

CITY OF JACKSONVILLE, FLORIDA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020



PREPARED BY THE DEPARTMENT OF FINANCE
ACCOUNTING DIVISION

City of Jacksonville, Florida

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of JEA, which represents approximately 83%, 80%, and 86%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of Jacksonville Transportation Authority which represents approximately 6%, 7%, and 9%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of Jacksonville Port Authority, which represents approximately 10%, 12%, and 5%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for JEA, Jacksonville Transportation Authority and Jacksonville Port Authority, is based solely 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 from material misstatement.

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

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

Opinions

In our opinion, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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 other postemployment benefits and pension schedules 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplemental information and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, and other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund statements and schedules, and other supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain positions of laws, regulations, contracts, and grant agreements and other matters. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 20, 2021

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities the business-type activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2021. Our report includes a reference to other auditors who audited the financial statements of JEA, Jacksonville Transportation Authority and Jacksonville Port Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cam, Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 20, 2021

City of Jacksonville, Florida
Schedule of Findings
For the Year Ended September 30, 2020

2020-001 ACCOUNTING SYSTEM IMPLEMENTATION

Condition: During the audit we found that financial records for most classes of transactions and account balances were not accurately completed on a timely basis. Financial reports were not in place to extract the financial information required and the financial information provided to us required material correcting entries to be made.

Criteria: Section 218.33, Florida Statutes, requires that local government entities follow uniform accounting practices and procedures including the use of proper accounting and fiscal management, which includes establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported.

Cause: The new accounting system was not designed and implemented effectively such that it was not functioning sufficiently to maintain up-to-date and accurate financial records for most classes of transactions and account balances.

Effect: Multiple material errors were found and the audit was not able to be completed by the state's initial deadline.

Recommendation: Enhance the understanding and user abilities of the accounting system through further training and consultation with software providers. Also, bring monthly close processes up to date and ensure that sub-ledgers reconcile accurately to the general ledger.

Management Response: The City's new enterprise-wide financial system **1Cloud** went "live" on February 29, 2020, after months of implementation planning and training. Even with best efforts in ideal circumstances, it is not uncommon for financial system implementations to experience challenges with data conversion, set up, and training (i.e., ensuring employees know how to perform their functions within the new system). These issues were expected. However, within weeks of implementation, the COVID-19 pandemic struck, forcing most City employees to work from home.

The added uncertainty about individual health and the inability for City employees (both on the implementation team and at-large) to work in close proximity to one another at a critical time during the implementation process, and also being diverted to designing, implementing, and reporting on COVID-19 relief programs, served to significantly complicate matters and delayed effective implementation and functioning of sub-ledgers, monthly close processing, and financial reporting.

We are now utilizing the consulting team within Oracle, the provider of 1Cloud, to continue to work through various functionalities that are not yet completely suited to our needs. Progress with Oracle is yielding positive results. We continue to enhance our understanding of and user abilities in the system through further training and consultation. We have already completed a deep dive into the monthly close process to ensure all sub-ledgers reconcile accurately to the general ledger. As we prepare for the FY '21 ACFR, we are committed to bringing new levels of efficiency, accuracy, timeliness, and transparency to local government financial reporting.

City of Jacksonville, Florida
Schedule of Findings
For the Year Ended September 30, 2020

2020-002 BANK RECONCILIATIONS

Condition: During the audit we found that the bank reconciliation was not accurately completed and there were transactions which had already cleared the bank but were not properly recorded in the general ledger or the bank reconciliation.

Criteria: Section 218.33, Florida Statutes, requires that local government entities follow uniform accounting practices and procedures including the use of proper accounting and fiscal management, which includes establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported.

Cause: The Treasury division was not able to complete the bank reconciliation in a timely and accurate manner due to general weaknesses in the system implementation and did not make appropriate entries or communicate errors to the Accounting division to account for transactions which had been processed and were identified when performing the bank reconciliation.

Effect: Material errors were identified between the bank reconciliation and related general ledger accounts.

Recommendation: The Treasury division, Accounting division, and finance managers throughout the City should collaborate better to ensure the bank balances are being reconciled accurately and in a timely manner to an amount that matches the general ledger to bank statements.

