895</u>	<u>\$ 10,752</u>	<u>\$ 1,488</u>	<u>\$ 72,581</u>	<u>\$ 106,661</u>

(continued)

CITY OF JACKSONVILLE, FLORIDA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012
 WITH COMPARATIVE TOTALS FOR 2011 (in thousands; continued)

	PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	CEMETERY MAINTENANCE FUNDS		TOTALS	
	2012	2011	2012	2011
ASSETS				
Equity in cash and investments.....	\$ 249	\$ 238	\$ 223,790	\$ 269,451
Cash in escrow and with fiscal agents.....	-	-	2,938	4,515
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	-	-	1,679	2,083
Mortgages.....	-	-	4,736	5,106
Others.....	-	-	78	15
Due from independent agencies and other governments.....	-	-	62,716	61,853
Prepaid Items.....	-	-	729	1,178
TOTAL ASSETS.....	\$ 249	\$ 238	\$ 296,666	\$ 344,201
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities.....	\$ -	\$ -	\$ 12,481	\$ 26,465
Contracts payable.....	-	-	4,157	6,165
Due to other funds.....	-	-	4,573	4,490
Due to component units.....	-	-	2,487	745
Due to individuals.....	-	-	223	209
Deposits.....	-	-	2,661	2,635
Unearned revenue.....	-	-	4,035	6,852
TOTAL LIABILITIES.....	-	-	30,617	47,561
FUND BALANCES (DEFICIT):				
Non Spendable:				
Non Spendable.....	123	123	224	124
Spendable:				
Restricted.....	-	-	101,032	127,615
Committed.....	126	115	164,429	168,812
Assigned.....	-	-	463	289
Unassigned.....	-	-	(99)	(200)
Total Fund Balances (Deficit).....	249	238	266,049	296,640
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT).....	\$ 249	\$ 238	\$ 296,666	\$ 344,201

See accompanying notes.



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**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

SPECIAL REVENUE FUNDS

	CONCURRENCY MANAGEMENT	AIR POLLUTION CONTROL AND MONITORING	TOURISM DEVELOPMENT	CLERK OF THE COURT
REVENUES:				
Property taxes.....	\$ -	\$ -	\$ -	\$ -
Sales and tourist taxes.....	-	-	5,022	-
Licenses and permits.....	-	-	-	-
Intergovernmental.....	-	2,100	-	761
Charges for services.....	799	-	-	17,814
Fines and forfeitures.....	-	-	-	-
Interest.....	2,337	75	157	-
Other.....	-	-	1,140	556
Total Revenues.....	3,136	2,175	6,319	19,131
EXPENDITURES:				
General government.....	559	-	-	19,192
Human services.....	-	-	-	-
Public safety.....	-	-	-	-
Culture and recreation.....	-	-	1,023	-
Transportation.....	976	-	-	-
Economic environment.....	-	-	5,147	-
Physical environment.....	-	2,313	-	-
Capital outlay.....	-	-	-	-
Debt service:				
Principal.....	-	-	-	-
Interest on fiscal charges.....	-	-	-	-
Other.....	-	-	-	-
Total Expenditures.....	1,535	2,313	6,170	19,192
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES.....	1,601	(138)	149	(61)
OTHER FINANCING SOURCES (USES):				
Long term debt issued.....	-	-	-	-
Premium on special obligation bonds payable.....	-	-	-	-
Transfers in.....	-	424	-	-
Transfers out.....	(118)	-	-	-
Total Other Financing Sources (Uses).....	(118)	424	-	-
NET CHANGE IN FUND BALANCES.....	1,483	286	149	(61)
FUND BALANCES, BEGINNING OF YEAR.....	51,041	1,395	3,640	2,101
FUND BALANCES (DEFICIT), END OF YEAR.....	\$ 52,524	\$ 1,681	\$ 3,789	\$ 2,040

See accompanying notes.

SPECIAL REVENUE FUNDS

TRANSPORTATION FUND	BUDGETED GENERAL GOVERNMENT	PUBLIC SAFETY	EMERGENCY 9-1-1	TAX INCREMENT DISTRICTS	JACKSONVILLE CHILDREN'S COMMISSION	AMERICAN RECOVERY & REINVESTMENT ACT
\$ -	\$ -	\$ -	\$ -	\$ 13,109	\$ -	\$ -
94,235	-	-	-	-	-	-
-	-	-	-	-	-	-
6,620	1,329	342	-	-	28,279	7,497
-	15,187	-	5,045	-	-	-
-	701	-	-	-	-	-
782	979	19	300	-	224	-
-	1,086	-	-	53	741	-
<u>101,637</u>	<u>19,282</u>	<u>361</u>	<u>5,345</u>	<u>13,162</u>	<u>29,244</u>	<u>7,497</u>
-	4,770	-	-	-	-	-
-	809	-	-	-	25,218	291
-	7,832	287	4,647	-	-	2,946
-	120	-	-	-	-	-
100,543	81	-	-	-	-	-
-	-	-	-	6,875	22,892	-
-	2,259	-	-	-	-	4,013
-	-	-	-	-	-	-
-	247	-	-	-	-	-
-	-	-	-	-	-	-
<u>100,543</u>	<u>16,118</u>	<u>287</u>	<u>4,647</u>	<u>6,875</u>	<u>48,110</u>	<u>7,250</u>
<u>1,094</u>	<u>3,164</u>	<u>74</u>	<u>698</u>	<u>6,287</u>	<u>(18,866)</u>	<u>247</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,362	-	-	3,739	18,498	-
-	(1,924)	-	-	(9,994)	(81)	(47)
-	(562)	-	-	(6,255)	18,417	(47)
<u>1,094</u>	<u>2,602</u>	<u>74</u>	<u>698</u>	<u>32</u>	<u>(449)</u>	<u>200</u>
<u>30,515</u>	<u>21,596</u>	<u>411</u>	<u>6,435</u>	<u>718</u>	<u>8,751</u>	<u>(200)</u>
<u>\$ 31,609</u>	<u>\$ 24,198</u>	<u>\$ 485</u>	<u>\$ 7,133</u>	<u>\$ 750</u>	<u>\$ 8,302</u>	<u>\$ -</u>

(continued)

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

SPECIAL REVENUE FUNDS

	COMMUNITY DEVELOPMENT BLOCK GRANT	JOB TRAINING PARTNERSHIP ACT GRANT	MAINTENANCE, PARKS AND RECREATION	METROPOLITAN PLANNING ORGANIZATION
REVENUES:				
Property taxes.....	\$ -	\$ -	\$ -	\$ -
Sales and tourist taxes.....	-	-	-	-
Licenses and permits.....	-	-	-	-
Intergovernmental.....	11,557	-	-	-
Charges for services.....	-	-	1,789	-
Fines and forfeitures.....	-	-	-	-
Interest.....	-	31	147	-
Other.....	1,678	-	260	-
Total Revenues.....	13,235	31	2,196	-
EXPENDITURES:				
General government.....	-	-	-	-
Human services.....	-	-	-	-
Public safety.....	-	-	-	-
Culture and recreation.....	-	-	3,802	-
Transportation.....	-	-	-	-
Economic environment.....	14,019	-	-	-
Physical environment.....	-	-	-	-
Capital outlay.....	-	-	-	-
Debt service:				
Principal.....	-	-	-	-
Interest on fiscal charges.....	-	-	-	-
Other	-	-	-	-
Total Expenditures.....	14,019	-	3,802	-
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES.....	(784)	31	(1,606)	-
OTHER FINANCING SOURCES (USES):				
Long term debt issued.....	-	-	-	-
Premium on special obligation bonds payable.....	-	-	-	-
Transfers in.....	75	-	2,246	-
Transfers out.....	-	-	-	-
Total Other Financing Sources (Uses).....	75	-	2,246	-
NET CHANGE IN FUND BALANCES.....	(709)	31	640	-
FUND BALANCES, BEGINNING OF YEAR.....	610	691	2,740	125
FUND BALANCES (DEFICIT), END OF YEAR.....	\$ (99)	\$ 722	\$ 3,380	\$ 125

See accompanying notes.

SPECIAL REVENUE FUNDS

OTHER FEDERAL, STATE AND LOCAL GRANTS	BETTER JACKSONVILLE PLAN TRUST	HOUSING AND NEIGHBORHOODS	STATE HOUSING INITIATIVE PARTNERSHIP	NON-BUDGETED GENERAL GOVERNMENT	TOTALS	
					2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,109	\$ 15,813
-	64,573	-	-	-	163,830	160,886
-	-	-	-	365	365	368
23,721	5,900	6,038	-	189	94,333	100,284
-	-	-	-	2,449	43,083	45,204
-	-	-	-	1,267	1,968	1,480
476	803	220	39	518	7,107	3,465
153	-	377	858	6,587	13,489	13,075
<u>24,350</u>	<u>71,276</u>	<u>6,635</u>	<u>897</u>	<u>11,375</u>	<u>337,284</u>	<u>340,575</u>
1,655	-	-	-	1,989	28,165	28,731
11,017	-	-	-	916	38,251	40,160
11,085	-	-	-	3,276	30,073	32,696
1,210	-	-	-	781	6,936	6,244
-	-	-	-	-	101,600	107,961
559	-	5,467	316	18	55,293	108,930
73	-	-	-	141	8,799	11,835
-	-	-	-	-	-	-
-	-	-	-	-	247	271
-	-	-	-	-	-	-
<u>25,599</u>	<u>-</u>	<u>5,467</u>	<u>316</u>	<u>7,121</u>	<u>269,364</u>	<u>336,828</u>
<u>(1,249)</u>	<u>71,276</u>	<u>1,168</u>	<u>581</u>	<u>4,254</u>	<u>67,920</u>	<u>3,747</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,670	-	-	-	1,000	31,014	30,517
<u>(1,569)</u>	<u>(85,535)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(101,268)</u>	<u>(72,313)</u>
<u>2,101</u>	<u>(85,535)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>(70,254)</u>	<u>(41,796)</u>
852	(14,259)	1,168	581	3,254	(2,334)	(38,049)
<u>14,154</u>	<u>31,980</u>	<u>10,238</u>	<u>157</u>	<u>17,521</u>	<u>204,619</u>	<u>242,668</u>
<u>\$ 15,006</u>	<u>\$ 17,721</u>	<u>\$ 11,406</u>	<u>\$ 738</u>	<u>\$ 20,775</u>	<u>\$ 202,285</u>	<u>\$ 204,619</u>

(continued)

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

DEBT SERVICE FUNDS

	OTHER NON-BONDED DEBT OBLIGATIONS	TOTALS	
		2012	2011
REVENUES:			
Property taxes.....	\$ -	\$ -	\$ -
Sales and tourist taxes.....	-	-	-
Licenses and permits.....	-	-	-
Intergovernmental.....	-	-	-
Charges for services.....	-	-	-
Fines and forfeitures.....	-	-	-
Interest.....	33	33	19
Other.....	-	-	-
Total Revenues.....	33	33	19
EXPENDITURES:			
General government.....	1	1	1
Human services.....	-	-	-
Public safety.....	-	-	-
Culture and recreation.....	-	-	-
Transportation.....	-	-	-
Economic environment.....	-	-	-
Physical environment.....	-	-	-
Capital outlay.....	-	-	-
Debt service:			
Principal.....	1,025	1,025	945
Interest on fiscal charges.....	114	114	138
Other.....	-	-	-
Total Expenditures.....	1,140	1,140	1,084
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES.....	(1,107)	(1,107)	(1,065)
OTHER FINANCING SOURCES (USES):			
Long term debt issued.....	-	-	-
Premium on special obligation bonds payable.....	-	-	-
Transfers in.....	1,281	1,281	1,116
Transfers out.....	-	-	-
Total Other Financing Sources (Uses).....	1,281	1,281	1,116
NET CHANGE IN FUND BALANCES.....	174	174	51
FUND BALANCES, BEGINNING OF YEAR.....	289	289	238
FUND BALANCES (DEFICIT), END OF YEAR.....	\$ 463	\$ 463	\$ 289

See accompanying notes.

CAPITAL PROJECTS FUNDS

BETTER JACKSONVILLE PLAN CONSTRUCTION PROJECT	BOND PROJECTS	GRANT PROJECTS	RIVER CITY RENAISSANCE PROJECT	TOTALS	
				2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,326	-	4,326	5,165
-	-	-	-	-	-
-	2,163	313	69	2,545	1,480
-	-	-	-	-	132
-	2,163	4,639	69	6,871	6,777
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
39,230	5,942	4,766	221	50,159	79,895
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	359
39,230	5,942	4,766	221	50,159	80,254
(39,230)	(3,779)	(127)	(152)	(43,288)	(73,477)
-	-	-	-	-	88,390
-	-	-	-	-	4,158
15,280	-	510	-	15,790	1,414
-	-	(944)	-	(944)	(442)
15,280	-	(434)	-	14,846	93,520
(23,950)	(3,779)	(561)	(152)	(28,442)	20,043
29,470	50,240	10,146	1,638	91,494	71,451
\$ 5,520	\$ 46,461	\$ 9,585	\$ 1,486	\$ 63,052	\$ 91,494

(continued)

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

	PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	CEMETERY MAINTENANCE FUNDS		TOTALS	
	2012	2011	2012	2011
REVENUES:				
Property taxes.....	\$ -	\$ -	\$ 13,109	\$ 15,813
Sales and tourist taxes.....	-	-	163,830	160,886
Licenses and permits.....	-	-	365	368
Intergovernmental.....	-	-	98,659	105,449
Charges for services.....	-	-	43,083	45,204
Fines and forfeitures.....	-	-	1,968	1,480
Interest.....	11	5	9,696	4,969
Other.....	-	-	13,489	13,207
Total Revenues.....	11	5	344,199	347,376
EXPENDITURES:				
General government.....	-	-	28,166	28,732
Human services.....	-	-	38,251	40,160
Public safety.....	-	-	30,073	32,696
Culture and recreation.....	-	-	6,936	6,244
Transportation.....	-	-	101,600	107,961
Economic environment.....	-	-	55,293	108,930
Physical environment.....	-	-	8,799	11,835
Capital outlay.....	-	-	50,159	79,895
Debt service:				
Principal.....	-	-	1,025	945
Interest on fiscal charges.....	-	-	361	409
Other.....	-	-	-	359
Total Expenditures.....	-	-	320,663	418,166
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES.....	11	5	23,536	(70,790)
OTHER FINANCING SOURCES (USES):				
Long term debt issued.....	-	-	-	88,390
Premium on special obligation bonds payable.....	-	-	-	4,158
Transfers in.....	-	-	48,085	33,047
Transfers out.....	-	-	(102,212)	(72,755)
Total Other Financing Sources (Uses).....	-	-	(54,127)	52,840
NET CHANGE IN FUND BALANCES.....	11	5	(30,591)	(17,950)
FUND BALANCES, BEGINNING OF YEAR.....	238	233	296,640	314,590
FUND BALANCES (DEFICIT), END OF YEAR.....	\$ 249	\$ 238	\$ 266,049	\$ 296,640

See accompanying notes.



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**CITY OF JACKSONVILLE, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS (in thousands)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

FUND 110 - CONCURRENCY MANAGEMENT

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Charges for Services	\$ 831	\$ 924	\$ 799	\$ -	\$ 799	\$ (125)
Interest	50	50	2,337	-	2,337	2,287
Total Revenue	\$ 881	\$ 974	\$ 3,136	-	\$ 3,136	\$ 2,162
EXPENDITURES:						
Jacksonville Citywide Activities	219	219	-	-	-	219
Planning and Development	6,855	6,948	559	1	560	6,388
Public Works	29,257	29,257	976	952	1,928	27,329
Total Expenditures	36,331	36,424	1,535	953	2,488	33,936
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(35,450)	(35,450)	1,601	(953)	648	36,098
OTHER FINANCING (USES):						
Operating transfers out	(118)	(118)	(118)	-	(118)	-
Total Other Financing (Uses)	(118)	(118)	(118)	-	(118)	-
NET CHANGE IN FUND BALANCES	(35,568)	(35,568)	1,483	(953)	530	36,098
FUND BALANCE, BEGINNING	51,041	51,041	51,041		51,041	-
FUND BALANCE, ENDING	\$ 15,473	\$ 15,473	\$ 52,524	\$ (953)	\$ 51,571	\$ 36,098

CITY OF JACKSONVILLE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS (in thousands)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

FUND 120 - AIR POLLUTION CONTROL AND MONITORING

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Intergovernmental	\$ 2,072	\$ 2,635	\$ 2,100	\$ -	\$ 2,100	\$ (535)
Interest	32	32	75	-	75	43
Total Revenue	2,104	2,667	2,175	-	2,175	(492)
EXPENDITURES:						
Jacksonville Citywide Activities	57	65	-	-	-	65
Neighborhoods	2,808	3,150	2,313	1	2,314	836
Total Expenditures	2,865	3,215	2,313	1	2,314	901
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(761)	(548)	(138)	(1)	(139)	409
OTHER FINANCING (USES):						
Operating transfers in	424	424	424	-	424	-
Total Other Financing (Uses)	424	424	424	-	424	-
NET CHANGE IN FUND BALANCES	(337)	(124)	286	(1)	285	409
FUND BALANCE, BEGINNING	1,395	1,395	1,395	-	1,395	-
FUND BALANCE, ENDING	\$ 1,058	\$ 1,271	\$ 1,681	\$ (1)	\$ 1,680	\$ 409

CITY OF JACKSONVILLE, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS (in thousands)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

FUND 130 - SPORTS, CONVENTION AND TOURISM DEVELOPMENT

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Sales and Use Tax	\$ 4,518	\$ 4,518	\$ 5,022	\$ -	\$ 5,022	\$ 504
Interest	59	113	157	-	157	44
Other	166	1,071	1,140	-	1,140	69
Total Revenue	4,743	5,702	6,319	-	6,319	\$ 617
EXPENDITURES:						
Finance	3	3	-	-	-	3
City Council	7,085	6,960	5,147	485	5,632	1,328
Neighborhoods	21	24	-	-	-	24
Parks & Recreation	1,586	2,470	1,009	28	-	2,470
Special Services	43	59	14	2	16	43
Total Expenditures	8,738	9,516	6,170	515	5,648	3,868
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,995)	(3,814)	149	(515)	671	4,485
NET CHANGE IN FUND BALANCES	(3,995)	(3,814)	149	(515)	671	4,485
FUND BALANCE, BEGINNING	3,640	3,640	3,640	-	3,640	-
FUND BALANCE, ENDING	\$ (355)	\$ (174)	\$ 3,789	\$ (515)	\$ 4,311	\$ 4,485

**CITY OF JACKSONVILLE, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS (in thousands)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