Management Response: As detailed above in our response to Finding 2020-001, the City faced unexpected challenges beyond the normal financial system implementation difficulties. Effective implementation of the Cash Management module and the bank reconciliation process were not immune to these challenges. As we experienced problems closing months in the accounting system in a timely manner following conversion, which were compounded by COVID-19 protective measures, the companion reconciliations of the bank statements were likewise negatively impacted. Treasury and Accounting will continue ramping up collaboration with each other and finance managers in other City departments to ensure the balances in Cash Management and the General Ledger and related sub-ledgers match and are properly reconciled. As we are now catching up on closing fiscal months to bring them current, we will be reconciling the bank statements to match the accounting statements in a more timely and accurate way. We have also reclassified two positions within the department to boost the Treasury division's staffing and capabilities in this area.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 focusing on significant financial issues, as well as identifying material deviations from the financial plan (the approved budget), changes in the City's financial position (its ability to address the next and subsequent year challenges), and 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 as a part of the City's Annual Comprehensive Financial Report (ACFR).

Financial Highlights

- The City's General Fund operations had total revenues of \$1.3 billion in fiscal year 2020.
- Due primarily to rising home values and new construction, property tax revenues in the General Fund experienced a \$50.2 million, 7.7% increase. There were also increases in revenues related to utility and communications service taxes and JEA contributions.
- Decreases in revenues in the General Fund included \$6.1 million for Interest earnings on short term cash and \$4.4 million for Other revenues.
- General Fund total increase in revenues was \$31.5 million in fiscal year 2020.
- General Fund total expenses increased by \$149.0 million, 14.2%, primarily due to increased spending in General Government, Human Services, and Public Safety.
- Total citywide governmental activities revenues increased by \$190.5 million in fiscal year 2020, an 10.8% increase over fiscal year 2019.
- Total governmental activity expenses increased \$292.9 million in fiscal year 2020, a 17.4% increase over fiscal year 2019.

Additional information that explains these financial highlights may be found on following pages of this report.

City Highlights

Fiscal Year 2020 had a number of positive outcomes. Some of the impacts and improvements were as follows:

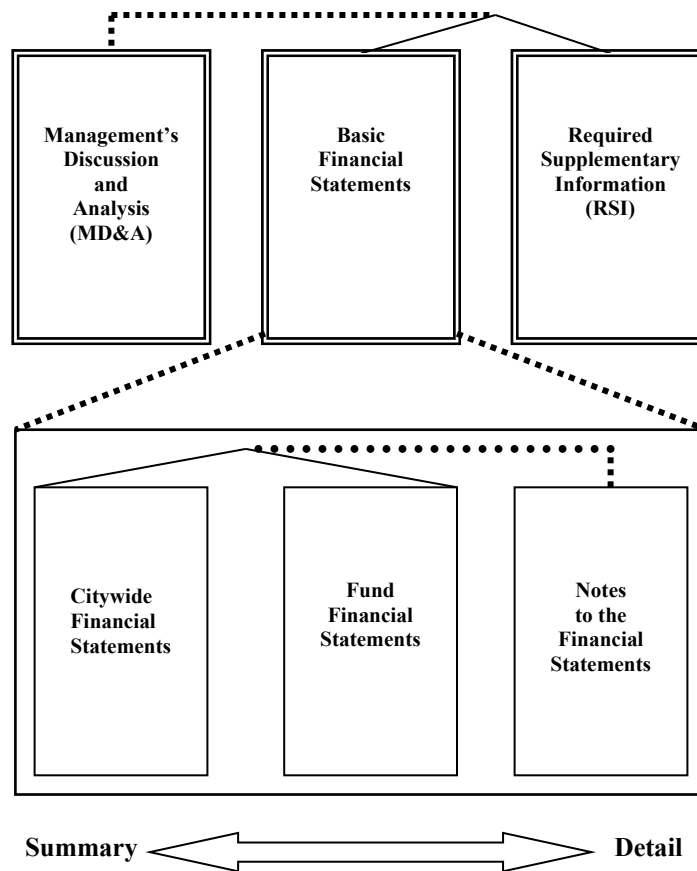
- The City implemented a new Enterprise-wide Resource Planning system on March 1st, 2020. Three weeks later, we were challenged with federal and state stay-at-home orders and the need to protect our employees and citizens from the impacts of the COVID-19 pandemic. This pandemic created difficulties in migrating business practices to the new system and led to delays in closing the fiscal year. We are proud of the work our employees have done to continue through this difficult time, with many having been called back to full-time work in the office much sooner than employees in other industries who continued to work remotely.
- The City is also proud of its swift implementation and execution of the many CARES Act relief programs that we designed and carried out using \$167 million of direct federal funds. Programs were targeted to assist small businesses, their employees, and impacted citizens who experienced some form of economic harm from the pandemic-caused crisis. Our quickly implemented and targeted efforts were well-received by the community and we saw rapid rebounds in employment and sales activity in the county.
- Economic development announced eleven projects, which are projected to create over 1,400 jobs and over \$665 million in private capital investments. Three of the ten projects are located in the northwest area of Jacksonville.
- Approval was received for several efforts to help combat food deserts in northwest Jacksonville, including two Full-Service Grocery Store grants at a total of \$1.6M, a \$200,000 Mobile Market grant, and a \$95,000 grant to JTA to provide transportation access to/from grocery stores in northwest Jacksonville.
- The City entered into eight Septic Tank and Sewer Connection Grant agreements through FY20, allowing small businesses in Northwest Jacksonville to repair/replace failing septic systems or connect to JEA sanitary sewer service.

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 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 Position 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, Stormwater, 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: Jacksonville Electric Authority (JEA), Jacksonville Transportation Authority (JTA), Jacksonville Port Authority (JPA), and Jacksonville Housing Finance Authority. Separate financial statements are published by JEA, JTA, and JPA. 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 Position and Statement of Activities) demonstrate how the City's net position has changed. Increases or decreases in net position 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 and Better Jacksonville Plan Special Bonded Debt Obligations 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 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 Solid Waste Disposal, Stormwater Services and City Venues which are all major funds. The Sports Complex Capital, Motor Vehicle Inspection, Public Parking and Equestrian Center 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 plans. 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 position and a statement of changes in fiduciary net position. 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 Position 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 non-major 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

The net position may serve over time as a useful indicator of the government's financial position. The City's net position decreased \$40.5 million due primarily to an increase of \$251.7 in the net pension liability. The negative \$2.3 billion unrestricted net position is primarily due to the \$3.0 billion Net Pension Liability (See Table A-1).

Table A-1
Summary Statement of Net Position
(In Thousands)
for the fiscal year ended September 30, 2020 and September 30, 2019

	Governmental Activities		Business Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Cash and Investments	\$ 1,425,984	\$ 1,227,527	\$ 125,640	\$ 131,834	\$ 1,551,624	\$ 1,359,361
Current and Other Assets	281,337	251,454	63,419	77,538	344,756	328,992
Capital Assets	2,636,893	2,588,099	591,291	594,440	3,228,184	3,182,539
Total assets	4,344,214	4,067,080	780,350	803,812	5,124,564	\$ 4,870,892
Deferred Outflow of Resources	528,123	539,152	60	66	528,183	539,218
Current Liabilities	164,686	162,031	34,982	52,000	199,668	214,031
Non-current Liabilities	2,756,623	2,626,709	377,849	385,518	3,134,472	3,012,227
Net Pension Liability	2,985,785	2,734,064	-	-	2,985,785	2,734,064
Total liabilities	5,907,094	5,522,804	412,831	437,518	6,319,925	5,960,322
Deferred Inflow of Resources	143,505	219,936	-	-	143,505	219,936
Net position						
Net investment in capital assets	963,098	820,222	252,121	244,782	1,215,219	1,065,004
Restricted for:						
Debt service	125,870	126,557	-	-	125,870	126,557
Housing & human serv grants	37,837	30,321	-	-	37,837	30,321
State and federal grants	8,817	7,814	-	-	8,817	7,814
Capital projects	10,672	10,647	-	-	10,672	10,647
Other participant's equity	3,456	6,897	-	-	3,456	6,897
Permanent Fund	-	-	-	-	-	-
non-expendable	1,616	1,636	-	-	1,616	1,636
Other Purposes	51,009	36,888	-	-	51,009	36,888
Unrestricted (deficit)	(2,380,637)	(2,177,490)	115,458	121,578	(2,265,179)	(2,055,912)
Total net position	\$ (1,178,262)	\$ (1,136,508)	\$ 367,579	\$ 366,360	\$ (810,683)	(\$ 770,148)

The largest portion of the City's net position 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 net pension liability is expected to increase until FY2030 when an additional dedicated ½ cent sales tax begins to fund the pension liability.