FUND 140 - TRANSPORTATION						
	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Sales and Tourist Taxes	\$ 133,130	\$ 133,130	\$ 94,235	\$ -	\$ 94,235	\$ (38,895)
Intergovernmental	7,020	7,020	6,620	-	6,620	(400)
Interest	493	493	782	-	782	289
Total Revenue	140,643	140,643	101,637	-	101,637	(39,006)
EXPENDITURES:						
Public Works	40,806	40,806	27,717	147,052	174,769	(133,963)
Jacksonville Misc Citywide Activities	123,326	123,326	72,826	-	72,826	50,500
Total Expenditures	164,132	164,132	100,543	147,052	247,595	(83,463)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(23,489)	(23,489)	1,094	(147,052)	(145,958)	(122,469)
NET CHANGE IN FUND BALANCES	(23,489)	(23,489)	1,094	(147,052)	(145,958)	(122,469)
FUND BALANCE, BEGINNING	30,515	30,515	30,515	-	30,515	-
FUND BALANCE, ENDING	\$ 7,026	\$ 7,026	\$ 31,609	\$ (147,052)	\$ (115,443)	\$ (122,469)

CITY OF JACKSONVILLE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS (in thousands)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

FUND 150 - BUDGETED GENERAL GOVERNMENT

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Intergovernmental	\$ 758	\$ 2,055	\$ 1,329	\$ -	\$ 1,329	\$ (726)
Charges for services	15,063	15,063	15,187	-	15,187	124
Fines and forfeitures	697	697	701	-	701	4
Interest	702	702	979	-	979	277
Other	265	284	1,086	-	1,086	802
Total Revenue	17,485	18,801	19,282	-	19,282	481
EXPENDITURES:						
Courts	3,234	3,234	2,229	10	2,239	995
Neighborhoods	2,105	3,265	1,539	19	1,558	1,707
Fire/Rescue	412	412	373	-	373	39
Recreation & Parks	40	40	-	-	-	40
Jacksonville Citywide Activities	514	514	-	-	-	514
Mayor Board	10	22	10	-	10	12
Public Defender	405	398	387	11	398	-
Planning and Development	7,877	7,874	7,705	-	7,705	169
Public Library	378	378	120	7	127	251
Public Works	13,099	13,127	1,575	4,555	6,130	6,997
Special Services	987	976	751	68	819	157
State Attorney	1,567	1,566	1,429	30	1,459	107
Total Expenditures	30,628	31,806	16,118	4,700	20,818	10,988
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES						
	(13,143)	(13,005)	3,164	(4,700)	(1,536)	11,469
OTHER FINANCING (USES):						
Operating transfers in	1,362	1,362	1,362	-	1,362	-
Operating transfers out	(3,072)	(3,072)	(1,924)	-	(1,924)	1,148
Total Other Financing (Uses)	(1,710)	(1,710)	(562)	-	(562)	1,148
NET CHANGE IN FUND BALANCES	(14,853)	(14,715)	2,602	(4,700)	(2,098)	12,617
FUND BALANCE, BEGINNING	21,596	21,596	21,596	-	21,596	-
FUND BALANCE, ENDING	\$ 6,743	\$ 6,881	\$ 24,198	\$ (4,700)	\$ 19,498	\$ 12,617

**CITY OF JACKSONVILLE, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS (in thousands)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

FUND 170 - EMERGENCY 9 1 1

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Charges for services	\$ 4,738	\$ 4,738	\$ 5,045	\$ -	\$ 5,045	\$ 307
Interest	93	93	300	-	300	207
Total Revenue	4,831	4,831	5,345	-	5,345	514
EXPENDITURES:						
Jacksonville Citywide Activities	303	303	-	-	-	303
Office of the Sheriff	5,844	5,844	4,647	158	4,805	1,039
Total Expenditures	6,147	6,147	4,647	158	4,805	1,342
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,316)	(1,316)	698	(158)	540	1,856
NET CHANGE IN FUND BALANCES	(1,316)	(1,316)	698	(158)	540	1,856
FUND BALANCE, BEGINNING	6,435	6,435	6,435	-	6,435	-
FUND BALANCE, ENDING	\$ 5,119	\$ 5,119	\$ 7,133	\$ (158)	\$ 6,975	\$ 1,856

**CITY OF JACKSONVILLE, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS (in thousands)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

FUND 180 - TAX INCREMENT DISTRICTS

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Property taxes	\$ 13,948	\$ 13,109	\$ 13,109	\$ -	\$ 13,109	\$ -
Other	110	110	53	-	53	(57)
Total Revenue	14,058	13,219	13,162	-	13,162	(57)
EXPENDITURES:						
Jacksonville Citywide Activities	7,962	7,963	6,875	375	7,250	713
JEDC	375	375	-	375	375	-
Total Expenditures	8,337	8,338	6,875	750	7,625	713
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	5,721	4,881	6,287	(750)	5,537	656
OTHER FINANCING (USES):						
Operating transfers in	3,322	3,739	3,739	-	3,739	-
Operating transfers out	(9,793)	(9,810)	(9,994)	-	(9,994)	(184)
Total Other Financing (Uses)	(6,471)	(6,071)	(6,255)	-	(6,255)	(184)
NET CHANGE IN FUND BALANCES	(750)	(1,190)	32	(750)	(718)	472
FUND BALANCE, BEGINNING	718	718	718	-	718	-
FUND BALANCE, ENDING	\$ (32)	\$ (472)	\$ 750	\$ (750)	\$ -	\$ 472

CITY OF JACKSONVILLE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS (in thousands)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

FUND 190 - JACKSONVILLE CHILDREN'S COMMISSION

	BUDGETED AMOUNTS				BUDGETARY ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES		
REVENUE:						
Intergovernmental	\$ 21,869	\$ 23,489	\$ 28,279	\$ -	\$ 28,279	\$ 4,790
Interest	108	108	209	-	209	101
Other	302	494	756	-	756	262
Total Revenue	22,279	24,091	29,244	-	29,244	5,153
EXPENDITURES:						
Jacksonville Children's Commission	46,230	47,524	48,110	1,752	49,862	(2,338)
Total Expenditures	46,230	47,524	48,110	1,752	49,862	(2,338)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(23,951)	(23,433)	(18,866)	(1,752)	(20,618)	2,815
OTHER FINANCING (USES):						
Operating transfers in	19,384	19,384	18,498	-	18,498	(886)
Operating transfers out	-	(81)	(81)	-	(81)	-
Total Other Financing (Uses)	19,384	19,303	18,417	-	18,417	(886)
NET CHANGE IN FUND BALANCE	(4,567)	(4,130)	(449)	(1,752)	(2,201)	1,929
FUND BALANCE, BEGINNING	8,751	8,751	8,751	-	8,751	-
FUND BALANCE, ENDING	\$ 4,184	\$ 4,621	\$ 8,302	\$ (1,752)	\$ 6,550	\$ 1,929



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NON-MAJOR ENTERPRISE FUNDS:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the City has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Individual non-major enterprise funds are described below.

The Public Parking System Fund accounts for the City's on-street, off-street, and parking garage facility operations, including revenue collection and enforcement.

The Motor Vehicle Inspection Fund accounts for the operations of the City's motor vehicle inspection stations.

The Baseball Stadium Fund accounts for events held at the stadium including professional minor league and college baseball games.

Times Union Center for the Performing Arts (Performing Arts) Fund - accounts for events held at the center such as the symphony, FCCJ performing arts series, dance recitals and concerts.

The Prime Osborn Convention Center (Convention Center) Fund accounts for events held at the center such as gate and trade shows, banquets, meetings and other.

The Equestrian Center Fund accounts for events held at the center including horse shows and competitions, rodeos and concerts.

The Sports Complex Capital Maintenance Fund accounts for maintenance and upkeep for municipal stadium, baseball stadium, and arena.

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

<u>ASSETS</u>	<u>PUBLIC PARKING SYSTEM</u>	<u>MOTOR VEHICLE INSPECTION</u>	<u>MAYPORT FERRY</u>	<u>BASEBALL STADIUM</u>
CURRENT ASSETS:				
Equity in cash and investments.....	\$ 8	\$ 95	\$ 210	\$ 1,208
Cash with fiscal agents.....	-	-	-	825
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts.....	147	40	-	2
Due from other funds.....	-	-	-	-
Inventories.....	-	12	-	-
Prepaid expenses and other assets.....	-	-	-	6
Total Current Assets.....	<u>155</u>	<u>147</u>	<u>210</u>	<u>2,041</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS:				
Land, easements and work in progress.....	1,768	32	-	-
Other capital assets, net of depreciation.....	6,757	-	-	27,106
Total Noncurrent Assets.....	<u>8,525</u>	<u>32</u>	<u>-</u>	<u>27,106</u>
TOTAL ASSETS	<u>8,680</u>	<u>179</u>	<u>210</u>	<u>29,147</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities.....	105	8	-	62
Due to other funds.....	866	-	-	-
Accrued compensated absences, current portion.....	46	11	-	-
Deposits	24	-	-	5
Accrued interest payable.....	-	-	-	230
Current portion of bonds payable.....	-	-	-	594
Total Current Liabilities.....	<u>1,041</u>	<u>19</u>	<u>-</u>	<u>891</u>
NONCURRENT LIABILITIES:				
Accrued compensated absences.....	106	27	-	-
Bonds payable.....	-	-	-	27,273
Other liabilities.....	163	31	-	-
Total Noncurrent Liabilities.....	<u>269</u>	<u>58</u>	<u>-</u>	<u>27,273</u>
TOTAL LIABILITIES	<u>1,310</u>	<u>77</u>	<u>-</u>	<u>28,164</u>
NET ASSETS:				
Invested in capital assets, net of related debt.....	8,525	32	-	(761)
Restricted - capital.....	-	-	-	-
Unrestricted (deficit).....	<u>(1,155)</u>	<u>70</u>	<u>210</u>	<u>1,744</u>
TOTAL NET ASSETS (deficit)	<u>\$ 7,370</u>	<u>\$ 102</u>	<u>\$ 210</u>	<u>\$ 983</u>

PERFORMING ARTS	CONVENTION CENTER	EQUESTRIAN CENTER	SPORTS COMPLEX CAPITAL MAINTENANCE	TOTALS	
				2012	2011
\$ -	\$ 692	\$ -	\$ 2,991	\$ 5,204	\$ 4,581
26	-	56	-	907	2,840
242	101	12	-	544	222
-	8	-	-	8	-
-	-	-	-	12	14
6	4	1	-	17	17
<u>274</u>	<u>805</u>	<u>69</u>	<u>2,991</u>	<u>6,692</u>	<u>7,674</u>
1,000	5,259	-	-	8,059	8,059
22,000	12,194	12,307	-	80,364	83,397
<u>23,000</u>	<u>17,453</u>	<u>12,307</u>	<u>-</u>	<u>88,423</u>	<u>91,456</u>
<u>23,274</u>	<u>18,258</u>	<u>12,376</u>	<u>2,991</u>	<u>95,115</u>	<u>99,130</u>
256	237	41	1,412	2,121	1,175
269	2	311	-	1,448	2,791
-	-	-	-	57	56
648	58	6	-	741	400
26	-	46	-	302	697
-	-	5	-	599	2,150
<u>1,199</u>	<u>297</u>	<u>409</u>	<u>1,412</u>	<u>5,268</u>	<u>7,269</u>
-	-	-	-	133	129
1,012	-	2,433	-	30,718	30,907
-	-	-	-	194	164
<u>1,012</u>	<u>-</u>	<u>2,433</u>	<u>-</u>	<u>31,045</u>	<u>31,200</u>
<u>2,211</u>	<u>297</u>	<u>2,842</u>	<u>1,412</u>	<u>36,313</u>	<u>38,469</u>
21,988	17,453	9,869	-	57,106	58,399
-	-	-	1,579	1,579	2,667
<u>(925)</u>	<u>508</u>	<u>(335)</u>	<u>-</u>	<u>117</u>	<u>(405)</u>
<u>\$ 21,063</u>	<u>\$ 17,961</u>	<u>\$ 9,534</u>	<u>\$ 1,579</u>	<u>\$ 58,802</u>	<u>\$ 60,661</u>

(continued)

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

	PUBLIC PARKING SYSTEM	MOTOR VEHICLE INSPECTION	MAYPORT FERRY	BASEBALL STADIUM
OPERATING REVENUE:				
Sales and tourist taxes.....	\$ -	\$ -	\$ -	\$ -
Charges for services.....	3,525	446	-	372
Other.....	102	-	-	175
Total Operating Revenue.....	3,627	446	-	547
OPERATING EXPENSES:				
Personal services.....	1,596	333	-	307
Supplies and materials.....	45	5	-	4
Central services.....	751	28	-	7
Interdepartmental charges.....	141	4	-	174
Other services and charges.....	563	106	-	761
Depreciation and amortization.....	361	1	-	656
Total Operating Expenses.....	3,457	477	-	1,909
OPERATING INCOME (LOSS).....	170	(31)	-	(1,362)
NON-OPERATING REVENUE (EXPENSES):				
Interest revenue.....	-	5	-	35
Interest expense.....	(42)	-	-	(1,209)
Other.....	-	-	10	31
Total Non-Operating Revenue (Expenses).....	(42)	5	10	(1,143)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....				
	128	(26)	10	(2,505)
Transfers in.....	-	-	200	3,010
Transfers out.....	(33)	-	-	(10)
CHANGES IN NET ASSETS.....	95	(26)	210	495
TOTAL NET ASSETS, BEGINNING OF YEAR (DEFICIT).....	7,275	128	-	488
TOTAL NET ASSETS, END OF YEAR (DEFICIT).....	\$ 7,370	\$ 102	\$ 210	\$ 983

PERFORMING ARTS	CONVENTION CENTER	EQUESTRIAN CENTER	SPORTS COMPLEX CAPITAL MAINTENANCE	TOTALS	
				2012	2011
\$ -	\$ -	\$ -	\$ 4,670	\$ 4,670	\$ 4,403
2,301	1,024	221	-	7,889	7,473
836	1,001	129	-	2,243	2,016
<u>3,137</u>	<u>2,025</u>	<u>350</u>	<u>4,670</u>	<u>14,802</u>	<u>13,892</u>
708	1,226	280	-	4,450	4,576
22	18	5	-	99	181
43	64	74	-	967	1,000
445	253	78	-	1,095	1,165
2,282	1,456	425	-	5,593	5,856
757	645	713	-	3,133	3,138
<u>4,257</u>	<u>3,662</u>	<u>1,575</u>	<u>-</u>	<u>15,337</u>	<u>15,916</u>
<u>(1,120)</u>	<u>(1,637)</u>	<u>(1,225)</u>	<u>4,670</u>	<u>(535)</u>	<u>(2,024)</u>
-	18	-	112	170	65
(106)	-	(111)	-	(1,468)	(1,520)
19	93	(6)	(5,870)	(5,723)	(1,658)
<u>(87)</u>	<u>111</u>	<u>(117)</u>	<u>(5,758)</u>	<u>(7,021)</u>	<u>(3,113)</u>
<u>(1,207)</u>	<u>(1,526)</u>	<u>(1,342)</u>	<u>(1,088)</u>	<u>(7,556)</u>	<u>(5,137)</u>
623	1,356	697	-	5,886	7,110
-	(146)	-	-	(189)	(427)
(584)	(316)	(645)	(1,088)	(1,859)	1,546
<u>21,647</u>	<u>18,277</u>	<u>10,179</u>	<u>2,667</u>	<u>60,661</u>	<u>59,115</u>
<u>\$ 21,063</u>	<u>\$ 17,961</u>	<u>\$ 9,534</u>	<u>\$ 1,579</u>	<u>\$ 58,802</u>	<u>\$ 60,661</u>

(continued)

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	<u>PUBLIC PARKING SYSTEM</u>	<u>MOTOR VEHICLE INSPECTION</u>	<u>MAYPORT FERRY</u>	<u>BASEBALL STADIUM</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers.....	\$ 3,286	\$ 463	\$ -	\$ 383
Payments to suppliers.....	(918)	(20)	-	(1,008)
Payments to employees.....	(1,564)	(323)	-	(306)
Internal activity-payments to other funds.....	(591)	(122)	-	(7)
Other receipts.....	103	-	10	175
Other operating cash payments.....	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>316</u>	<u>(2)</u>	<u>10</u>	<u>(763)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	-	200	3,010
Transfers to other funds	(33)	-	-	(10)
Advances from other funds	(469)	-	-	-
Advances to other funds	-	-	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES.....	<u>(502)</u>	<u>-</u>	<u>200</u>	<u>3,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets.....	-	-	-	-
Cash with fiscal agent.....	-	-	-	594
Proceeds from capital debt.....	-	-	-	410
Transfers from other funds.....	-	-	-	-
Payments for bond administration fee.....	-	-	-	-
Interest paid on debt.....	-	-	-	(1,565)
Principal paid on debt.....	-	-	-	(832)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends.....	(42)	5	-	35
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	<u>(42)</u>	<u>5</u>	<u>-</u>	<u>35</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(228)	3	210	879
Cash and cash equivalents at October 1, 2011.....	<u>236</u>	<u>92</u>	<u>-</u>	<u>329</u>
Cash and cash equivalents at September 30, 2012.....	<u>\$ 8</u>	<u>\$ 95</u>	<u>\$ 210</u>	<u>\$ 1,208</u>

See accompanying notes.

PERFORMING ARTS	CONVENTION CENTER	EQUESTRIAN CENTER	SPORTS COMPLEX CAPITAL MAINTENANCE	TOTALS	
				2012	2011
\$ 2,659	\$ 992	\$ 215	\$ 4,717	\$ 12,715	\$ 11,550
(2,785)	(1,778)	(618)	-	(7,127)	(7,670)
(708)	(1,226)	(280)	-	(4,407)	(4,582)
(42)	(63)	(34)	-	(859)	(600)
836	977	129	-	2,230	2,136
-	-	-	-	-	-
(40)	(1,098)	(588)	4,717	2,552	834
623	1,356	697	-	5,886	6,740
-	(146)	-	-	(189)	(427)
(838)	-	(39)	-	(1,346)	1,204
-	-	-	-	-	(111)
(215)	1,210	658	-	4,351	7,406
-	(27)	-	(4,749)	(4,776)	(1,914)
-	-	-	-	594	9
-	-	-	-	410	-
-	-	-	-	-	370
-	-	(1)	-	(1)	(3)
(106)	-	(106)	-	(1,777)	(1,596)
-	-	(13)	-	(845)	(2,064)
(106)	(27)	(120)	(4,749)	(6,395)	(5,198)
-	18	(13)	112	115	16
-	18	(13)	112	115	16
(361)	103	(63)	80	623	3,058
361	589	63	2,911	4,581	1,523
\$ -	\$ 692	\$ -	\$ 2,991	\$ 5,204	\$ 4,581

(continued)

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands; continued)

	<u>PUBLIC PARKING SYSTEM</u>	<u>MOTOR VEHICLE INSPECTION</u>	<u>MAYPORT FERRY</u>	<u>BASEBALL STADIUM</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS).....	\$ 170	(\$ 31)	\$ -	(\$ 1,362)
Adjustments to reconcile operating income (loss)				
to net cash provided by (used in) operating activities:				
Depreciation and amortization.....	361	1	-	656
Miscellaneous nonoperating income.....	-	-	10	-
(Increase) decrease in assets:				
Receivables and other current assets, net.....	(147)	17	-	10
Inventories.....	-	2	-	-
Prepaid expenses.....	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities.....	(7)	2	-	(67)
Deposits.....	(90)	-	-	-
Other liabilities.....	25	5	-	-
Accrued compensated absences.....	4	2	-	-
TOTAL ADJUSTMENTS.....	146	29	10	599
NET CASH PROVIDED (USED IN)				
OPERATING ACTIVITIES.....	\$ 316	(\$ 2)	\$ 10	(\$ 763)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital assets transferred between proprietary funds	\$ -	\$ -	\$ -	\$ 32
Capital assets transferred between governmental activities to				
proprietary funds.....	-	-	-	-
Disposal of capital assets.....	-	-	-	(1)
Accrued interest.....	-	-	-	(230)

See accompanying notes.