Along with the unfunded pension liability, the negative unrestricted net position in the governmental activities also includes non-asset related debt, which is a liability of the City, issued for various capital projects that belong to other entities.

The City issued non-asset related debt:

- To finance improvements at Shands-Jacksonville – a large regional hospital serving the City's citizens, including its indigent population.
- To finance improvements for both students and the public at Edwards Waters College – an important HBCU located in Downtown Jacksonville.
- To finance dredging of the St. Johns River for JaxPort to help complete its harbor deepening project, which is anticipated to be an economic driver for the City.
- To finance the completion of ADA construction on Duval County School Board property.

On the following page, Table A-2 provides a summary comparison of the City's operations for the 2020 and 2019 fiscal year ends.

Table A-2
Statement of Activities
as of September 30, 2020 and September 30, 2019
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
Revenues:	2020	2019	2020	2019	2020	2019
Program Revenues:						
Fines & charges for services	\$ 136,248	\$ 150,597	\$ 131,168	\$ 132,153	\$ 267,416	\$ 282,750
Operating grants/contributions	280,509	86,714	-	-	280,509	86,714
Capital grants/contributions	41,783	41,520	-	15,000	41,783	56,520
General revenues:						
Property taxes	727,967	674,500	-	-	727,967	674,500
Utility and Communications service taxes	124,789	124,130	-	-	124,789	124,130
Sales and tourist taxes	221,804	230,763	14,168	18,591	235,972	249,354
Local business taxes	7,122	7,320	-	-	7,122	7,320
Intergovernmental	183,073	185,092	-	-	183,073	185,092
Franchise Fees	41,007	41,237	-	-	41,007	41,237
JEA Contribution	118,824	117,476	-	-	118,824	117,476
Earnings on Investments	47,628	54,695	5,113	7,321	52,741	62,016
Miscellaneous	25,935	52,108	16,333	29,662	42,268	81,770
Total Revenues	1,956,689	1,766,152	166,782	202,727	2,123,471	1,968,879
Expenses						
General government	263,937	214,362	-	-	263,937	214,362
Human services	139,918	134,606	-	-	139,918	134,606
Public safety	1,110,858	867,176	-	-	1,110,858	867,176
Cultural and recreational	89,507	89,153	-	-	89,507	89,153
Transportation	166,313	170,739	-	-	166,313	170,739
Economic & physical environment	142,059	137,250	-	-	142,059	137,250
Interest on long term debt	62,780	69,209	-	-	62,780	69,209
Parking system	-	-	3,705	5,319	3,705	5,319
Motor vehicle inspections	-	-	397	388	397	388
Solid Waste	-	-	84,980	80,361	84,980	80,361
Stormwater services	-	-	25,322	24,783	25,322	24,783
City Venues	-	-	72,947	80,121	72,947	80,121
Sports Complex Capital Maintenance	-	-	13	9,243	13	9,243
Equestrian Center	-	-	1,270	1,144	1,270	1,144
Total Expenses	1,975,372	1,682,495	188,634	201,359	2,164,006	1,883,854
Increases (decreases) in net position before transfers	(18,683)	83,657	(21,852)	1,368	(40,535)	85,025
Transfers	(23,071)	(22,947)	23,071	22,947	-	-
Change in net position	(41,754)	60,710	1,219	24,315	(40,535)	85,025
Net position (deficit), beginning of year	(1,136,508)	(1,197,218)	366,360	342,045	(770,148)	(855,173)
Net position (deficit), end of year	\$ (1,178,262)	\$ (1,136,508)	\$ 367,579	\$ 366,360	\$ (810,683)	\$ (770,148)

Governmental activities:

The City's governmental activities revenues increased \$190.5 million from 2019 to 2020 (see Table A-2) and consists of:

- Property tax revenues reflected a \$53.5 million increase which is a clear indication of a strong economy in Jacksonville.