PERFORMING ARTS	CONVENTION CENTER	EQUESTRIAN CENTER	SPORTS COMPLEX CAPITAL MAINTENANCE	TOTALS	
				2012	2011
<u>(\$ 1,120)</u>	<u>(\$ 1,637)</u>	<u>(\$ 1,225)</u>	<u>\$ 4,670</u>	<u>(\$ 535)</u>	<u>(\$ 2,024)</u>
757	645	713	-	3,133	3,138
-	62	-	-	72	280
(165)	(31)	(7)	-	(323)	(70)
-	-	-	-	2	(6)
-	-	-	-	-	5
(36)	(43)	(70)	47	(174)	(226)
524	(94)	1	-	341	(260)
-	-	-	-	30	(20)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>17</u>
<u>1,080</u>	<u>539</u>	<u>637</u>	<u>47</u>	<u>3,087</u>	<u>2,858</u>
<u>(\$ 40)</u>	<u>(\$ 1,098)</u>	<u>(\$ 588)</u>	<u>\$ 4,717</u>	<u>\$ 2,552</u>	<u>\$ 834</u>
\$ -	\$ 5	\$ (1)	\$ (5,870)	\$ (5,834)	\$ (1,834)
19	19	-	-	38	55
-	-	-	-	(1)	(77)
(26)	-	(46)	-	(302)	(696)

(continued)



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INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one City department or agency to other City departments or agencies on a cost-reimbursement basis. Descriptions of individual funds in this category are presented below.

The Fleet Management Fund accounts for the operation of the City's fleet of police cars, fire and rescue vehicles, public works and public utilities trucks, and many other types of on- and off-road automotive equipment.

The Copy Center Fund accounts for the operation of the centralized copy center, mail and messenger service functions for City agencies.

The Information Technologies Fund accounts for centralized information management and computer services that includes data processing, central telephone and network communications, and other voice/data electronic media services.

The Legal Fund accounts for centralized legal services to all City departments and agencies through the Office of General Counsel.

The Self-Insurance Fund accounts for centralized risk management and safety and loss prevention services to all City departments that are self-insured for workers' compensation, public, and general and vehicle liability.

The Group Health Fund accounts for employee health and life insurance premiums and manages third party health care contracts to all City employees.

The Insured Programs Fund accounts for providing all forms of property and casualty, commercial liability and other types of coverage to City departments.

The Banking Fund accounts for commercial paper issued for short intermediate life assets such as personal computers, vehicles, application software, equipment, etc.

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

<u>ASSETS</u>	<u>FLEET MANAGEMENT</u>	<u>COPY CENTER</u>	<u>INFORMATION TECHNOLOGIES</u>
CURRENT ASSETS:			
Equity in cash and investments.....	\$ 11,956	\$ 85	\$ 5,417
Cash with fiscal agents.....	-	-	-
Accounts receivable.....	-	-	-
Loans receivable.....	-	-	-
Other receivables.....	-	-	-
Due from independent agencies and other governments.....	1,495	-	58
Inventories.....	1,559	-	447
Prepaid expenses and other assets.....	-	-	263
Total Current Assets.....	15,010	85	6,185
NONCURRENT ASSETS:			
Advances to other funds.....	-	-	-
Loans receivable - noncurrent.....	-	-	-
Other receivables - noncurrent.....	-	-	-
Total Noncurrent Assets.....	-	-	-
CAPITAL ASSETS AND INFRASTRUCTURE			
Land and work in progress.....	181	-	20,477
Other capital assets, net of depreciation.....	27,904	3	18,693
Total Capital Assets, Net.....	28,085	3	39,170
TOTAL ASSETS.....	43,095	88	45,355
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities.....	1,880	84	1,858
Deposits.....	-	-	-
Estimated liability for self-insured losses, current portion.....	-	-	-
Unearned revenue.....	-	-	-
Accrued compensated absences, current portion.....	151	7	357
Current interest payable.....	-	-	-
Current portion of bonds payable.....	-	-	-
Current portion of notes payable.....	-	-	-
Current portion of loans payable.....	4,237	-	5,199
Total Current Liabilities.....	6,268	91	7,414
NONCURRENT LIABILITIES:			
Notes payable.....	-	-	-
Estimated liability for self-insured losses.....	-	-	-
Accrued compensated absences.....	352	17	834
Loans payable.....	3,107	-	20,190
Bonds payable.....	-	-	-
Other liabilities.....	518	31	691
Total Long-Term Liabilities.....	3,977	48	21,715
TOTAL LIABILITIES.....	10,245	139	29,129
NET ASSETS:			
Invested in capital assets, net of related debt.....	20,741	3	13,781
Restricted - other participant's equity.....	-	-	-
Unrestricted	12,109	(54)	2,445
TOTAL NET ASSETS (DEFICIT).....	\$ 32,850	\$ (51)	\$ 16,226

<u>LEGAL</u>	<u>SELF-INSURANCE</u>	<u>GROUP HEALTH</u>	<u>INSURED PROGRAMS</u>	<u>BANKING FUND</u>	<u>TOTALS</u>	
					<u>2012</u>	<u>2011</u>
\$ 1,514	\$ 79,306	\$ 15,285	\$ 7,952	\$ 39,644	\$ 161,159	\$ 155,078
-	-	-	-	15,135	15,135	12,892
-	43	150	-	-	193	199
-	-	-	-	30,124	30,124	46,948
-	1,355	-	-	-	1,355	1,383
757	248	-	-	-	2,558	1,434
-	-	-	-	-	2,006	2,109
-	488	-	2,568	2,566	5,885	7,334
<u>2,271</u>	<u>81,440</u>	<u>15,435</u>	<u>10,520</u>	<u>87,469</u>	<u>218,415</u>	<u>227,377</u>
-	6,326	-	-	-	6,326	7,083
-	-	-	-	228,993	228,993	226,293
-	12,944	-	-	-	12,944	13,433
-	19,270	-	-	228,993	248,263	246,809
-	-	-	-	-	20,658	20,658
4	103	16	4	-	46,727	56,678
<u>4</u>	<u>103</u>	<u>16</u>	<u>4</u>	<u>-</u>	<u>67,385</u>	<u>77,336</u>
<u>2,275</u>	<u>100,813</u>	<u>15,451</u>	<u>10,524</u>	<u>316,462</u>	<u>534,063</u>	<u>551,522</u>
299	98	7,591	14	5	11,829	12,236
-	-	-	-	-	-	2
-	23,627	-	-	-	23,627	21,157
-	-	-	2,568	-	2,568	2,240
190	17	15	12	-	749	958
-	-	-	-	5,322	5,322	5,183
-	-	-	-	12,273	12,273	7,386
-	-	-	-	4,655	4,655	8,250
-	-	-	-	-	9,436	10,306
<u>489</u>	<u>23,742</u>	<u>7,606</u>	<u>2,594</u>	<u>22,255</u>	<u>70,459</u>	<u>67,718</u>
-	-	-	-	23,335	23,335	33,750
-	73,520	5	-	-	73,525	67,389
443	39	34	29	-	1,748	2,238
-	-	-	-	-	23,297	24,624
-	-	-	-	256,436	256,436	266,636
287	77	46	15	-	1,665	1,431
<u>730</u>	<u>73,636</u>	<u>85</u>	<u>44</u>	<u>279,771</u>	<u>380,006</u>	<u>396,068</u>
<u>1,219</u>	<u>97,378</u>	<u>7,691</u>	<u>2,638</u>	<u>302,026</u>	<u>450,465</u>	<u>463,786</u>
4	103	16	4	-	34,652	42,406
-	2,841	-	-	-	2,841	112
1,052	491	7,744	7,882	14,436	46,105	45,218
<u>\$ 1,056</u>	<u>\$ 3,435</u>	<u>\$ 7,760</u>	<u>\$ 7,886</u>	<u>\$ 14,436</u>	<u>\$ 83,598</u>	<u>\$ 87,736</u>

(continued)

**CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

	FLEET MANAGEMENT	COPY CENTER	INFORMATION TECHNOLOGIES
OPERATING REVENUE:			
Charges for services.....	\$ 38,202	\$ 1,706	\$ 32,109
Charges for services for independent authorities.....	10,043	-	248
Other.....	912	-	39
Total Operating Revenue.....	<u>49,157</u>	<u>1,706</u>	<u>32,396</u>
OPERATING EXPENSES:			
Personal services.....	6,186	332	11,361
Supplies and materials.....	27,457	522	352
Central services.....	1,041	194	2,789
Other services and charges.....	4,482	600	19,643
Depreciation.....	11,526	-	4,292
Court reporter services.....	-	-	-
Claims and losses.....	-	-	-
Insurance premiums and participant dividends.....	78	2	171
Total Operating Expenses.....	<u>50,770</u>	<u>1,650</u>	<u>38,608</u>
OPERATING INCOME (LOSS).....	<u>(1,613)</u>	<u>56</u>	<u>(6,212)</u>
NON-OPERATING REVENUE (EXPENSES):			
Interest	321	(4)	(711)
Other.....	190	-	545
Total Non-Operating Revenue (Expenses)	<u>511</u>	<u>(4)</u>	<u>(166)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS.....			
	(1,102)	52	(6,378)
TRANSFERS:			
Transfers in.....	47	-	-
Transfers out.....	-	-	-
Net Transfers.....	<u>47</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS.....	<u>(1,055)</u>	<u>52</u>	<u>(6,378)</u>
NET ASSETS, BEGINNING OF YEAR.....	<u>33,905</u>	<u>(103)</u>	<u>22,604</u>
NET ASSETS, END OF YEAR (DEFICIT).....	<u>\$ 32,850</u>	<u>\$ (51)</u>	<u>\$ 16,226</u>

See accompanying notes.

<u>LEGAL</u>	<u>SELF-INSURANCE</u>	<u>GROUP HEALTH</u>	<u>INSURED PROGRAMS</u>	<u>BANKING FUND</u>	<u>TOTALS</u>	
					<u>2012</u>	<u>2011</u>
\$ 7,068	\$ 29,506	\$ 91,190	\$ 8,307	\$ 11,445	\$ 219,533	\$ 230,082
2,167	-	-	-	-	12,458	13,588
29	29	5	-	-	1,014	3,837
<u>9,264</u>	<u>29,535</u>	<u>91,195</u>	<u>8,307</u>	<u>11,445</u>	<u>233,005</u>	<u>247,507</u>
6,398	1,097	620	-	-	25,994	29,410
22	141	3	-	-	28,497	30,831
525	1,264	335	-	-	6,148	5,623
1,031	4,184	784	276	11,420	42,420	36,374
3	37	2	1	-	15,861	19,621
59	-	-	-	-	59	62
-	17,205	-	-	-	17,205	23,999
40	9,201	91,283	7,850	-	108,625	98,796
<u>8,078</u>	<u>33,129</u>	<u>93,027</u>	<u>8,127</u>	<u>11,420</u>	<u>244,809</u>	<u>244,716</u>
<u>1,186</u>	<u>(3,594)</u>	<u>(1,832)</u>	<u>180</u>	<u>25</u>	<u>(11,804)</u>	<u>2,791</u>
123	3,092	616	437	1,757	5,631	2,932
-	(145)	-	-	1,864	2,454	4,223
<u>123</u>	<u>2,947</u>	<u>616</u>	<u>437</u>	<u>3,621</u>	<u>8,085</u>	<u>7,155</u>
1,309	(647)	(1,216)	617	3,646	(3,719)	9,946
-	1,071	-	-	426	1,544	3,176
(1,963)	-	-	-	-	(1,963)	(4,776)
<u>(1,963)</u>	<u>1,071</u>	<u>-</u>	<u>-</u>	<u>426</u>	<u>(419)</u>	<u>(1,600)</u>
(654)	424	(1,216)	617	4,072	(4,138)	8,346
<u>1,710</u>	<u>3,011</u>	<u>8,976</u>	<u>7,269</u>	<u>10,364</u>	<u>87,736</u>	<u>79,390</u>
<u>\$ 1,056</u>	<u>\$ 3,435</u>	<u>\$ 7,760</u>	<u>\$ 7,886</u>	<u>\$ 14,436</u>	<u>\$ 83,598</u>	<u>\$ 87,736</u>

(continued)

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	<u>FLEET MANAGEMENT</u>	<u>COPY CENTER</u>	<u>INFORMATION TECHNOLOGIES</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers.....	\$ 48,599	\$ 1,706	\$ 32,352
Payments to suppliers.....	(31,189)	(1,161)	(20,281)
Payments to employees.....	(6,236)	(358)	(11,522)
Internal activity-payments to other funds.....	(875)	(15)	(1,513)
Other receipts.....	-	-	-
Other operating cash payments.....	(890)	(130)	(1,483)
	<u>9,409</u>	<u>42</u>	<u>(2,447)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from other funds.....	47	-	-
Cash payments through transfers to other funds.....	-	-	-
Cash received on advances from other funds.....	-	-	-
Cash payment on advances to other funds.....	-	-	-
NONCAPITAL FINANCING ACTIVITIES.....	<u>47</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(11,526)	-	(963)
Proceeds from sale of capital assets.....	6,719	1	545
Cash with fiscal agent.....	-	-	-
Proceeds from loans payable.....	-	-	3,142
Payments on loans payable.....	(5,339)	-	-
Payments on notes payable.....	-	-	-
Proceeds from bonds payable.....	-	-	-
Payments on bonds payable.....	-	-	-
	<u>(10,146)</u>	<u>1</u>	<u>2,724</u>
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of investments.....	321	(4)	(711)
Interest and Dividends.....	<u>321</u>	<u>(4)</u>	<u>(711)</u>
	<u>321</u>	<u>(4)</u>	<u>(711)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES.....			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....			
	(369)	39	(434)
Equity in cash and investments at October 1, 2011.....	<u>12,325</u>	<u>46</u>	<u>5,851</u>
Equity in cash and investments at September 30, 2012.....	<u>\$ 11,956</u>	<u>\$ 85</u>	<u>\$ 5,417</u>

<u>LEGAL</u>	<u>SELF-INSURANCE</u>	<u>GROUP HEALTH</u>	<u>INSURED PROGRAMS</u>	<u>BANKING FUND</u>	<u>TOTALS</u>	
					<u>2012</u>	<u>2011</u>
\$ 8,991	\$ 29,811	\$ 91,195	\$ 7,979	\$ 11,445	\$ 232,078	\$ 248,399
(843)	(12,846)	(91,798)	(8,249)	4,335	(162,032)	(198,734)
(6,604)	(1,086)	(640)	(14)	-	(26,460)	(29,478)
(345)	(1,152)	(279)	-	-	(4,179)	(4,725)
-	-	-	530	(17)	513	2,553
(370)	(9,670)	(147)	(74)	-	(12,764)	(24,681)
<u>829</u>	<u>5,057</u>	<u>(1,669)</u>	<u>172</u>	<u>15,763</u>	<u>27,156</u>	<u>(6,666)</u>
-	1,071	-	-	426	1,544	3,176
(1,963)	-	-	-	-	(1,963)	(4,776)
-	758	-	-	-	758	-
-	-	-	-	-	-	724
<u>(1,963)</u>	<u>1,829</u>	<u>-</u>	<u>-</u>	<u>426</u>	<u>339</u>	<u>(876)</u>
-	(182)	174	-	-	(12,497)	(37,577)
-	86	-	-	-	7,351	13,317
-	-	-	-	(2,243)	(2,243)	(3,778)
-	-	-	-	-	3,142	15,813
-	-	-	-	-	(5,339)	(8,528)
-	-	-	-	(14,010)	(14,010)	(13,000)
-	-	-	-	1,982	1,982	60,351
-	-	-	-	(5,431)	(5,431)	-
<u>-</u>	<u>(96)</u>	<u>174</u>	<u>-</u>	<u>(19,702)</u>	<u>(27,045)</u>	<u>26,598</u>
<u>123</u>	<u>3,092</u>	<u>616</u>	<u>437</u>	<u>1,757</u>	<u>5,631</u>	<u>3,917</u>
<u>123</u>	<u>3,092</u>	<u>616</u>	<u>437</u>	<u>1,757</u>	<u>5,631</u>	<u>3,917</u>
(1,011)	9,882	(879)	609	(1,756)	6,081	22,973
<u>2,525</u>	<u>69,424</u>	<u>16,164</u>	<u>7,343</u>	<u>41,400</u>	<u>155,078</u>	<u>132,105</u>
<u>\$ 1,514</u>	<u>\$ 79,306</u>	<u>\$ 15,285</u>	<u>\$ 7,952</u>	<u>\$ 39,644</u>	<u>\$ 161,159</u>	<u>\$ 155,078</u>

(continued)

**COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands; continued)**

	<u>FLEET MANAGEMENT</u>	<u>COPY CENTER</u>	<u>INFORMATION TECHNOLOGIES</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	(\$ 1,613)	\$ 56	(\$ 6,212)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization.....	11,526	-	4,292
(Increase) decrease in assets:			
Receivables and other current assets, net.....	-	-	-
Due from other funds.....	-	-	-
Advances to other funds.....	-	-	-
Due from independent agencies and other governments.....	(559)	-	(44)
Other receivables.....	-	-	-
Loans receivables.....	-	-	-
Inventories.....	37	-	66
Prepaid expenses.....	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities.....	68	12	(388)
Due to other funds.....	-	-	-
Loans payable.....	-	-	-
Accrued compensated absences.....	(128)	(29)	(253)
Deposits	-	-	-
Other liabilities.....	78	3	92
Unearned revenue.....	-	-	-
Liability for self-insured losses.....	-	-	-
TOTAL ADJUSTMENTS.....	<u>11,022</u>	<u>(14)</u>	<u>3,765</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u>\$ 9,409</u>	<u>\$ 42</u>	<u>\$ (2,447)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Change in the fair value of investments.....	\$ 284	\$ 1	\$ 1

<u>LEGAL</u>	<u>SELF-INSURANCE</u>	<u>GROUP HEALTH</u>	<u>INSURED PROGRAMS</u>	<u>BANKING FUND</u>	<u>TOTALS</u>	
					<u>2012</u>	<u>2011</u>
<u>\$ 1,186</u>	<u>(\$ 3,594)</u>	<u>(\$ 1,832)</u>	<u>\$ 180</u>	<u>\$ 25</u>	<u>(\$ 11,804)</u>	<u>\$ 1,806</u>
3	37	2	1	-	15,861	19,621
-	6	-	-	-	6	5
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(273)	(248)	-	-	-	(1,124)	191
-	517	-	-	-	517	576
-	-	-	-	14,125	14,125	(39,501)
-	-	-	-	-	103	(103)
-	(27)	-	(328)	1,630	1,275	(658)
119	(262)	194	5	(17)	(269)	6,652
-	-	-	-	-	-	(13)
-	-	-	-	-	-	-
(247)	(2)	(24)	(16)	-	(699)	(268)
-	-	(2)	-	-	(2)	-
41	13	5	2	-	234	272
-	-	-	328	-	328	(118)
-	8,617	(12)	-	-	8,605	4,872
<u>(357)</u>	<u>8,651</u>	<u>163</u>	<u>(8)</u>	<u>15,738</u>	<u>38,960</u>	<u>(8,472)</u>
<u>\$ 829</u>	<u>\$ 5,057</u>	<u>(\$ 1,669)</u>	<u>\$ 172</u>	<u>\$ 15,763</u>	<u>\$ 27,156</u>	<u>(\$ 6,666)</u>
\$ 68	\$ 1,113	\$ 386	\$ 264	\$ 730	\$ 2,847	\$ 23,374



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FIDUCIARY FUNDS

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

PENSION TRUST FUNDS are funds administered by independent boards for which the City performs a fiduciary role under a defined benefit, defined contribution and disability programs. The participant's retirement annuity is based on a statutory formula utilizing such factors as age, average salary, length of service and others. The City has two pension trust funds as described below.

The Jacksonville Retirement System Fund includes resources accumulated to pay present and future retirement annuities to eligible employees of the City except for sworn officers of the Office of the Sheriff and the firefighters in the Department of Fire and Rescue.

The Police and Fire Pension Trust Fund accounts for a single employer, contributory defined benefit plan for City police officers and firefighters.

AGENCY FUNDS are funds which hold monies in an agency capacity for various government units, individuals or funds. Individual fund descriptions follow.

The Treasurer Fund is the clearing fund used to account for all cash received and disbursed on behalf of the City's payroll.

The Tax Collector Fund accounts for assets and liabilities from the collection of all taxes, revenues and other cash amounts on behalf of the City and various of its agencies, authorities, organizations, individuals, and funds.

Clerk of the Circuit Court accounts for assets and liabilities from revenues collected on behalf of the state and the city by the court system for various judgments, fines, bonds, fees and licenses and other miscellaneous amounts.

Plat Deposits Fund accounts for the deposits placed with the City as collateral to insure the completion of improvements in the event of default by a developer or failure by the developer to complete improvements within the time specified by the ordinance approving the Final Plat.

The Duval County School Readiness Coalition Fund accounts for the assets and liabilities from revenues collected on behalf of the Duval County School Readiness Coalition from the State, pursuant to Florida Statute 411.01, to provide comprehensive programs of readiness services to children.

The Florida Retirement System Fund accounts for a multiple-employer, cost-sharing defined benefit plan for certain City employees who elected to remain with the State of Florida Retirement System.

The Office of the Sheriff accounts for deposits held in accordance with statutes for civil action, safeguarding of monetary evidence, and inmate funds.

CITY OF JACKSONVILLE, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 PENSION TRUST FUNDS
 SEPTEMBER 30, 2012
 WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	PENSION TRUST FUNDS						
	JACKSONVILLE RETIREMENT SYSTEM					TOTALS	
	GENERAL EMPLOYEES	CORRECTIONS OFFICERS	DISABILITY PENSION	DEFINED CONTRIBUTION	POLICE AND FIRE PENSION PLAN	2012	2011
	PLAN	PLAN	PLAN	PLAN			
ASSETS							
Equity in cash and investments.....	\$ 5,105	\$ 22,512	\$ 4,998	\$ 37	\$ 184	\$ 32,836	\$ 34,966
Receivables (net, where applicable, of allowances for uncollectible):							
Interest and dividends.....	3,044	-	-	-	2,084	5,128	5,295
Accounts.....	-	-	-	-	230	230	386
Other.....	1,003	326	53	22	-	1,404	732
Due from independent agencies and other governments....	1,223	-	-	-	2,914	4,137	1,400
Prepaid assets.....	-	-	-	-	63	63	-
Investments, at fair value:							
U.S. Government obligations.....	86,206	-	-	-	64,399	150,605	191,921
Federal agencies.....	36,610	-	-	-	55,682	92,292	56,619
Municipal bonds.....	631	-	-	-	-	631	589
Domestic corporate bonds.....	177,287	-	-	-	59,791	237,078	256,341
Short-term investments.....	50,437	-	-	-	6,758	57,195	26,888
Domestic stocks.....	711,555	-	-	-	400,879	1,112,434	1,041,376
International stocks.....	378,839	-	-	-	208,134	586,973	456,115
Real estate.....	111,487	-	-	-	109,174	220,661	278,054
Other fixed income.....	61,136	-	-	-	206,026	267,162	62,641
Alternative investments.....	39,657	-	-	-	-	39,657	41,259
Equity in pooled investments.....	(104,635)	104,635	-	2,785	-	2,785	1,075
Total investments.....	1,549,210	104,635	-	2,785	1,110,843	2,767,473	2,412,878
Capital assets:							
Other capital assets, net of depreciation.....	1	-	-	-	53	54	34
Net capital assets.....	1	-	-	-	53	54	34
Securities lending collateral.....	89,320	6,721	-	-	-	96,041	128,284
TOTAL ASSETS.....	1,648,906	134,194	5,051	2,844	1,116,371	2,907,366	2,583,975
LIABILITIES							
Obligations under securities lending agreement.....	89,324	6,722	-	-	-	96,046	129,556
Accounts payable and accrued liabilities.....	913	108	2	35	5,185	6,243	1,443
Other post employment benefits.....	8	-	-	-	8	16	9
Accrued compensated absences.....	16	-	-	-	211	227	95
Terminal leave - group care.....	-	-	-	-	229	229	233
Due to participants.....	-	14,360	-	-	225,500	239,860	218,036
TOTAL LIABILITIES.....	90,261	21,190	2	35	231,133	342,621	349,372
NET ASSETS HELD IN TRUST							
FOR PENSION BENEFITS.....	\$ 1,558,645	\$ 113,004	\$ 5,049	\$ 2,809	\$ 885,238	\$ 2,564,745	\$ 2,234,603

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)**

	PENSION TRUST FUNDS						TOTALS	
	JACKSONVILLE RETIREMENT SYSTEM					POLICE AND FIRE PENSION PLAN	2012	2011
	GENERAL EMPLOYEES PLAN	CORRECTIONS OFFICERS PLAN	DISABILITY PENSION PLAN	DEFINED CONTRIBUTION PLAN				
ADDITIONS								
Contributions:								
Employer.....	\$ 49,899	\$ 9,066	\$ 894	\$ 631	\$ 72,643	\$ 133,133	\$ 128,772	
Plan member.....	24,098	2,621	953	632	11,611	39,915	41,949	
Total contributions.....	73,997	11,687	1,847	1,263	84,254	173,048	170,721	
Other additions:								
State insurance contributions.....	-	-	-	-	9,276	9,276	8,955	
Court fines & penalties.....	-	472	-	-	770	1,242	1,173	
Miscellaneous.....	5	-	-	-	55	60	101	
Transfers in.....	-	-	-	532	-	532	172	
Total other additions.....	5	472	-	532	10,101	11,110	10,401	
Investment income:								
Net depreciation in fair value of investments.....	191,079	11,973	-	151	161,229	364,432	(35,503)	
Interest.....	15,858	1,042	-	122	11,902	28,924	31,714	
Dividends.....	53,325	4,532	189	6	12,854	70,906	24,321	
Rebate of commissions.....	-	-	-	-	108	108	153	
Rental Income.....	-	-	-	-	1,502	1,502	1,937	
Total investment income (loss).....	260,262	17,547	189	279	187,595	465,872	22,622	
Less investment expense.....	(7,418)	(473)	(3)	(1)	(5,745)	(13,640)	(12,301)	
Less rental expense.....	-	-	-	-	(196)	(196)	(228)	
Net investment income (loss).....	252,844	17,074	186	278	181,654	452,036	10,093	
From Securities Lending Activities:								
Securities lending.....	1,659	101	-	-	-	1,760	414	
Interest expense (returned to borrower).....	-	-	-	-	-	-	7	
Agent fees.....	(114)	(9)	-	-	-	(123)	(94)	
Total securities lending activities.....	1,545	92	-	-	-	1,637	327	
TOTAL ADDITIONS.....	328,391	29,325	2,033	2,073	276,009	637,831	191,542	
DEDUCTIONS								
Benefit payments.....	134,676	3,733	380	-	96,768	235,557	219,695	
DROP benefits.....	-	4,951	-	-	42,791	47,742	43,919	
Refund of contributions.....	19,100	991	-	347	308	20,746	20,270	
Transfers out.....	532	-	-	-	-	532	167	
Administrative expenses.....	705	55	-	-	2,352	3,112	3,900	
TOTAL DEDUCTIONS.....	155,013	9,730	380	347	142,219	307,689	287,951	
Net change in net assets.....	173,378	19,595	1,653	1,726	133,790	330,142	(96,409)	
NET ASSETS, BEGINNING OF YEAR.....	1,385,267	93,409	3,396	1,083	751,448	2,234,603	2,331,012	
NET ASSETS, END OF YEAR.....	\$ 1,558,645	\$ 113,004	\$ 5,049	\$ 2,809	\$ 885,238	\$ 2,564,745	\$ 2,234,603	

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	<u>TREASURER</u>	<u>TAX COLLECTOR</u>	<u>CLERK OF THE CIRCUIT COURTS</u>
ASSETS:			
Equity in cash and investments.....	\$ 4,997	\$ 13,877	\$ 34,174
Receivables (net, where applicable, of allowances for uncollectibles):			
Accounts.....	<u>22</u>	<u>-</u>	<u>2,539</u>
TOTAL ASSETS.....	<u>\$ 5,019</u>	<u>\$ 13,877</u>	<u>\$ 36,713</u>
LIABILITIES:			
Accounts payable and accrued liabilities.....	\$ 5,019	\$ -	\$ -
Due to independent agencies and other governments.....	-	8,237	7,259
Due to individuals.....	-	2,577	3,451
Deposits held in escrow.....	-	3,063	26,003
Miscellaneous liabilities.....	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>\$ 5,019</u>	<u>\$ 13,877</u>	<u>\$ 36,713</u>

PLAT DEPOSITS	DUVAL CO SCHOOL READINESS COALITION	FLORIDA RETIREMENT SYSTEM	SHERIFF'S AGENCY FUND	TOTALS	
				2012	2011
\$ 226	\$ 22	\$ 29	\$ 1,899	\$ 55,224	\$ 43,024
-	-	-	-	2,561	2,539
<u>\$ 226</u>	<u>\$ 22</u>	<u>\$ 29</u>	<u>\$ 1,899</u>	<u>\$ 57,785</u>	<u>\$ 45,563</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,019	\$ 4,805
-	-	29	15	15,540	15,436
-	-	-	-	6,028	5,851
226	-	-	1,522	30,814	18,518
-	22	-	362	384	953
<u>\$ 226</u>	<u>\$ 22</u>	<u>\$ 29</u>	<u>\$ 1,899</u>	<u>\$ 57,785</u>	<u>\$ 45,563</u>

(continued)

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - ALL AGENCY FUNDS (in thousands)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>BALANCE</u> <u>OCTOBER 1,</u> <u>2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>SEPTEMBER 30,</u> <u>2012</u>
<u>TREASURER</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 4,775	\$ 878,286	\$ 878,064	\$ 4,997
Accounts receivable.....	25	31	34	22
TOTAL ASSETS.....	\$ 4,800	\$ 878,317	\$ 878,098	\$ 5,019
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities.....	\$ 4,800	\$ 209,108	\$ 208,889	\$ 5,019
TOTAL LIABILITIES.....	\$ 4,800	\$ 209,108	\$ 208,889	\$ 5,019
<u>TAX COLLECTOR</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 13,876	\$ 129	\$ 128	\$ 13,877
TOTAL ASSETS.....	\$ 13,876	\$ 129	\$ 128	\$ 13,877
<u>LIABILITIES</u>				
Due to independent agencies and other governments.....	\$ 7,935	302	\$ -	\$ 8,237
Due to individuals.....	2,903	-	326	2,577
Deposits held in escrow.....	3,038	153	128	3,063
TOTAL LIABILITIES.....	\$ 13,876	\$ 455	\$ 454	\$ 13,877

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - ALL AGENCY FUNDS (in thousands; continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012
<u>CLERK OF THE CIRCUIT COURT</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 21,524	\$ 12,650	\$ -	\$ 34,174
Accounts receivable.....	2,514	25	-	2,539
TOTAL ASSETS.....	\$ 24,038	\$ 12,675	\$ -	\$ 36,713
<u>LIABILITIES</u>				
Due to independent agencies and other governments.....	\$ 7,423	\$ (164)	\$ -	\$ 7,259
Due to individuals.....	2,948	503	-	3,451
Deposits held in escrow.....	13,667	12,336	-	26,003
TOTAL LIABILITIES.....	\$ 24,038	\$ 12,675	\$ -	\$ 36,713
<u>PLAT DEPOSITS</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 222	\$ 24	\$ 20	\$ 226
TOTAL ASSETS.....	\$ 222	\$ 24	\$ 20	\$ 226
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities.....	\$ -	\$ 20	\$ 20	\$ -
Deposits held in escrow.....	222	25	21	226
TOTAL LIABILITIES.....	\$ 222	\$ 45	\$ 41	\$ 226
<u>DUVAL CO SCHOOL READINESS COALITION</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 26	\$ -	\$ 4	\$ 22
TOTAL ASSETS.....	\$ 26	\$ -	\$ 4	\$ 22
<u>LIABILITIES</u>				
Miscellaneous liabilities.....	\$ 26	\$ -	\$ 4	22
TOTAL LIABILITIES.....	\$ 26	\$ -	\$ 4	22

(continued)

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - ALL AGENCY FUNDS (in thousands; continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>BALANCE</u> <u>OCTOBER 1,</u> <u>2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>SEPTEMBER 30,</u> <u>2012</u>
<u>FLORIDA RETIREMENT SYSTEM</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 46	\$ 408	\$ 425	\$ 29
TOTAL ASSETS.....	<u>\$ 46</u>	<u>\$ 408</u>	<u>\$ 425</u>	<u>\$ 29</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities.....	\$ 5	\$ 1	\$ 6	\$ -
Due to independent agencies and other governments.....	41	402	414	29
TOTAL LIABILITIES.....	<u>\$ 46</u>	<u>\$ 403</u>	<u>\$ 420</u>	<u>\$ 29</u>
<u>SHERIFF'S AGENCY FUND</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 2,555	\$ -	\$ 656	\$ 1,899
TOTAL ASSETS.....	<u>\$ 2,555</u>	<u>\$ -</u>	<u>\$ 656</u>	<u>\$ 1,899</u>
<u>LIABILITIES</u>				
Due to independent agencies and other governments.....	\$ 37	\$ -	\$ 22	15
Deposits held in escrow.....	1,591	-	69	1,522
Miscellaneous liabilities.....	927	-	565	362
TOTAL LIABILITIES.....	<u>\$ 2,555</u>	<u>\$ -</u>	<u>\$ 656</u>	<u>\$ 1,899</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Equity in cash and investments.....	\$ 43,024	\$ 891,497	\$ 879,297	\$ 55,224
Accounts receivable.....	2,539	56	34	2,561
TOTAL ASSETS.....	<u>\$ 45,563</u>	<u>\$ 891,553</u>	<u>\$ 879,331</u>	<u>\$ 57,785</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities.....	\$ 4,805	\$ 209,129	\$ 208,915	\$ 5,019
Due to independent agencies and other governments.....	15,436	540	436	15,540
Due to individuals.....	5,851	503	326	6,028
Deposits held in escrow.....	18,518	12,514	218	30,814
Miscellaneous liabilities.....	953	-	569	384
TOTAL LIABILITIES.....	<u>\$ 45,563</u>	<u>\$ 222,686</u>	<u>\$ 210,464</u>	<u>\$ 57,785</u>

(continued)

COMPONENT UNITS

Component Units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body with certain exceptions, and either (a) the ability to impose will by the primary government; or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government. The City's non-major component units follow:

COMPONENT UNITS THAT DO NOT ISSUE A SEPARATE REPORT:

The Jacksonville Housing Finance Authority provides money for loans and technical assistance for construction and rehabilitation of housing to alleviate a shortage of housing and capital for investment in housing in Jacksonville.

The Jacksonville Economic Development Commission provides a focal point for economic development in Jacksonville that results in a centralization of economic development programs.

**CITY OF JACKSONVILLE, FLORIDA
BALANCE SHEET-COMPONENT UNIT
JACKSONVILLE HOUSING FINANCE AUTHORITY
SEPTEMBER 30, 2012 (in thousands)**

	JACKSONVILLE HOUSING FINANCE AUTHORITY
ASSETS:	
Equity in cash and investments.....	\$ 7,633
Cash in escrow and with fiscal agents.....	40
Receivables (net, where applicable, of allowances for uncollectibles):	
Mortgages.....	12,974
Prepaid items.....	110
TOTAL ASSETS.....	20,757
LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Accounts payable and accrued liabilities.....	\$ 48
Deposits.....	19
TOTAL LIABILITIES.....	67
FUND BALANCES:	
Non Spendable:	
Mortgages Receivable.....	13,104
Spendable:	
Committed	
Housing and Urban Development	7,586
TOTAL FUND BALANCES.....	20,690
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 20,757
Amounts reported for governmental activities in the statement of net assets are different because:	
Certain assets and liabilities reported in governmental activities are not financial resources and therefore are not reported in the funds:	
Compensated absences.....	(16)
Other post employment benefits (OPEB) liability.....	(7)
TOTAL NET ASSETS	\$ 20,667

See accompanying notes.

**CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPONENT UNITS - JACKSONVILLE HOUSING FINANCE AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012 (in thousands)**

	JACKSONVILLE HOUSING FINANCE AUTHORITY
REVENUES:	
Interest.....	\$ 333
Other.....	156
Total Revenues.....	<u>489</u>
EXPENDITURES:	
Current:	
Economic environment.....	<u>174</u>
Total Expenditures.....	<u>174</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>315</u>
NET CHANGES IN FUND BALANCES.....	315
FUND BALANCES, BEGINNING OF YEAR.....	<u>20,375</u>
FUND BALANCES, END OF YEAR.....	<u><u>\$ 20,690</u></u>

Amounts reported for governmental activities in the statement of activities are different because:

Some revenues and expenses reported in the statement of activities did not require the use of or provide current financial resources and therefore are not reported in governmental funds:

Increase in compensated absences payable.....	(14)
Increase in other post employment benefits liability.....	(2)
Change in Net Assets.....	<u><u>\$ 299</u></u>

See accompanying notes.