- The \$2.0 million decrease in intergovernmental revenues is primarily due to decreases in contributions from component units.
- The decrease of \$9.0 million in sales and tourist taxes reflects the impact of the pandemic.
- Operating grant/contributions had an increase of \$193.8 million primarily due to CARES Act funding from the U.S. Department of Treasury.
- The decrease of \$14.3 million in fines & charges for services is due the impact of COVID-19.
- The decrease of \$7.1 million in earnings on investments is a result of poorer performance of the pooled cash investments in fiscal year 2020.

Increases in governmental activities expenses were \$292.9 million in fiscal year 2020 primarily due to the following:

- Public Safety, including deployment of CARES Act relief funding, increased \$243.7 million.
- General government expenses increased \$49.6 million.

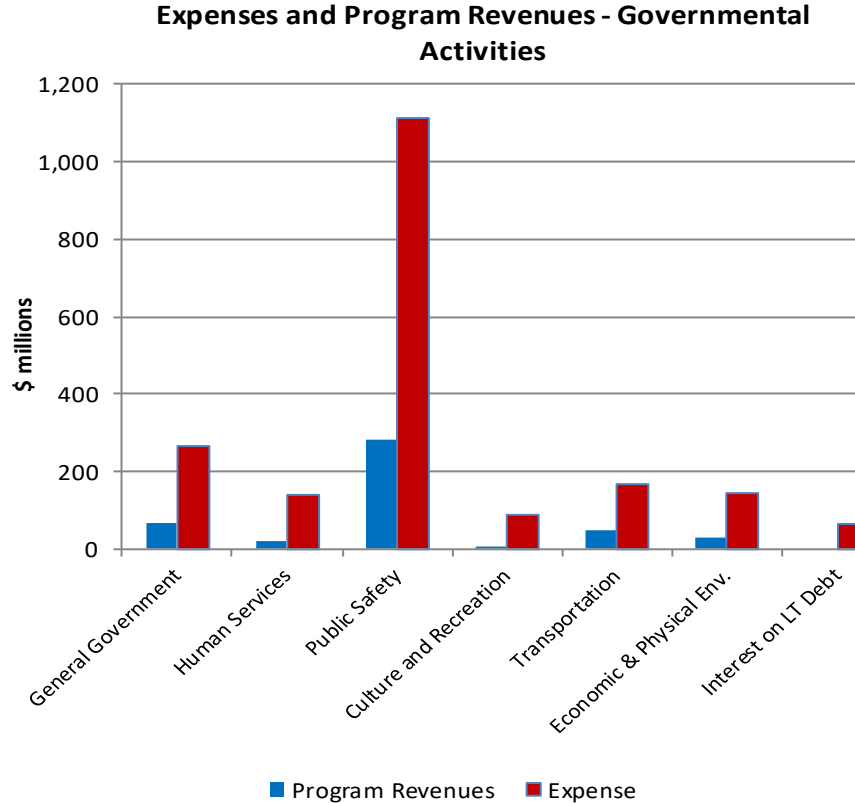
Business Type activities:

The City's business type revenues decreased \$35.9 million in fiscal year 2020:

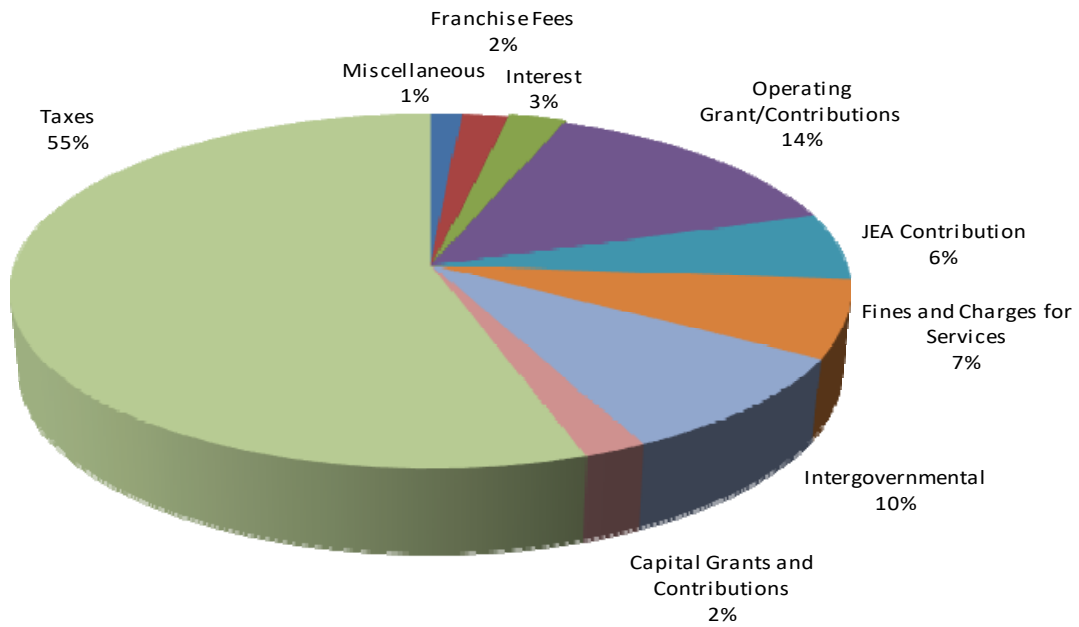
- Fines & charges for services decreased by \$1.0 million, miscellaneous revenues by \$13.3 million and sales and tourist taxes by \$4.4 million due to the effects of the pandemic.
- The decrease of \$15.0 million in capital grants/contributions was due solely to the reclassification of revenue types in 2019, which did not recur in 2020.
- Interest earnings decreased \$2.2 million due to poorer performance of pooled cash investments.

Business type activities total expenses decreased \$12.7 million in fiscal year 2020:

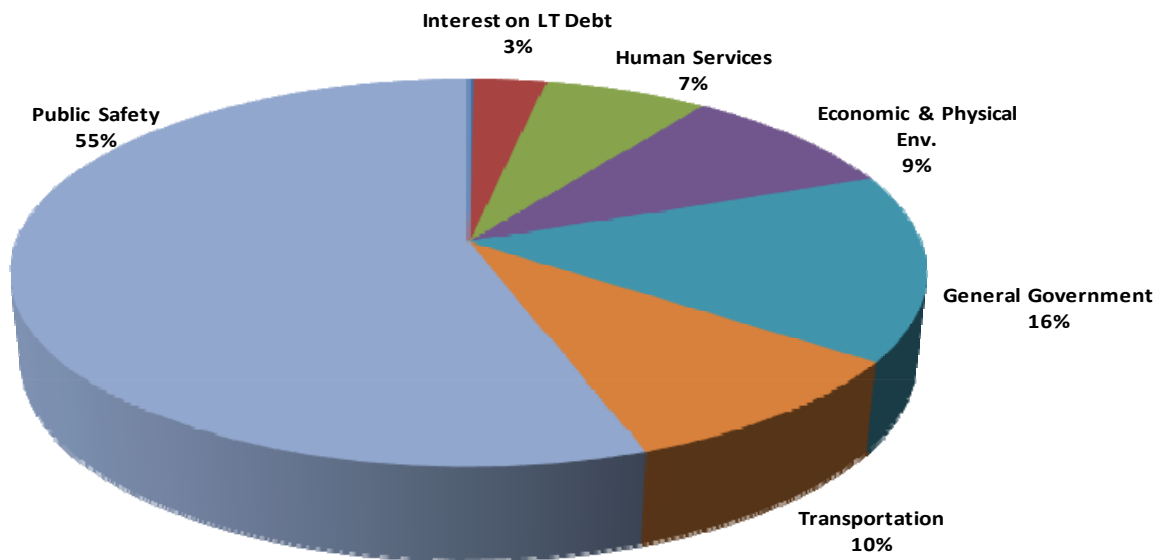
- Salaries & benefits costs increased \$5.2 million in Solid Waste and Stormwater.
- Expenses decreased in the City Venues by \$7.2 million, in the Sports Complex by \$9.2 million and in Parking by \$1.6 million due to the effects of the pandemic.