**CITY OF JACKSONVILLE, FLORIDA
BALANCE SHEET-COMPONENT UNIT
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
SEPTEMBER 30, 2012 (in thousands)**

	JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
ASSETS:	
Equity in cash and investments.....	\$ 26,848
Cash in escrow and with fiscal agents.....	20
Receivables (net, where applicable, of allowances for uncollectible):	
Accounts and interest.....	2,697
Loans.....	49,999
Due from independent agencies and other governments.....	64
TOTAL ASSETS.....	79,628
 LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Accounts payable and accrued liabilities.....	\$ 274
Deposits.....	398
Unearned revenue.....	49,986
TOTAL LIABILITIES.....	50,658
 FUND BALANCES:	
Non Spendable:	
Non Spendable.....	27,970
Spendable:	
Committed	
Economic Development.....	1,000
TOTAL FUND BALANCES.....	28,970
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 79,628
 Amounts reported for governmental activities in the statement of net assets are different because:	
Certain assets and liabilities reported in governmental activities are not financial resources and therefore are not reported in the funds:	
Compensated absences.....	(267)
Other post employment benefits (OPEB) liability.....	(79)
TOTAL NET ASSETS	\$ 28,624

See accompanying notes.

**CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPONENT UNITS - JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012 (in thousands)**

	JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
REVENUES:	
Intergovernmental.....	\$ 6,449
Charges for services.....	67
Interest.....	1,782
Other.....	5,153
Total Revenues.....	<u>13,451</u>
EXPENDITURES:	
Current:	
General government.....	363
Culture and recreation.....	2,207
Economic environment.....	4,806
Debt service:	
Interest and fiscal charges.....	4
Total Expenditures.....	<u>7,380</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>6,071</u>
NET CHANGES IN FUND BALANCES.....	6,071
FUND BALANCES, BEGINNING OF YEAR.....	<u>22,899</u>
FUND BALANCES, END OF YEAR.....	<u><u>\$ 28,970</u></u>

Amounts reported for governmental activities in the statement of activities are different because:

Some revenues and expenses reported in the statement of activities did not require the use of or provide current financial resources and therefore are not reported in governmental funds:

Decrease in compensated absences payable.....	36
Increase in other post employment benefits liability.....	(25)
Change in Net Assets.....	<u><u>\$ 6,082</u></u>

See accompanying notes.



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SUPPLEMENTAL INFORMATION

The Supplemental Information provided herein contains Self Insurance Fund schedules detailing ten year trend information of general liability and workers compensation claims development and General Fund schedules detailing the balance sheet and statement of revenues expenditures and changes in fund balance broken out by the General Service District, Emergency Reserve and Other subfunds.

CITY OF JACKSONVILLE, FLORIDA
SCHEDULE OF SELF-INSURANCE FUND
TEN YEAR CLAIMS DEVELOPMENT INFORMATION (in thousands)
WORKERS COMPENSATION

	For the Year Ended September 30				
	2003	2004	2005	2006	2007
Revenue	\$ 15,543	\$ 17,658	\$ 23,797	\$ 21,723	\$ 25,140
Interest Revenue	1,349	1,437	1,782	2,095	2,807
Total Revenue	<u>\$ 16,892</u>	<u>\$ 19,095</u>	<u>\$ 25,579</u>	<u>\$ 23,818</u>	<u>\$ 27,947</u>
Unallocated Expenses	<u>\$ 1,712</u>	<u>\$ 1,934</u>	<u>\$ 1,962</u>	<u>\$ 1,898</u>	<u>\$ 1,896</u>
Estimated Incurred Claims and Expense, End of Policy Year	<u>\$ 11,725</u>	<u>\$ 10,766</u>	<u>\$ 12,824</u>	<u>\$ 11,799</u>	<u>\$ 10,451</u>
Paid (Cumulative) as of:					
End of Policy Year	\$ 2,938	\$ 2,335	\$ 3,186	\$ 2,339	\$ 1,916
One Year Later	5,644	3,945	5,098	4,219	4,003
Two Years Later	7,122	4,405	5,893	4,756	4,576
Three Years Later	7,675	4,790	6,490	5,059	4,976
Four Years Later	8,085	5,271	6,808	5,407	5,212
Five Years Later	8,566	5,623	7,008	6,210	5,395
Six Years Later	9,608	5,903	7,530	6,638	
Seven Years Later	10,560	6,586	7,771		
Eight Years Later	10,919	6,953			
Nine Years Later	11,212				
Reestimated incurred Claims and Expense:					
End of Policy Year	\$ 11,725	\$ 10,766	\$ 12,824	\$ 11,799	\$ 10,451
One Year Later	13,459	9,701	11,609	10,626	10,523
Two Years Later	13,162	8,482	11,537	9,941	9,531
Three Years Later	12,543	8,423	11,397	9,088	8,438
Four Years Later	13,906	8,734	11,693	8,816	8,589
Five Years Later	13,858	9,804	10,758	10,029	8,790
Six Years Later	14,286	9,395	11,581	10,424	
Seven Years Later	14,322	9,927	11,566		
Eight Years Later	15,058	10,391			
Nine Years Later	15,261				
Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	<u>\$ 3,536</u>	<u>\$ (375)</u>	<u>\$ (1,258)</u>	<u>\$ (1,375)</u>	<u>\$ (1,661)</u>
Available Funding	\$ 16,892	\$ 19,095	\$ 25,579	\$ 23,818	\$ 27,947
Current Reestimated Incurred Claims and Expense	<u>(15,261)</u>	<u>(10,391)</u>	<u>(11,566)</u>	<u>(10,424)</u>	<u>(8,790)</u>
Excess (Deficit) Funding	<u>\$ 1,631</u>	<u>\$ 8,704</u>	<u>\$ 14,013</u>	<u>\$ 13,394</u>	<u>\$ 19,157</u>

For the Year Ended September 30

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 22,124	\$ 17,692	\$ 19,369	\$ 19,848	\$ 22,339
1,404	5,753	4,218	2,387	2,553
<u>\$ 23,528</u>	<u>\$ 23,445</u>	<u>\$ 23,587</u>	<u>\$ 22,235</u>	<u>\$ 24,892</u>
<u>\$ 2,113</u>	<u>\$ 2,267</u>	<u>\$ 2,062</u>	<u>\$ 2,198</u>	<u>\$ 2,115</u>
<u>\$ 13,091</u>	<u>\$ 13,418</u>	<u>\$ 13,251</u>	<u>\$ 11,694</u>	<u>\$ 14,662</u>
\$ 2,742	\$ 2,923	\$ 3,201	\$ 2,859	\$ 3,672
5,163	6,207	5,411	4,444	
6,181	7,430	6,411		
6,843	8,061			
7,335				
\$ 13,091	\$ 13,418	\$ 13,251	\$ 11,694	\$ 14,662
12,684	12,981	13,467	10,381	
12,809	13,243	13,886		
12,329	12,049			
12,432				
<u>\$ (659)</u>	<u>\$ (1,369)</u>	<u>\$ 635</u>	<u>\$ (1,313)</u>	<u>\$ 0</u>
\$ 23,528	\$ 23,445	\$ 23,587	\$ 22,235	\$ 24,892
(12,432)	(12,049)	(13,886)	(10,381)	(14,662)
<u>\$ 11,096</u>	<u>\$ 11,396</u>	<u>\$ 9,701</u>	<u>\$ 11,854</u>	<u>\$ 10,230</u>

**Total Excess (Deficit) Funding of Reestimated
Incurred Claims - 10 Years Shown.**

\$ 111,176

continued

CITY OF JACKSONVILLE, FLORIDA
SCHEDULE OF SELF-INSURANCE FUND
TEN YEAR CLAIMS DEVELOPMENT INFORMATION (in thousands)
GENERAL LIABILITY

	For the Year Ended September 30				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenue	\$ 5,541	\$ 6,748	\$ 7,880	\$ 6,496	\$ 6,980
Interest Revenue	547	592	601	666	855
Total Revenue	<u>\$ 6,088</u>	<u>\$ 7,340</u>	<u>\$ 8,481</u>	<u>\$ 7,162</u>	<u>\$ 7,835</u>
Unallocated Expenses	<u>\$ 1,461</u>	<u>\$ 1,422</u>	<u>\$ 1,562</u>	<u>\$ 1,648</u>	<u>\$ 1,708</u>
Estimated Incurred Claims and Expense, End of Policy Year	<u>\$ 2,989</u>	<u>\$ 3,587</u>	<u>\$ 5,186</u>	<u>4,651</u>	<u>4,365</u>
Paid (Cumulative) as of:					
End of Policy Year	\$ 720	\$ 737	\$ 1,166	\$ 1,063	\$ 857
One Year Later	956	1,318	2,278	1,709	1,371
Two Years Later	1,808	2,349	3,344	2,294	1,822
Three Years Later	2,276	2,741	3,821	2,693	2,258
Four Years Later	2,410	2,929	4,093	2,743	2,312
Five Years Later	2,795	2,970	4,378	2,830	2,395
Six Years Later	2,889	2,988	4,483	2,837	
Seven Years Later	2,889	2,983	4,636		
Eight Years Later	2,882	3,006			
Nine Years Later	2,883				
Reestimated incurred Claims and Expense:					
End of Policy Year	\$ 2,989	\$ 3,587	\$ 5,186	\$ 4,651	\$ 4,365
One Year Later	2,826	3,568	5,487	3,913	3,779
Two Years Later	3,128	3,533	5,261	3,627	2,857
Three Years Later	2,834	3,430	5,005	3,212	2,636
Four Years Later	2,777	3,198	4,893	2,950	2,617
Five Years Later	3,011	3,009	4,663	2,876	2,407
Six Years Later	2,956	3,000	4,498	2,856	
Seven Years Later	2,920	3,011	4,692		
Eight Years Later	2,885	3,023			
Nine Years Later	2,883				
Increase (Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	<u>\$ (106)</u>	<u>\$ (564)</u>	<u>\$ (494)</u>	<u>\$ (1,795)</u>	<u>(1,958)</u>
Available Funding	\$ 6,088	\$ 7,340	\$ 8,481	\$ 7,162	\$ 7,835
Current Reestimated Incurred Claims and Expense	<u>(2,883)</u>	<u>(3,023)</u>	<u>(4,692)</u>	<u>(2,856)</u>	<u>(2,407)</u>
Excess (Deficit) Funding	<u>\$ 3,205</u>	<u>\$ 4,317</u>	<u>\$ 3,789</u>	<u>\$ 4,306</u>	<u>\$ 5,428</u>

For the Year Ended September 30

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 8,283	\$ 7,310	\$ 6,780	\$ 6,363	\$ 7,052
510	2,404	1,529	802	802
<u>\$ 8,793</u>	<u>\$ 9,714</u>	<u>\$ 8,309</u>	<u>\$ 7,165</u>	<u>\$ 7,854</u>
<u>\$ 1,911</u>	<u>\$ 2,044</u>	<u>\$ 2,087</u>	<u>\$ 2,032</u>	<u>\$ 2,100</u>
<u>\$ 5,994</u>	<u>\$ 4,794</u>	<u>\$ 4,485</u>	<u>\$ 4,794</u>	<u>\$ 4,993</u>
\$ 1,495	\$ 1,192	\$ 1,019	\$ 1,242	\$ 1,333
2,372	2,082	2,221	2,329	
3,325	2,972	2,702		
3,766	3,257			
4,015				
<u>\$ 5,994</u>	<u>\$ 4,794</u>	<u>\$ 4,485</u>	<u>\$ 4,794</u>	<u>\$ 4,993</u>
5,617	4,595	4,615	4,483	
5,156	4,716	4,269		
4,861	4,464			
4,443				
<u>\$ (1,551)</u>	<u>\$ (330)</u>	<u>\$ (216)</u>	<u>\$ (311)</u>	<u>\$ 0</u>
\$ 8,793	\$ 9,714	\$ 8,309	\$ 7,165	\$ 7,854
(4,443)	(4,464)	(4,269)	(4,483)	(4,993)
<u>\$ 4,350</u>	<u>\$ 5,250</u>	<u>\$ 4,040</u>	<u>\$ 2,682</u>	<u>\$ 2,861</u>

**Total Excess (Deficit) Funding of Reestimated
Incurred Claims - 10 Years Shown.**

\$ 40,228

continued

CITY OF JACKSONVILLE, FLORIDA
BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	GENERAL SERVICE DISTRICT	EMERGENCY RESERVE	OTHERS	TOTALS	
				2012	2011
ASSETS:					
Equity in cash and investments.....	\$ 44,035	\$ 48,000	\$ 5,093	\$ 97,128	\$ 84,004
Cash in escrow and with fiscal agents.....	227	-	3	230	355
Securities lending collateral.....	71,242	-	-	71,242	32,324
Receivables (net, where applicable, of allowances for uncollectibles):					
Accounts and interest.....	20,624	-	-	20,624	16,690
Mortgages.....	30	-	-	30	31
Other.....	14,316	-	-	14,316	14,316
Due from other funds.....	5,468	-	-	5,468	6,931
Due from independent agencies and other governments.....	58,456	-	727	59,183	48,973
Inventories.....	5,115	-	-	5,115	5,149
Prepaid items.....	-	-	9	9	298
TOTAL ASSETS.....	\$ 219,513	\$ 48,000	\$ 5,832	\$ 273,345	\$ 209,071
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities.....	\$ 28,547	\$ -	\$ 1,449	\$ 29,996	\$ 24,560
Contracts payable.....	15	-	-	15	11
Due to other funds.....	8	-	-	8	-
Due to component units.....	33	-	-	33	33
Due to independent agencies and other governments.....	-	-	-	-	438
Interest payable.....	-	-	-	-	123
Deposits.....	2,243	-	-	2,243	1,194
Unearned revenue.....	19,669	-	-	19,669	19,803
Securities lending obligations.....	71,260	-	-	71,260	33,988
Advances from other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	121,775	-	1,449	123,224	80,150
FUND BALANCES:					
Non Spendable:					
Non Spendable.....	5,115	-	-	5,115	5,149
Spendable:					
Restricted.....	-	-	-	-	-
Committed.....	20,485	48,000	1,480	69,965	60,012
Assigned.....	-	-	2,903	2,903	1,962
Unassigned.....	72,138	-	-	72,138	61,798
TOTAL FUND BALANCES.....	97,738	48,000	4,383	150,121	128,921
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 219,513	\$ 48,000	\$ 5,832	\$ 273,345	\$ 209,071

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
WITH COMPARATIVE TOTALS FOR 2011 (in thousands)

	GENERAL SERVICE DISTRICT	EMERGENCY RESERVE	OTHERS	TOTALS	
				2012	2011
REVENUES:					
Property taxes.....	\$ 450,571	\$ -	\$ -	\$ 450,571	\$ 482,694
Utility Service taxes.....	123,132	-	-	123,132	127,955
Sales and tourist taxes.....	997	-	-	997	1,057
Licenses and permits.....	47,989	-	-	47,989	50,484
Intergovernmental.....	125,685	-	26	125,711	124,777
Charges for services.....	58,916	-	12,589	71,505	72,522
Fines and forfeitures.....	2,459	-	-	2,459	2,656
JEA contribution.....	104,188	-	-	104,188	101,688
Interest.....	10,141	2,087	184	12,412	3,200
Other.....	15,613	-	25	15,638	17,000
Total Revenues.....	939,691	\$ 2,087	\$ 12,824	954,602	984,033
EXPENDITURES:					
Current:					
General government.....	108,814	-	26,237	135,051	142,659
Human services.....	66,293	-	6,235	72,528	67,735
Public safety.....	494,809	-	2,165	496,974	520,779
Culture and recreation.....	45,997	-	830	46,827	56,907
Transportation.....	38,822	-	-	38,822	40,832
Economic environment.....	11,885	-	494	12,379	8,946
Physical environment.....	12,131	-	-	12,131	17,479
Debt service:					
Interest and fiscal charges.....	9,368	-	-	9,368	-
Total Expenditures.....	788,119	-	35,961	824,080	855,337
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES.....	151,572	\$ 2,087	\$ (23,137)	130,522	128,696
OTHER FINANCING SOURCES (USES):					
Long term debt issued.....	2,349	-	-	2,349	379
Intrafund Transfers in.....	-	-	21,215	21,215	-
Intrafund Transfers out.....	(21,215)	-	-	(21,215)	-
Transfers in.....	11,104	-	-	11,104	11,158
Transfers out.....	(122,775)	-	-	(122,775)	(121,377)
Total Other Financing Sources (Uses).....	(130,537)	-	21,215	(109,322)	(109,840)
NET CHANGES IN FUND BALANCES.....	21,035	\$ 2,087	\$ (1,922)	21,200	18,856
FUND BALANCE, BEGINNING OF YEAR	76,703	45,913	6,305	128,921	110,065
FUND BALANCES, END OF YEAR.....	\$ 97,738	\$ 48,000	\$ 4,383	\$ 150,121	\$ 128,921



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STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of Jacksonville’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.

Page(s)

Financial Trends

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

Net Assets by Components	226-227
Changes in Net Assets	228-231
Fund Balances, Governmental Funds	232
Changes in Fund Balances, Governmental Funds	234-235

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	238-239
Direct and Overlapping Property Tax Rates	240
Principal Property Taxpayers.....	242-243
Property Tax Levies and Collections	244-245

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type to Personal Income and Per Capita	248-249
Ratios of General Bonded Debt Outstanding to Actual Taxable Value of Property and Per Capita.....	250
Direct and Overlapping Governmental Activities Debt.....	251
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Demographic and Economic Information

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

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Operating Information

These schedules contain services and infrastructure data to help the reader understand how the information in the City’s financial report compares to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees	263
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Capital Asset Statistics by Function/Program.....	268 - 269

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



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STATISTICAL SECTION – FINANCIAL TRENDS

CITY OF JACKSONVILLE, FLORIDA
NET ASSETS BY COMPONENTS (in thousands)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:					
Invested in capital assets, net of related debt.....	\$ 948,789	\$ 908,709	\$ 974,561	\$ 953,289	\$ 1,000,539 (2)
Restricted	50,529	46,503	92,336	86,676	81,048
Unrestricted.....	<u>(222,645)</u>	<u>(120,998)</u>	<u>(207,729)</u>	<u>(326,149)</u>	<u>(390,777) (3)</u>
Total governmental activities net assets	<u>776,673</u>	<u>834,214</u>	<u>859,168</u>	<u>713,816</u>	<u>690,810</u>
Business type activities					
Invested in capital assets, net of related debt.....	128,766	124,213	135,912	126,221	114,078 (2)
Restricted	1,579	2,667	-	-	-
Unrestricted.....	<u>50,039</u>	<u>38,545</u>	<u>14,586</u>	<u>19,035</u>	<u>24,060 (3)</u>
Total business type activities net assets	<u>180,384</u>	<u>165,425</u>	<u>150,498</u>	<u>145,256</u>	<u>138,138</u>
Primary government					
Invested in capital assets, net of related debt.....	1,077,555	1,032,922	1,110,473	1,079,510	1,114,617
Restricted	52,108	49,170	92,336	86,676	81,048
Unrestricted.....	<u>(172,606)</u>	<u>(82,453)</u>	<u>(193,143)</u>	<u>(307,114)</u>	<u>(366,717)</u>
Total primary government net assets	<u>\$ 957,057</u>	<u>\$ 999,639</u>	<u>\$ 1,009,666</u>	<u>\$ 859,072</u>	<u>\$ 828,948</u>

Notes:

Net assets were reallocated in 2005 to adjust for the consideration of outstanding non-asset backed bonds.