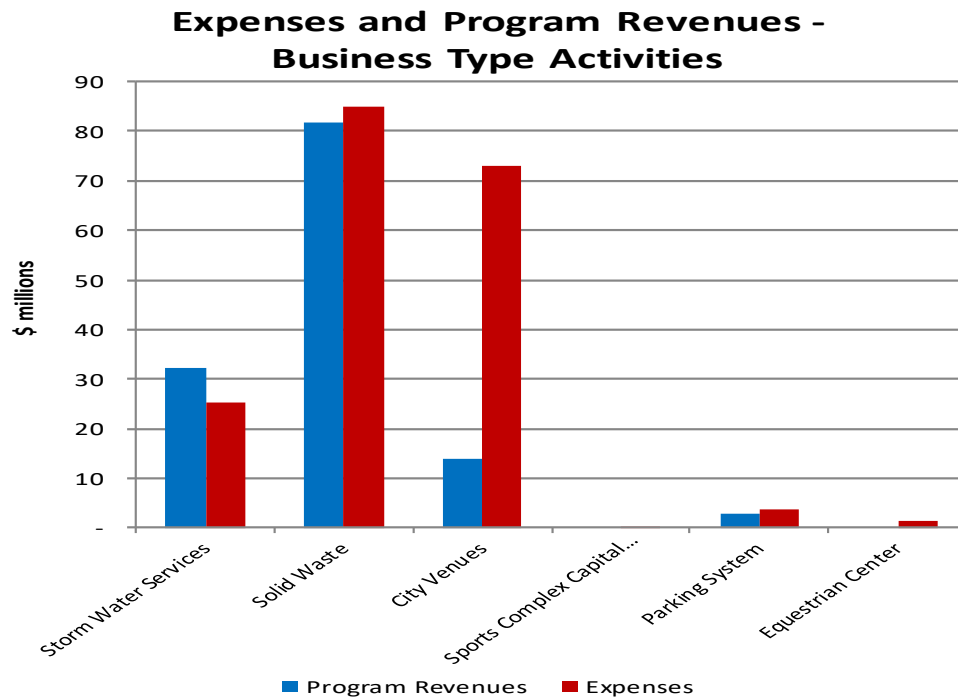


Revenues - Governmental Activities



Expenses - Governmental 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 2020. 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 \$210.3 million. The General Fund's total fund balance was \$339.9 million, with \$65.3 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 2020 operations are as follows:

General Fund:

- Property taxes account for 54.7% of the General Fund revenue and increased by \$50.2 million, 7.7% increase over the previous fiscal year. Interest revenue decreased \$6.1 million due to a lower return in fiscal year 2020. General Fund revenues had an overall increase of \$31.5 million and an overall increase in expenditures of \$149.0 million as compared to fiscal year 2019. The millage rate for the City of Jacksonville remained the same from fiscal year 2019 to 2020 at 11.4419.

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

- Bonds payable on BJP Special Bonded Debt Obligations increased by \$4.4 million in fiscal year 2020 due to year-over-year differences in the amortization schedule. During fiscal year 2020, the City redeemed a total of \$54.4 million in BJP bonds. Interest and other fiscal charges decreased by \$0.6 million due to refunding activities and lower overall outstanding BJP debt.

Special Bonded Debt – Obligations:

- Bonds payable on Special Bonded Debt Obligations increased by \$1.1 million in fiscal year 2020 due to year-over-year differences in the amortization schedule. During fiscal year 2020, the City reduced Special Obligation Bonds by \$28.1 million. Interest and other fiscal charges increased by \$0.6 million due to refinancing activities.

Public Safety:

- This fund is used to track emergency incidents. FY2020 was most notable for COVID-19 Disaster Account funding and CARES Act funding. While FEMA has not yet approved obligating funds for COVID-19, we anticipate 100% reimbursement of over \$90 million for emergency protective measures. The City has spent over \$50 million in expenditures for Hurricane Matthew, over \$75 million for Hurricane Irma and over \$6 million for Hurricane Dorian; through 9/30/21, the FEMA has reimbursed \$51.6 million. We expect 75% reimbursement for Matthew and Dorian and 90% reimbursement for Irma. The City received \$167.1 million in direct funding from the US Treasury for the CARES Act, and had expended 86.3 million through 9/30/20.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide business-type activities financial statements, but in more detail. Solid Waste, Storm Water Services and City Venues are reported as major proprietary funds in fiscal year 2020.