- (1) Transferred capital assets for EverBank Field from an enterprise fund (business type activity) to general government (governmental activities).
- (2) The City transferred \$404,898 of capital assets associated with the sports venues from governmental activities to business type activities.
- (3) The Pollution Remediation Liability of \$162,710, previously considered a liability of business type activities, was reclassified to a liability of governmental type activities.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,063,627	\$ 900,373	\$ 786,614	\$ 725,464	\$ 529,265 (1)
41,702	103,733	120,823	118,224	154,165
<u>(259,189)</u>	<u>(127,555)</u>	<u>(163,353)</u>	<u>(110,337)</u>	<u>22,856</u>
<u>846,140</u>	<u>876,551</u>	<u>744,084</u>	<u>733,351</u>	<u>706,286</u>
16,341	13,375	13,742	12,289	14,258 (1)
8,274	13,045	15,497	13,591	12,714
<u>(105,181)</u>	<u>(118,120)</u>	<u>(104,700)</u>	<u>539</u>	<u>17,701</u>
<u>(80,566)</u>	<u>(91,700)</u>	<u>(75,461)</u>	<u>26,419</u>	<u>44,673</u>
1,079,968	913,748	800,356	737,753	543,523
49,976	116,778	136,320	131,815	166,879
<u>(364,370)</u>	<u>(245,675)</u>	<u>(268,053)</u>	<u>(109,798)</u>	<u>40,557</u>
<u>\$ 765,574</u>	<u>\$ 784,851</u>	<u>\$ 668,623</u>	<u>\$ 759,770</u>	<u>\$ 750,959</u>

CITY OF JACKSONVILLE, FLORIDA
CHANGES IN NET ASSETS (in thousands)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Government activities					
General government.....	\$ 156,064	\$ 171,163	\$ 186,072	\$ 180,054	\$ 174,777
Human services.....	113,260	108,837	112,785	107,991	102,076
Public safety.....	537,222	559,401	549,369	527,227	511,009
Culture and recreation.....	64,883	74,066	75,451	71,091	67,054
Transportation.....	154,770	170,557	192,231	217,296	178,949
Economic environment.....	76,227	124,520	71,082	72,571	77,460
Physical environment.....	125,407	118,564	98,058	97,114	125,984
Payments to component units.....	-	-	-	-	-
Interest on long term debt.....	128,302	88,404	87,723	94,289	102,835
Total governmental activities expenses.....	<u>1,356,135</u>	<u>1,415,512</u>	<u>1,372,771</u>	<u>1,367,633</u>	<u>1,340,144</u>
Business type activities:					
Parking system.....	3,499	3,879	3,585	3,417	3,921
Sports complex.....	-	-	-	-	-
Motor vehicle inspections.....	477	446	476	433	462
Storm Water Services.....	18,913	18,730	17,340	14,612	55
Solid Waste.....	73,111	62,977	73,934	86,674	69,230
Mayport Ferry.....	-	-	-	-	-
EverBank Field.....	24,134	23,603	24,485	20,361	11,850
Veterans Memorial Arena	14,433	14,747	15,602	12,355	8,055
Baseball Stadium	3,118	3,142	3,335	1,993	1,297
Performing Arts	4,363	4,369	4,265	4,006	3,264
Convention Center	3,662	3,764	3,804	4,342	3,681
Equestrian Center	1,686	1,836	1,816	1,890	1,449
Total business type activities expenses.....	<u>147,396</u>	<u>137,493</u>	<u>148,642</u>	<u>150,083</u>	<u>103,264</u>
Total primary government expenses.....	<u>1,503,531</u>	<u>1,553,005</u>	<u>1,521,413</u>	<u>1,517,716</u>	<u>1,443,408</u>
Program Revenues					
Government activities					
Charges for services:					
General government.....	71,500	73,440	75,506	64,978	102,011
Public safety.....	38,121	45,908	46,457	92,096	47,233
Other activities	17,181	10,352	5,997	6,865	12,523
Operating grants and contributions	82,833	96,142	83,456	83,068	82,342
Capital grants and contributions	41,194	27,565	170,558	52,464	56,230
Total governmental activities program revenues	<u>250,829</u>	<u>253,407</u>	<u>381,974</u>	<u>299,471</u>	<u>300,339</u>
Business type activities:					
Charges for services:					
Sports complex.....	-	-	-	-	-
Solid Waste.....	69,748	66,610	47,112	42,752	39,892
EverBank Field.....	4,054	3,379	3,719	3,536	4,106
Veterans Memorial Arena.....	4,641	5,288	4,797	4,704	5,520
Storm Water.....	26,519	20,789	28,035	29,134	7,506
Other Activities.....	7,889	7,473	6,998	7,364	8,605
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business type activities revenue	<u>112,851</u>	<u>103,539</u>	<u>90,661</u>	<u>87,490</u>	<u>65,629</u>
Total primary government program revenues.....	<u>\$ 363,680</u>	<u>\$ 356,946</u>	<u>\$ 472,635</u>	<u>\$ 386,961</u>	<u>\$ 365,968</u>

	2007	2006	2005	2004	2003
\$	201,186	\$ 194,406	\$ 160,341	\$ 191,705	\$ 168,844
	108,738	106,755	107,588	100,120	101,974
	472,531	429,207	414,490	367,308	334,977
	93,197	84,527	88,875	60,955	73,523
	316,261	216,674	236,998	129,734	299,785
	77,440	74,030	83,832	74,889	77,375
	69,211	55,605	52,097	44,732	9,460
	-	-	-	-	-
	94,114	92,682	90,738	92,477	68,656
	<u>1,432,678</u>	<u>1,253,886</u>	<u>1,234,959</u>	<u>1,061,920</u>	<u>1,134,594</u>
	6,340	4,975	5,116	4,298	3,621
	-	25,964	25,088	21,995	15,528
	482	439	555	451	577
	-	-	-	-	-
	71,240	92,935	83,506	77,588	69,098
	1,937	2,346	1,943	2,063	2,040
	11,732	-	-	-	-
	7,750	-	-	-	-
	1,135	-	-	-	-
	3,959	-	-	-	-
	3,443	-	-	-	-
	1,309	-	-	-	-
	<u>109,327</u>	<u>126,659</u>	<u>116,208</u>	<u>106,395</u>	<u>90,864</u>
	<u>1,542,005</u>	<u>1,380,545</u>	<u>1,351,167</u>	<u>1,168,315</u>	<u>1,225,458</u>
	79,232	95,672	87,297	55,329	54,715
	45,825	45,670	40,517	42,398	39,087
	18,304	11,491	7,357	10,313	10,313
	87,234	69,485	89,784	83,649	85,013
	<u>52,112</u>	<u>76,072</u>	<u>50,241</u>	<u>67,970</u>	<u>31,210</u>
	<u>282,707</u>	<u>298,390</u>	<u>275,196</u>	<u>259,659</u>	<u>220,338</u>
	-	16,004	16,605	13,515	8,183
	39,123	44,093	41,120	39,903	37,421
	3,534	-	-	-	-
	5,979	-	-	-	-
	-	-	-	-	-
	10,804	5,570	4,441	4,335	4,335
	-	-	-	220	49
	-	-	-	-	-
	<u>59,440</u>	<u>65,667</u>	<u>62,166</u>	<u>57,973</u>	<u>49,988</u>
\$	<u>342,147</u>	<u>\$ 364,057</u>	<u>\$ 337,362</u>	<u>\$ 317,632</u>	<u>\$ 270,326</u>

CITY OF JACKSONVILLE, FLORIDA
CHANGES IN NET ASSETS (in thousands)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (expense)revenue					
Government activities	\$ (1,105,306)	\$ (1,162,105)	\$ (990,797)	\$ (1,068,162)	\$ (1,039,805)
Business type activities	(34,545)	(33,954)	(57,981)	(62,593)	(37,635)
Total primary government net expense	<u>(1,139,851)</u>	<u>(1,196,059)</u>	<u>(1,048,778)</u>	<u>(1,130,755)</u>	<u>(1,077,440)</u>
General revenues and other changes in net assets					
Government activities:					
Property taxes.....	463,680	498,507	493,171	474,381	477,368
Utility service taxes.....	123,132	127,955	126,653	118,453	114,392
Sales and tourist taxes.....	164,827	161,943	158,062	162,295	179,645
Intergovernmental - unrestricted.....	160,793	172,571	170,687	166,923	185,041
JEA contributions.....	104,188	101,688	99,188	96,961	96,096
Payment in lieu of taxes.....	-	-	-	-	-
Unrestricted earnings on investments.....	40,329	18,844	57,454	73,326	15,263
Franchise fees.....	40,624	43,037	39,842	-	-
Miscellaneous.....	33,249	35,693	26,626	29,028	48,976
Special item - refinancing state bonds.....	(61,196)	-	-	-	-
Transfers.....	(21,861)	(23,087)	(35,534)	(30,199)	(232,306)
Total general revenues, special items, and transfers...	<u>1,047,765</u>	<u>1,137,151</u>	<u>1,136,149</u>	<u>1,091,168</u>	<u>884,475</u>
Business type activities					
Intergovernmental	-	-	-	-	-
Unrestricted earnings on investments.....	4,025	2,127	5,770	8,237	2,516
Sales and tourist taxes.....	11,692	11,134	10,965	10,875	12,695
Miscellaneous.....	11,926	12,533	10,954	20,400	8,822
Special item - pollution remediation & settlement.....	-	-	-	-	-
Transfers.....	21,861	23,087	35,534	30,199	232,306
Total business type activities.....	<u>49,504</u>	<u>48,881</u>	<u>63,223</u>	<u>69,711</u>	<u>256,339</u>
Total primary government	<u>1,097,269</u>	<u>1,186,032</u>	<u>1,199,372</u>	<u>1,160,879</u>	<u>1,140,814</u>
Changes in net assets:					
Governmental activities	(57,541)	(24,954)	145,352	23,006	(155,330)
Business type activities	14,959	14,927	5,242	7,118	218,704
Total primary government	<u>\$ (42,582)</u>	<u>\$ (10,027)</u>	<u>\$ 150,594</u>	<u>\$ 30,124</u>	<u>\$ 63,374</u>

(continued)

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ (1,149,971)	\$ (955,496)	\$ (959,763)	\$ (802,261)	\$ (914,256)
<u>(49,887)</u>	<u>(60,992)</u>	<u>(54,042)</u>	<u>(48,422)</u>	<u>(40,876)</u>
<u>(1,199,858)</u>	<u>(1,016,488)</u>	<u>(1,013,805)</u>	<u>(850,683)</u>	<u>(955,132)</u>
465,918	408,942	365,456	343,870	327,388
104,634	104,259	99,463	95,629	95,976
181,621	196,257	184,172	163,107	157,925
206,371	228,237	202,510	190,917	163,551
92,915	89,188	85,938	83,188	78,496
-	-	-	-	2,880
34,033	44,380	23,759	33,741	22,894
-	-	-	-	-
63,772	52,912	43,610	26,771	28,109
-	-	-	(79,218)	-
<u>(29,704)</u>	<u>(36,212)</u>	<u>(35,301)</u>	<u>(25,723)</u>	<u>190,184</u>
<u>1,119,560</u>	<u>1,087,963</u>	<u>969,607</u>	<u>832,282</u>	<u>1,067,403</u>
-	-	-	-	-
6,165	4,765	3,368	2,594	2,729
12,520	-	-	-	-
12,632	3,776	1,488	2,132	1,927
-	-	(87,995)	-	-
<u>29,704</u>	<u>36,212</u>	<u>35,301</u>	<u>25,723</u>	<u>(190,184)</u>
<u>61,021</u>	<u>44,753</u>	<u>(47,838)</u>	<u>30,449</u>	<u>(185,528)</u>
<u>1,180,581</u>	<u>1,132,716</u>	<u>921,769</u>	<u>862,731</u>	<u>84,798</u>
(30,411)	132,467	9,844	30,021	153,147
<u>11,134</u>	<u>(16,239)</u>	<u>(101,880)</u>	<u>(17,973)</u>	<u>(226,404)</u>
<u>\$ (19,277)</u>	<u>\$ 116,228</u>	<u>\$ (92,036)</u>	<u>\$ 12,048</u>	<u>\$ (73,257)</u>

CITY OF JACKSONVILLE, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Pre-GASB 54						
	2008	2007	2006	2005	2004	2003
General Fund						
Reserved	\$ 57,317	\$ 57,507	\$ 53,935	\$ 14,728	\$ 18,736	\$ 11,640
Unreserved	40,841	26,476	23,974	48,267	70,373	46,104
Total General Fund	\$ 98,158	\$ 83,983	\$ 77,909	\$ 62,995	\$ 89,109	\$ 57,744
All other Governmental funds						
Reserved	\$ 312,341	\$ 393,177	\$ 388,723	\$ 448,536	\$ 696,431	\$ 542,300
Unreserved, reported in:						
Special revenue funds	181,662	185,307	176,468	148,054	113,134	95,859
Capital projects funds	(24,510)	(38,688)	17,731	48,064	1,127	106,756
Permanent fund	195	194	188	178	176	174
Total all other governmental funds	\$ 469,688	\$ 539,990	\$ 583,110	\$ 644,832	\$ 810,868	\$ 745,089

Post-GASB 54					
	2012	2011	2010	2009	2008
General Fund					
Non Spendable:					
Non Spendable.....	\$ 5,115	\$ 5,149	\$ 6,604	\$ 6,259	\$ 4,300
Spendable:					
Restricted.....	-	-	-	-	-
Committed.....	69,965	60,012	58,921	62,846	54,889
Assigned.....	2,903	1,962	2,766	3,114	3,050
Unassigned.....	72,138	61,798	41,774	37,962	35,919
Total General Fund	\$ 150,121	\$ 128,921	\$ 110,065	\$ 110,181	\$ 98,158
All other Governmental funds					
Non Spendable:					
Non Spendable.....	\$ 224	\$ 124	\$ 127	\$ 123	\$ 123
Spendable:					
Restricted.....	241,181	296,901	329,146	221,416	155,333
Committed.....	218,283	246,415	214,964	224,657	291,554
Assigned.....	2,653	2,079	3,215	8,764	23,777
Unassigned.....	(3,671)	(200)	-	(34,264)	(1,099)
Total all other governmental funds	\$ 458,670	\$ 545,319	\$ 547,452	\$ 420,696	\$ 469,688

Note: Five years of data is available for GASB 54 compliance which was adopted in 2009.
2008 data was restated for GASB 54 comparable presentation.



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CITY OF JACKSONVILLE, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2012	2011	2010	2009	2008
Revenue					
Property taxes.....	\$ 463,680	\$ 498,507	\$ 493,171	\$ 474,381	\$ 477,368
Utility Service taxes.....	123,132	127,955	126,878	118,453	114,392
Sales and tourist taxes.....	164,827	161,943	158,062	162,295	179,645
Licenses and permits.....	48,354	50,852	47,894	46,774	27,356
Intergovernmental.....	249,177	272,446	268,008	263,316	286,492
Charges for services.....	114,645	117,749	112,563	112,013	128,570
Fines and forfeitures.....	4,427	4,136	5,095	5,152	5,841
JEA contribution.....	104,188	101,688	99,188	96,688	94,188
Payment in lieu of taxes.....	-	-	-	-	-
Interest.....	34,698	14,927	48,495	62,593	15,346
Other.....	30,428	31,432	27,996	29,031	47,443
Total Revenue.....	1,337,556	1,381,635	1,387,350	1,370,696	1,376,641
Expenditures					
General government.....	163,217	171,391	180,259	167,245	162,202
Human services.....	110,779	107,895	112,792	107,309	100,858
Public safety.....	527,047	553,746	553,756	527,027	502,305
Culture and recreation.....	53,763	63,151	67,352	64,076	59,096
Transportation.....	140,422	148,793	163,768	144,298	164,918
Economic environment.....	67,672	117,876	70,626	66,713	72,433
Physical environment.....	20,930	29,314	21,726	24,945	20,539
Capital outlay.....	121,541	196,145	243,601	273,518	216,770
Debt service:					
Principal.....	76,148	82,942	61,777	79,554	74,365
Interest and fiscal charges.....	103,885	90,673	84,325	89,339	102,423
Other.....	7,505	4,710	8,536	2,846	1,607
Total Expenditures.....	1,392,909	1,566,636	1,568,518	1,546,870	1,477,516
Excess of Revenue Over					
(Under) Expenditures.....	(55,353)	(185,001)	(181,168)	(176,174)	(100,875)
Other Financing Sources (Uses):					
Long term debt issued.....	2,349	210,758	319,680	166,858	584,893
Refunding bond issued.....	491,905	79,220	-	18,200	-
Premium on special obligation bonds payable..	46,925	18,481	19,543	7,904	3,587
Discount on special obligation bonds payable..	-	-	-	-	-
Payment to escrow agent - refunded bonds.....	(529,833)	(85,238)	-	(18,622)	(410,460)
Transfers in.....	205,055	174,192	181,638	196,914	219,862
Transfers out.....	(226,497)	(195,689)	(212,543)	(232,049)	(245,238)
Total Other Financing Sources(Uses):	(10,096)	201,724	308,318	139,205	152,644
Special Item:					
Payment to escrow agent - refunded state bond	-	-	-	-	-
Net Changes in Fund Balances	\$ (65,449)	\$ 16,723	\$ 127,150	\$ (36,969)	\$ 51,769
Debt Service as Percentage of NonCapital					
Expenditures	14.10%	12.48%	10.84%	13.04%	13.93%

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	465,918	\$ 408,942	\$ 365,456	\$ 343,870	\$ 327,388
	104,634	104,259	99,463	95,629	95,976
	181,621	196,257	184,172	163,107	157,925
	8,867	10,509	9,045	8,524	8,473
	299,696	314,959	302,213	297,639	264,146
	128,391	134,977	121,036	85,789	84,424
	6,103	7,347	6,192	10,771	11,218
	91,438	88,688	85,938	83,188	78,496
	3,713	-	-	-	2,880
	31,101	41,384	21,676	34,489	20,404
	63,772	52,912	43,609	26,771	28,109
	<u>1,385,254</u>	<u>1,360,234</u>	<u>1,238,800</u>	<u>1,149,777</u>	<u>1,079,439</u>
	152,894	136,815	139,092	117,428	109,494
	107,651	105,979	107,104	100,212	99,206
	474,120	427,478	412,054	358,964	341,473
	72,993	72,924	78,066	78,392	59,538
	163,433	148,107	141,195	130,473	118,073
	76,991	72,270	78,323	68,675	74,242
	21,874	19,307	21,215	19,271	18,435
	351,581	302,583	259,078	337,896	557,727
	66,294	64,774	53,320	47,415	31,210
	96,907	95,365	93,074	79,183	59,445
	1,759	1,085	1,773	4,033	7,935
	<u>1,586,497</u>	<u>1,446,687</u>	<u>1,384,294</u>	<u>1,341,942</u>	<u>1,476,778</u>
	<u>(201,243)</u>	<u>(86,453)</u>	<u>(145,494)</u>	<u>(192,165)</u>	<u>(397,339)</u>
	190,455	114,170	18,319	371,775	620,496
	-	-	-	-	-
	4,097	1,693	-	-	12,136
	-	-	-	(2,778)	-
	-	(41,457)	(40,668)	-	(172,346)
	192,537	214,270	208,115	232,249	185,557
	<u>(222,892)</u>	<u>(249,031)</u>	<u>(232,209)</u>	<u>(232,721)</u>	<u>(211,895)</u>
	<u>164,197</u>	<u>39,645</u>	<u>(46,443)</u>	<u>368,525</u>	<u>433,948</u>
	-	-	-	(79,218)	-
\$	<u><u>(37,046)</u></u>	<u><u>(46,808)</u></u>	<u><u>(191,937)</u></u>	<u><u>97,142</u></u>	<u><u>36,609</u></u>

11.54%

12.72%

12.11%

12.41%

8.32%



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STATISTICAL SECTION – REVENUE CAPACITY

CITY OF JACKSONVILLE, FLORIDA
ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST FOUR FISCAL YEARS (in thousands)

Year	Real Property					Centrally Assessed Property (1)
	Residential Real Property	Commercial Real Property	Industrial Real Property	Other Real Property	Personal Property	
2007	\$ 31,686,651	\$ 13,394,365	\$ 3,199,698	\$ 5,338,289	\$ 7,899,162	\$ 167,104
2008	36,941,849	15,093,348	3,777,631	6,643,841	8,305,449	177,308
2009	39,265,137	16,929,605	4,317,968	7,025,130	11,570,293	200,236
2010	44,839,547	18,085,667	4,507,151	7,994,713	12,081,891	197,806
2011	40,194,453	16,584,154	4,217,089	8,303,924	12,283,738	141,080
2012	36,146,776	15,706,066	3,786,599	7,955,092	12,241,838	158,707

(1) Centrally assessed property is primarily railroad property and private car line property, which must be separately assessed.

(2) Estimated actual values are the total "just" values or property subject to taxation, as defined by Section 193.011 of the Florida Statutes.

Note: The information in the schedule is presented to conform with the requirements of GASB statement 44. Prior to the change in format, real assessed values were presented in aggregate. Additionally, all assessed value columns were presented net of tax exempt property. The City is not able to present data in the current format prior to 2007. Additionally information presented for 2007 and 2008 differ from the original final tax roll due to subsequent Value Board Adjustment modifications.

Source: Property Appraiser's Office

Unaudited - see accompanying independent auditors' report.

Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Values (2)	Assessed as a Percentage of Actual Values
\$ 14,055,282	\$ 47,629,987	9.6400	\$ 70,926,829	67.15%
15,713,214	55,226,212	8.4841	83,838,185	65.87%
23,804,210	55,504,160	8.4841	91,002,440	60.99%
34,507,969	53,198,806	9.2727	87,706,774	60.66%
32,283,447	49,440,991	10.0353	81,724,438	60.50%
30,066,283	45,927,695	10.0353	75,993,978	60.44%

(continued)

CITY OF JACKSONVILLE, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (Per \$1,000 of Assessed Value)

Year	City of Jacksonville				Overlapping Rates			
	District (Note 1)	Operating Millage	Debt Service Millage	Total City Millage	Other Taxing Authorities			Combined Millage Total
					Total School Millage	Water Management District Millage	FIND Millage (Note 3)	
2003	GSD (4)	10.1650	0.0192	10.1842	8.9200	0.4620	0.0385	19.6047
2004	GSD (4)	9.8398	0.0000	9.8398	9.0510	0.4620	0.0385	19.3913
2005	GSD (4)	9.6879	0.0000	9.6879	8.5650	0.4620	0.0385	18.7534
2006	GSD (4)	9.6500	0.0000	9.6500	8.4250	0.4620	0.0385	18.5755
2007	GSD (4)	9.6400	0.0000	9.6400	8.0420	0.4620	0.0385	18.1825
2008	GSD (4)	8.4841	0.0000	8.4841	7.7550	0.4158	0.0345	16.6894
2009	GSD (4)	8.4841	0.0000	8.4841	7.5610	0.4158	0.0345	16.4954
2010	GSD (4)	9.2727	0.0000	9.2727	7.5820	0.4158	0.0345	17.3050
2011	GSD (4)	10.0353	0.0000	10.0353	7.8440	0.4158	0.0345	18.3296
2012	GSD (4)	10.0353	0.0000	10.0353	7.5530	0.3313	0.0345	17.9541

- (1) The GSD (General Services District) millage rate is a county-wide rate which applies to most taxpayers in the City of Jacksonville. Due to the existence of six other taxing districts, a total of seven combined millage rates apply to taxpayers in the City of Jacksonville. The two most prevalent millage rates are shown here.
- (2) Beginning in 1981, as the result of a double-taxation suit settlement, the four independent Urban Services Districts within Duval County began paying 18.8% less than the GSD millage rate, subject to a limit of 10.0000 mils plus debt service. Each of the four levies additional taxes for its own municipal services.
- (3) Florida Inland Navigational District

Source: Property Appraiser's Office

Unaudited - see accompanying independent auditors' report.



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**CITY OF JACKSONVILLE, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT AND NINE YEARS AGO**

Taxpayer	Type of Business	2012		
		Valuation	Rank	Percentage
AT&T/Bell South Communications	Communications	\$ 310,702,423	1	0.65%
FDG Properties/Flagler Development Company	Real Estate Mgmt/Development	254,590,109	2	0.53%
Anheuser-Busch/Metal Container Corp	Manufacturing	242,814,039	3	0.50%
Wal-Mart Properties/Stores	Retail	225,202,718	4	0.47%
Mid America Apartment Communities.....	Real Estate Mgmt/Development	211,056,844	5	0.44%
Vistakon/Johnson & Johnson Vision	Manufacturing	207,574,168	6	0.43%
Stone Mountain Industrial Inc.....	Distribution Center	198,623,261	7	0.41%
Blue Cross & Blue Shield	Insurance	188,497,836	8	0.39%
St Johns Town Center LLC.....	Retail	170,056,360	9	0.37%
Beemer & Associates.....	Real Estate Mgmt/Development	161,458,805	10	0.34%
Bank of America	Banking	-	-	-
Comcast Cable.....	Communication	-	-	-
Beemer & Associates.....	Real Estate Mgmt/Development	-	-	-
Total Taxable Assessed Value of 10 Largest Taxpayers.....		\$ 2,170,576,563		4.51%
Total Taxable Assessed Value of Other Taxpayers		45,914,514,934		95.49%
Total Taxable Assessed Value of All Taxpayers		<u>\$ 48,085,091,497</u>		<u>100.00%</u>

Source: Tax Collector's Office

2003		
<u>Valuation</u>	<u>Rank</u>	<u>Percentage</u>
\$ 548,398,230	1	1.57%
195,713,963	5	0.56%
285,392,187	2	0.82%
-		-
-		-
162,958,137	10	0.47%
-		-
192,078,918	6	0.55%
-		-
-		-
220,787,479	3	0.63%
201,216,818	4	0.58%
191,688,526	7	0.55%
188,542,624	8	0.54%
179,257,699	9	0.51%
<hr/>		
\$ 2,366,034,581		6.78%
32,506,429,918		93.22%
<u>\$ 34,872,464,499</u>		<u>100.00%</u>

**CITY OF JACKSONVILLE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended Sept. 30</u>		<u>Taxes Levied for the Fiscal year (1)</u>	<u>Collected within the Fiscal Year of the Levy</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>
2003	General Fund - General Services District	\$ 336,340,414	\$ 328,521,941	97.7%
2004	General Fund - General Services District	\$ 348,345,910	\$ 344,796,332	99.0%
2005	General Fund - General Services District	\$ 367,688,578	\$ 365,687,691	99.5%
2006	General Fund - General Services District (2)	\$ 410,959,779	\$ 408,175,252	99.3%
2007	General Fund - General Services District (2)	\$ 471,622,380	\$ 468,874,795	99.4%
2008	General Fund - General Services District (2)	\$ 480,223,601	\$ 478,018,859	99.5%
2009	General Fund - General Services District (2)	\$ 478,948,728	\$ 476,188,360	99.4%
2010	General Fund - General Services District	\$ 497,900,724	\$ 493,688,968	99.2%
2011	General Fund - General Services District	\$ 505,368,958	\$ 500,440,998	99.0%
2012	General Fund - General Services District	\$ 468,994,952	\$ 466,200,537	99.4%

- (1) Tax levies are final certified amounts net of discounts allowed. The discount schedule is as follows:
 For taxes paid in: November - 4%
 December - 3%
 January - 2%
 February - 1%

- (2) Correction made to amounts previously reported to reflect taxes levied amount net of discounts.

Note: Schedule was adjusted to remove interest from amounts reported in previous years.

Collections in Subsequent Years	Total Collections to date	
	Amount	Percentage of Levy
\$ 325,577	\$ 328,847,518	97.8%
\$ 553,358	\$ 345,349,690	99.1%
\$ 891,791	\$ 366,579,482	99.7%
\$ 1,912,683	\$ 410,087,935	99.8%
\$ 882,856	\$ 469,757,651	99.6%
\$ 1,461,044	\$ 479,479,903	99.8%
\$ 1,656,987	\$ 477,845,347	99.8%
\$ 772,798	\$ 494,461,766	99.3%
\$ 1,440,850	\$ 501,881,848	99.3%
\$ -	\$ 466,200,537	99.4%

Unaudited - see accompanying independent auditors' report.



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STATISTICAL SECTION – DEBT CAPACITY

**CITY OF JACKSONVILLE, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
TO PERSONAL INCOME AND PER CAPITA
LAST TEN YEARS**

(dollars in thousands, except per capita)

Fiscal Year	Government Activities				Notes and Bonds Payable from Internal Services Fund	Capitalized Lease Obligations
	Revenue Bonds Payable from General Fund	Notes Payable from General Fund	Revenue Bonds Payable from BJP Revenues	Notes Payable from BJP Revenues		
2003	998,466	9,375	804,425	-	-	19,455
2004	1,035,101	8,980	1,093,855	-	-	18,882
2005	955,206	8,520	1,081,805	18,319	58,565	991
2006	985,840	7,995	1,064,210	15,920	72,205	144
2007	985,015	7,360	1,147,120	57,426	72,205	952
2008	779,533	6,630	1,090,568	66,414	153,730	609
2009	771,550	5,790	1,178,193	60,719	156,643	313
2010	826,574	4,845	1,256,964	65,872	250,713	-
2011	869,266	3,900	1,316,408	62,511	291,154	-
2012	828,572	2,875	1,315,267	57,447	273,813	-

Business-Type Activities				
Revenue Bonds	Capitalized Lease Obligations	Total Primary Government	Percentage of Personal Income	Per Capita
76,234	-	1,907,955	7.34%	2,359.25
72,109	-	2,228,927	8.06%	2,723.66
67,990	-	2,191,396	7.34%	2,646.15
63,465	-	2,209,779	6.76%	2,633.54
57,560	-	2,327,638	6.92%	2,746.85
357,124	-	2,454,608	7.16%	2,877.36
341,887	-	2,515,095	7.78%	2,930.35
326,143	-	2,731,111	8.17%	3,160.05
313,015	-	2,856,254	8.23%	3,303.55
287,423	-	2,765,397	n/a	3,179.61

(continued)

**CITY OF JACKSONVILLE, FLORIDA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
TO ACTUAL TAXABLE VALUE OF PROPERTY AND PER CAPITA
LAST TEN YEARS**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Redevelopment Bonds	Total		
2003	605,000	-	605,000	n/a (3)	0.75
2004	-	-	-	n/a	-
2005	-	-	-	n/a	-
2006	-	-	-	n/a	-
2007	-	-	-	n/a	-
2008	-	-	-	n/a	-
2009	-	-	-	n/a	-
2010	-	-	-	n/a	-
2011	-	-	-	n/a	-
2012	-	-	-	n/a	-

(1) Estimated actual values are the total "just" values or property subject to taxation, as defined by Section 193.011 of the Florida Statutes. Source: Property Appraiser's Office.

(2) Population figures are noted for Duval County as of April 1st of each year. Source: University of Florida, Bureau of Economic and Business Research

(3) Property values conform with the requirements of GASB statement 44. Prior to the change in format, real assessed values were presented in aggregate. The City is not able to present data in the current format prior to 2007.

CITY OF JACKSONVILLE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
as of September 30, 2012

<u>Governmental Unit</u>	<u>Net General Obligation Bonds (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Duval County School Board - Bonds	\$ 16,345,000	100.000%	\$ 16,345,000
Duval County School Board - Certificate of Participation	\$ 332,066,000	100.000%	332,066,000
Duval County School Board - Revenue Anticipation Note	\$ 1,550,000	100.000%	1,550,000
Other Debt			
None	-	-	-
Subtotal, Overlapping Debt			\$ 349,961,000
City Direct Debt:			
Government Activities	\$ 2,477,974,888	100.000%	2,477,974,888
Business-Type Activities	\$ 287,422,588	0.000%	-
Total Direct and Overlapping Debt			<u>\$ 2,827,935,888</u>

(1) The net general obligation debt outstanding includes debt which is secured by the District to levy taxes on real estate less amounts available in debt service funds.

(2) The applicable percentage is based on the District's geographical boundaries within Duval County.

Source: Duval County Public Schools - Business Services

CITY OF JACKSONVILLE, FLORIDA
LEGAL DEBT MARGIN INFORMATION
as of September 30, 2012

The amount of debt the City of Jacksonville can issue is not limited by either the City of Jacksonville charter or code, nor the Florida State Statutes.

CITY OF JACKSONVILLE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN YEARS
(dollars in thousands)

Excise Tax Revenue Bonds							
Fiscal Year	Utility Service Taxes	Fuel Oil Taxes	Occupational License Taxes	Gross Available Revenues	Debt Service		Coverage
					Principal	Interest	
2003	89,604	163	7,493	97,260	16,845	16,185	2.94 x
2004	89,364	107	7,320	96,791	23,080	17,072	2.41 x
2005	92,848	113	8,143	101,104	26,120	17,320	2.33 x
2006	97,284	229	8,809	106,322	28,570	17,388	2.31 x
2007	97,833	92	7,618	105,543	31,205	21,578	2.00 x
2008	107,531	71	7,932	115,533	32,930	21,100	2.14 x
2009	111,634	90	7,928	119,652	26,435	19,846	2.59 x
2010	120,333	24	7,867	128,224	21,616	21,463	2.98 x
2011	121,931	45	7,394	129,370	27,386	20,837	2.68 x
2012	117,206	28	7,356	124,591	23,407	20,604	2.83 x

Capital Improvement Revenue Bonds

Franchise Fees	Communication Services Taxes	Sports Facility Sales Tax Rebate	Convention Development Tax (2%)	Sports Facility		Gross Available Revenues	Debt Service		Coverage
				Tourist Development Tax (2%)			Principal	Interest	
926	6,209	2,000	3,611	3,895	16,641	1,475	9,189	1.56 x	
1,152	6,158	2,000	3,847	4,155	17,311	1,610	11,642	1.31 x	
1,276	6,502	2,000	4,800	5,108	19,686	1,750	10,441	1.61 x	
1,710	6,746	2,000	5,201	5,530	21,187	2,215	8,530	1.97 x	
1,335	6,709	2,000	5,118	5,402	20,565	3,675	7,733	1.80 x	
1,132	6,790	2,000	5,197	5,498	20,618	3,775	7,631	1.81 x	
1,349	6,726	2,000	4,366	4,675	19,117	4,005	7,453	1.67 x	
1,351	6,522	2,000	4,238	4,561	18,672	4,140	7,317	1.63 x	
1,293	5,980	2,000	4,403	4,731	18,407	4,325	7,132	1.61 x	
1,272	5,896	2,000	4,670	5,022	18,860	4,525	6,935	1.65 x	

(continued)

CITY OF JACKSONVILLE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN YEARS
(dollars in thousands)

Fiscal Year	Capital Project Revenue Bonds						Coverage
	JEA Contribution - Electric Services	JEA Contribution - Water and Sewer	Gross Available Revenues	Debt Service			
				Principal	Interest		
2003	67,039	11,457	78,496	2,000	783	28.21 x	
2004	70,039	13,148	83,188	2,055	903	28.12 x	
2005	68,677	17,261	85,938	2,205	2,875	16.92 x	
2006	71,031	17,657	88,688	2,265	4,478	13.15 x	
2007	73,100	18,337	91,438	2,430	5,103	12.14 x	
2008	73,847	20,341	94,188	2,495	4,262	13.94 x	
2009	76,094	20,593	96,688	2,680	1,581	22.69 x	
2010	79,008	20,180	99,188	2,810	474	30.20 x	
2011	81,922	19,766	101,688	3,440	898	23.44 x	
2012	83,038	21,150	104,188	2,610	1,932	22.94 x	

(continued)

Guaranteed Entitlement Bonds

County Revenue Sharing	City Revenue Sharing	Gross Available Revenues	Debt Service		Coverage
			Principal	Interest	
1,999	5,826	7,825	-	4,058	1.93 x
1,999	5,826	7,825	2,000	5,421	1.05 x
1,999	5,826	7,825	2,060	5,360	1.05 x
1,999	5,826	7,825	2,120	5,298	1.05 x
1,999	5,826	7,825	2,185	5,233	1.05 x
1,999	5,826	7,825	2,250	5,165	1.06 x
1,999	5,826	7,825	2,400	5,049	1.05 x
1,999	5,826	7,825	2,485	4,965	1.05 x
1,999	5,826	7,825	2,580	4,872	1.05 x
1,999	5,826	7,825	2,680	4,772	1.05 x

(continued)

CITY OF JACKSONVILLE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN YEARS
(dollars in thousands)

Fiscal Year	Local Government Sales Tax Revenue Bonds				Better Jacksonville Infrastructure Sales Tax Bonds			
	Local Government 1/2 Cent Sales Tax	Debt Service		Coverage	Infrastructure Sales Tax	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2003	73,677	5,680	7,985	5.18 x	57,971	3,310	10,822	4.10 x
2004	76,155	8,675	8,923	4.33 x	60,132	6,020	21,269	2.20 x
2005	81,355	8,675	8,517	4.73 x	69,337	7,865	29,042	1.88 x
2006	86,763	9,085	8,114	5.04 x	73,227	13,310	28,071	1.77 x
2007	83,940	9,480	7,748	4.87 x	70,665	15,799	28,011	1.61 x
2008	77,529	9,815	7,351	4.52 x	70,262	19,844	27,948	1.47 x
2009	70,510	10,660	6,735	4.05 x	63,330	22,474	33,515	1.13 x
2010	67,642	11,080	6,316	3.89 x	61,322	23,591	32,381	1.10 x
2011	70,774	11,530	5,867	4.07 x	63,061	24,136	29,840	1.17 x
2012	72,636	12,115	5,280	4.18 x	64,573	25,016	20,237	1.43 x

(continued)

Transportation Revenue Bonds (Better Jax)

Transportation Sales Tax	Gas Tax (Constitutional Fuel Tax)	Gross Available Revenues	Debt Service		Coverage
			Principal	Interest	
60,379	8,447	68,826	110	8,971	7.58 x
61,650	8,861	70,511	3,580	12,492	4.39 x
71,717	9,280	80,997	4,185	18,148	3.63 x
76,136	9,280	85,416	6,684	22,039	2.97 x
73,543	9,235	82,779	4,495	23,283	2.98 x
72,339	8,856	81,195	2,595	24,408	3.01 x
65,132	8,693	73,825	7,495	21,054	2.59 x
62,868	8,549	71,417	7,705	17,730	2.81 x
65,189	8,392	73,581	20,240	17,816	1.93 x
66,650	8,286	74,936	8,145	13,532	3.46 x

(continued)

CITY OF JACKSONVILLE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN YEARS
(dollars in thousands)

Fiscal Year	Special Revenue Bonds (Covenant Pledge)					
	General Fund Revenues (1)	Exclusion of Ad Valorem Tax Revenue	Total Covenant Revenues (2)	Debt Service		Coverage (3)
				Principal	Interest	
2003	-	-	-	-	-	n/a
2004	-	-	-	-	-	n/a
2005	-	-	-	-	-	n/a
2006	-	-	-	-	-	n/a
2007	-	-	-	-	-	n/a
2008	-	-	-	-	-	n/a
2009	959,147	(458,539)	500,608	535	2,477	166.18 x
2010	976,478	(476,532)	499,946	7,099	12,723	25.22 x
2011	984,033	(482,694)	501,339	9,551	27,555	13.51 x
2012	955,416	(451,388)	504,028	24,031	33,914	8.70 x

- (1) General Fund revenues are presented in more detail in the section titled Basic Financial Statements - Fund Level.
- (2) Covenant Revenues are defined as revenues deposited to the credit of the City's General Fund derived from any source whatsoever that are legally available for the payment of the Special Revenue bond obligations, inclusive of operating transfers from other funds in to the General Fund, but exclusive of revenues derived from ad valorem taxation.
- (3) The Series 2008 obligations were the first of the Special Revenue Bonds to be issued on September 28, 2008. The first interest payment date was April 1, 2009. Revenues and coverage is only presented from the first fiscal year in which principal and/or interest was paid.

(continued)

STATISTICAL SECTION – DEMOGRAPHIC AND ECONOMIC INFORMATION

**CITY OF JACKSONVILLE, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Total Personal Income (thousands) (2)	Per Capita Personal Income	Median Age (1)	Education level in Years of Schooling (3)	School Enrollment (4)	Unemployment rate (5)
2003	808,711	\$ 26,008,699	\$ 32,124	34.6	13.16	129,553	5.5%
2004	818,357	\$ 27,660,699	\$ 33,730	35.0	13.22	127,469	5.2%
2005	828,145	\$ 29,847,660	\$ 36,005	35.4	13.26	126,535	4.2%
2006	839,090	\$ 32,677,139	\$ 38,804	35.5	13.35	125,171	3.0%
2007	847,384	\$ 33,625,499	\$ 39,511	36.1	13.16	125,063	3.9%
2008	853,077	\$ 34,269,598	\$ 40,061	35.3	13.25	125,403	6.4%
2009	858,291	\$ 32,330,653	\$ 37,603	35.5	13.32	123,716	10.5%
2010	864,263	\$ 33,427,909	\$ 38,626	35.8	14.74	124,044	11.6%
2011	864,601	\$ 34,704,611	\$ 39,858	37.7	13.58	125,176	10.0%
2012	869,729	N/A	N/A	35.8	13.64	126,078	8.2%

Source:

- (1) Florida State Office of Economic and Demographic Research. Estimates updated per 2010 Census.
- (2) U.S. Department of Commerce Bureau of Economic Analysis
- (3) U.S. Census Bureau
- (4) Duval County Public Schools, Budget Department
- (5) U.S. Department of Labor - Bureau of Labor Statistics

Notes:

N/A = Statistical information is not available
 2009 educational attainment source is 2009 Decision Data 2009, Discover Jacksonville
 2011 Median age provided by Florida Trend
 Revised estimates presented for Total Personal Income and Per Capita Personal Income based on the 2012 Bureau of Economic Analysis update.

**CITY OF JACKSONVILLE, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

EMPLOYER	2012		
	Employees	Rank	% of Total Government Employment
Naval Air Station Jacksonville	25,240	1	3.59%
Duval County Public Schools	14,480	2	2.06%
Naval Air Station Mayport	9,000	3	1.28%
Baptist Health	8,270	4	1.18%
Bank of America Merrill Lynch	8,000	5	1.14%
City of Jacksonville *	7,714	6	1.10%
Florida Blue	6,500	7	0.92%
Mayo Clinic Hospital	4,970	8	0.71%
Citi	4,200	9	0.60%
JPMorgan Chase & Co.,	4,200	10	0.60%
Total	92,574		13.18%

Notes:

Prior year information from nine years ago is not available.

Source: Jacksonville Regional Chamber of Commerce - November 2012

* City of Jacksonville Annual Financial Plan (Budget)

STATISTICAL SECTION – OPERATING INFORMATION

**CITY OF JACKSONVILLE, FLORIDA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 LAST 10 YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Department										
Office of the Sheriff	3,301	3,371	3,362	3,199	3,002	2,997	2,976	2,929	2,757	2,740
Fire and Rescue	1,300	1,325	1,339	1,338	1,308	1,329	1,294	1,262	1,184	1,185
Public Works	786	790	794	841	853	703	736	779	747	734
Public Libraries	354	355	363	369	368	382	401	432	424	289
Central Operations	340	379	401	436	461	-	-	-	-	-
Environmental and Compliance	287	293	294	301	314	343	380	328	285	285
Tax Collector	235	244	244	223	254	254	254	241	225	223
Recreation and Community Services	216	236	238	243	247	-	-	-	-	-
Planning and Development	161	190	194	238	225	83	86	83	94	92
Information Technology	146	165	190	194	200	-	-	-	-	-
Property Appraiser	122	128	128	128	128	128	128	122	113	108
Finance	97	100	100	117	117	-	-	-	-	-
City Council	78	82	82	82	85	82	82	82	82	83
General Counsel	70	71	74	77	75	75	76	75	71	68
Jacksonville Children's Commission	44	49	50	52	74	58	70	-	-	-
Clerk of the Court	35	35	37	41	41	41	41	38	-	-
Supervisor of Elections	35	34	34	35	34	33	33	27	28	25
Medical Examiner	27	27	27	27	26	26	26	26	-	-
Mayor's Office	23	23	24	16	17	19	21	22	18	19
Jacksonville Economic Dev. Commission	17	17	17	18	15	28	32	40	41	41
Courts	16	16	22	12	6	5	6	4	-	-
Jacksonville Human Rights Commission	12	13	17	17	20	20	21	22	21	20
Advisory Boards	5	5	5	5	5	5	5	5	5	5
Housing and Neighborhoods	4	4	4	4	39	135	149	142	214	214
Jacksonville Housing & Finance Auth.	3	2	2	1	-	-	-	-	-	-
Administration and Finance	-	-	-	-	-	651	679	575	577	572
Parks, Rec., Enter., and Conservation	-	-	-	-	-	387	417	281	257	255
Community Services	-	-	-	-	-	134	147	122	108	103
Procurement and Supply	-	-	-	-	-	48	46	50	37	38
Agriculture	-	-	-	-	-	12	13	17	17	17
Judicial	-	-	-	-	-	-	-	-	389	386
	7,714	7,954	8,042	8,014	7,914	7,978	8,119	7,704	7,694	7,502

Source: City of Jacksonville Annual Financial Plan (Budget)

**CITY OF JACKSONVILLE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR				
	2012	2011	2010	2009	2008
Police					
Average daily police calls for service	4,192	3,992	4,138	4,289	5,045
Traffic citations issued	95,594	118,263	128,152	154,806	216,644
Total sworn officers	1,603	1,726	1,790	1,751	1,704
Total civilians	1,441	1,631	1,637	1,552	1,348
Average daily population by institution:					
John E Goode Pretrial Detention Facility	2,738	2,949	2,825	2,692	2,578
James I. Montgomery Correctional Center	649	737	620	659	677
Community Corrections Division	303	308	313	295	297
Fire/Rescue					
Fire incidents	20,061	21,333	18,991	19,251	21,667
Rescue incidents	93,741	90,182	92,287	90,851	92,150
Rescue transports	73,441	57,162	59,527	53,700	51,013
Fire /Rescue Communication(9-1-1)					
No. of calls for emergency assistance	113,802	115,180	115,204	110,102	113,817
Fire prevention					
No. of inspections	12,952	8,642	7,329	5,717	8,406
No. of public education participants	140,508	56,875	56,312	75,655	70,388
Solid Waste					
Refuse collections (tons per day)	2,255	2,254	2,324	2,360	2,591
Recyclables collected(tons per day)	388	366	433	452	505
Motor Vehicle					
Number of vehicles inspected	9,166	10,282	10,274	10,607	10,929
Animal Care and Control					
Complaints received	28,728	26,564	30,112	24,849	16,138
Animals impounded	16,544	18,029	19,877	25,377	25,368
License tags dispensed	70,977	45,763	24,087	86,236	65,318
Housing					
Community Development Block Grant(CDBG)					
Limited Repair Program	64	68	44	30	44
Utility top-in Program	69	85	103	37	88
Façade program	N/A	N/A	N/A	3	3
Home Ownership Made Easy(HOME)					
Head Start Homeownership	116	107	136	160	105
Home-American Dream	N/A	N/A	N/A	2	27
Elderly Relocation/New Construction	N/A	N/A	N/A	N/A	1
State Housing Initiative Partnership(SHIP)					
Home Owner Rehabilitation	17	42	67	62	28

Source: City of Jacksonville Annual Financial plan
Various City Departments

Notes: N/A=Statistical Information is not available

2007	2006	2005	2004	2003
4,738	4,605	4,660	4,450	4,208
220,569	208,825	208,292	212,726	234,591
1,665	1,591	1,609	1,622	1,622
1,335	1,236	1,125	1,175	1,118
2,536	2,322	2,247	2,206	2,139
718	747	744	698	602
314	312	337	306	333
20,835	19,604	19,336	22,538	18,221
92,875	89,260	88,041	83,841	78,649
49,340	45,110	44,533	42,280	38,635
113,710	108,864	107,377	106,379	96,870
8,411	10,351	14,106	12,457	7,459
46,195	48,722	35,278	26,421	15,221
2,731	3,173	3,252	3,046	2,849
490	493	586	568	490
10,895	11,196	11,229	10,430	13,872
16,491	34,398	32,520	30,987	36,523
26,642	25,870	20,497	17,586	18,518
65,369	64,648	89,646	72,354	97,258
55	53	37	44	55
78	81	96	N/A	N/A
6	20	10	8	13
111	46	78	174	165
6	33	36	N/A	N/A
4	4	4	1	N/A
6	26	156	310	17

CITY OF JACKSONVILLE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (continued)

Function/Program	FISCAL YEAR				
	2012	2011	2010	2009	2008
Parks and Receptions					
Pool Attendance	430,873	342,402	435,211	653,606	411,354
Camp Attendance	1,889	1,502	1,959	2,323	2,082
Swimming lessons (children)	2,430	2,865	3,607	5,588	4,444
Permits issued(Athletic, special use, picnic)	3,153	3,298	3,289	3,028	1,696
Cecil Attendance	259,792	260,737	428,929	331,691	269,046
Athletic volunteers total hours of service	893,253	710,161	728,006	776,570	1,081,745
Jacksonville Children's Commission					
Early Learning Coalition-Child Care Service	12,986	10,399	12,559	12,507	12,844
Team UP Programs	7,926	7,471	7,413	6,701	4,722
Community Based After School Programs	2,209	2,511	2,144	2,440	2,507
Healthy Kids and Kidcare*	N/A	25	47	24	24
Summer Camperships	6,137	5,919	5,830	5,979	3,524
Summer Lunch Program					
Lunches served daily	232,923	231,836	285,924	308,900	340,838
Snacks served daily	192,358	190,740	254,490	264,935	299,416
Number of Sites	174	167	173	185	201
Number of days served	44	44	44	49	49
After School Food Program					
Snacks served annually	328,727	304,911	248,061	457,503	430,843
Suppers served annually	649,064	655,905	574,811	382,932	293,810
Number of sites	48	43	42	42	28
Early Literacy					
JaxKids Book Club**	10,535	10,219	10,180	9,766	9,604
Others	10,364	10,290	5,502	5,856	5,531
Workforce Development Training Institute					
Background Screened	1,137	883	N/A	N/A	N/A
Mentoring*					
Number of children linked with a mentor	989	1,402	1,395	1,157	1,132
No. of children receiving mental health svcs	1,271	1,226	1,240	1,301	1,275
No. of children receiving community based svcs	885	999	2,472	2,053	1,829
Library					
Programs	11,268	11,166	10,694	12,628	11,194
Gate count	4,551,279	4,863,746	5,029,115	5,257,939	4,829,892
Circulation	8,396,991	8,747,754	9,087,192	9,156,597	8,824,972

Source: City of Jacksonville Annual Financial plan
Various City Departments

Notes: N/A=Statistical Information is not available
*Healthy Kids and Kidcare Program discontinued and replaced with Mentoring Program
**Name changed from Mayor Peyton's Book Club to JaxKids Book Club

2007	2006	2005	2004	2003
428,403	466,321	462,817	592,622	615,392
5,094	4,956	5,013	6,487	5,998
5,529	4,458	4,447	4,687	4,129
1,912	3,322	1,694	189	N/A
264,833	211,320	173,144	164,603	N/A
912,550	1,082,695	668,260	469,872	N/A
13,018	13,547	13,394	13,881	15,649
4,129	3,987	5,267	5,002	4,300
2,409	2,365	2,596	2,142	2,649
7,430	7,042	10,931	14,435	13,635
4,083	4,972	6,861	6,216	5,430
340,213	323,571	289,627	447,238	468,019
275,421	272,656	233,040	381,061	407,918
157	175	157	231	236
57	47	43	46	44
358,622	409,704	452,544	N/A	N/A
302,231	313,087	369,431	N/A	N/A
24	24	24	N/A	N/A
8,818	8,399	8,365	4,000	N/A
6,800	7,851	5,329	1,000	N/A
1,500	1,142	2,718	3,699	2,600
N/A	N/A	N/A	N/A	N/A
403	N/A	N/A	N/A	N/A
1,176	N/A	N/A	N/A	N/A
1,778	N/A	N/A	N/A	N/A
11,417	9,243	6,874	4,827	4,824
4,703,234	4,365,463	3,768,611	3,461,025	3,102,184
8,378,103	7,948,860	6,145,880	5,460,107	5,212,422

**CITY OF JACKSONVILLE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year					
	2012	2011	2010	2009	2008	2007
Police						
Vehicular Patrol units						
Patrol Cars	1,343	1,460	1,290	1,133	1,468	1,468
Motorcycles	22	22	21	22	20	16
Other Vehicles	145	147	343	411	164	160
Unmarked	497	445	480	412	285	255
Horse Patrol	4	5	5	6	6	6
Fire Protection						
Stations	53	53	53	53	52	50
Marine Based stations	2	2	2	2	2	2
Rescue Units	34	34	34	32	31	31
Parks and Recreation						
Boat ramps	25	22	22	22	22	32
Community Center	61	66	65	65	65	53
Softball and Baseball Diamonds	271	226	226	214	210	280
Swimming pools	34	35	35	35	35	36
Tennis Courts	161	161	161	161	156	158
Soccer Fields	84	68	68	68	68	84
Street						
Miles of the street maintained.....	3,659	3,655	3,626	3,620	3,603	3,570
Street - paved (miles)	3,655	3,651	3,622	3,616	3,599	3,566
Street - unpaved (miles)	4	4	4	4	4	4
Street maintained primary (miles)	358	358	386	372	372	372
Interstate (miles)	120	120	95	95	95	115
Parking						
Downtown parking garages capacity	2,213	2,586	2,636	2,636	2,576	2,576
Downtown parking lots capacity	524	1,286	1,205	1,205	1,262	1,262
On street meters	1,650	1,323	1,448	1,448	1,450	1,500
Solid Waste						
No. of city landfills in operation	1	1	1	1	1	1
No. of city yard waste recycling	0	0	1	1	1	1
Community Services						
Senior Citizen Centers	19	19	18	18	18	18
Passenger busses	26	26	26	26	26	26
Library						
Facilities	21	21	21	21	21	21
Square footage	785,046	785,046	785,046	785,046	785,046	785,046
No. of items held(books, DVD's, CD's, etc)	2,875,295	2,875,295	3,023,307	3,147,971	3,113,359	3,071,780

Source: City of Jacksonville Annual Financial plan
Various City Departments

Notes:

N/A=Statistical Information is not available

2006	2005	2004	2003
1,418	1,418	1,208	1,164
16	16	16	16
160	222	241	184
255	255	345	381
6	6	6	6
52	50	50	47
2	2	2	2
30	30	24	24
32	29	21	21
53	53	30	30
287	277	267	267
36	35	33	33
156	158	149	149
78	76	57	57
3,534	3,489	3,449	3,403
3,530	3,485	3,445	3,396
4	4	4	7
372	371	371	373
95	95	95	95
2,280	2,280	2,240	2,240
1,530	1,530	1,554	1,554
1,600	1,600	1,546	1,506
1	1	1	1
2	2	2	2
18	18	19	21
26	26	24	24
21	20	18	14
785,046	785,046	417,061	362,061
2,856,089	2,682,984	3,057,024	2,407,711



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
CITY OF JACKSONVILLE, FLORIDA**