General Fund Budgetary Highlights:

- Property tax revenues exceeded budget \$8.6 million, utility service taxes exceeded budget \$2.3 million, and community service taxes exceeded budget \$1.2 million. Other tax revenues such as sales & tourist and local business taxes were collectively under budget \$0.4 million. Interest exceeded budget \$9.1 million, fines & forfeitures exceeded budget by \$0.4 million and licenses, permits and fees exceeded budget by \$14 thousand, while intergovernmental, charges for services, and miscellaneous revenues were under budget a total of \$12.3 million. Total actual revenues for fiscal year 2020 were \$8.9 million over the final budget.
- Total general fund actual expenditures for fiscal year 2020 were \$104.1 million under final budget with \$63.6 million related to the budgeted but unused emergency reserve.
- Additional savings were due to salary and benefit costs and departmental and non-departmental operating cost savings due to the Administration's strong efforts toward cost reductions.
- Fire & rescue and the office of the sheriff accounted for \$744.4 million of the general fund expenditures, which was 60.9% of the General Fund's total expenditures.

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, 2020 amounts to \$3.2 billion net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, furniture and equipment, infrastructure, and construction in progress, other assets include public art and purchased/internally developed software (see Table A-3).

The primary focus was on the building projects, sports complex improvements, road projects, and Parks and Recreation projects in fiscal year 2020. There was a continued focus on the sports complex improvements, road & bridge projects and building projects.

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, 2020 and September 30, 2019

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and easements	\$ 320,397	\$ 316,272	\$ 46,910	\$ 46,910	\$ 367,307	\$ 363,182
Buildings and improvements	1,245,128	1,243,721	741,484	741,484	1,986,612	1,985,205
Furniture & Equipment	518,159	479,202	17,313	17,140	535,472	496,342
Construction and work in progress	262,181	125,748	72,108	47,676	334,289	173,424
Infrastructure	2,389,582	2,389,582	93,876	93,876	2,483,458	2,483,458
Other Assets	46,718	45,923	-	-	46,718	45,923
Less accumulated depreciation	(2,145,273)	(2,012,349)	(380,398)	(352,646)	(2,525,671)	(2,364,995)
Total	\$ 2,636,893	\$ 2,588,099	\$ 591,293	\$ 594,440	\$ 3,228,186	\$ 3,182,539

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 the end of fiscal year 2020, the City of Jacksonville had \$2.4 billion in bonds and notes outstanding as shown in Table A-4. Additional information on the City's long-term debt can be found in Notes to the Financial Statements, Note 8, of this report.

Table A-4
Bonds and Notes Payable
Outstanding Debt at September 30, 2020 and September 30, 2019
(in Thousands)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Special Obligation Bonds	\$ 445,615	\$ 473,724	\$ -	\$ -	\$ 445,615	\$ 473,724
Special Obligation Bonds - BJP	921,110	975,530	-	-	921,110	975,530
Revenue Bonds Payable	474,485	388,595	234,710	242,360	709,195	630,955
Notes Payable	62,300	44,400	-	-	62,300	44,400
Notes Payable - BJP	12,870	18,896	-	-	12,870	18,896
Deferred Amounts					-	-
Loss on Adv Ref	(7,959)	(7,896)	(60)	(66)	(8,019)	(7,962)
Gain on Adv Ref	2,635	2,853	-	-	2,635	2,853
Issuance premiums	217,877	206,611	24,934	27,285	242,811	233,896
Issuance discounts	(1,572)	(1,733)	-	-	(1,572)	(1,733)
Total	<u>2,127,361</u>	<u>2,100,980</u>	<u>259,584</u>	<u>269,579</u>	<u>2,386,945</u>	<u>2,370,559</u>

New indebtedness of the City of Jacksonville consists of:

Closing Date	Par Amount	Source	Primary Use
Sep. 2020	123,630,000	Special Revenue Bonds	Project Funding & Refinancing
Sep. 2020	15,670,000	BJP Special Revenue Bonds	Refinancing
Sep. 2020	105,485,000	Special Revenue Bonds	Project Funding & Refinancing
Sep. 2020	57,500,000	Commercial Paper Notes	Project Funding

On September 16, 2020, the City closed on the sale of \$123.63 million Special Revenue and Refunding Bonds, Series 2020A, \$15.67 million Special Revenue Refunding Bonds, Series 2020B, and \$105.485 million Taxable Special Revenue and Refunding Bonds, Series 2020C. The 2020A bonds have a true interest cost of 2.28%, an average coupon rate of 4.83% with a mandatory sinking schedule beginning October 1, 2041, and a maturity date of October 1, 2050. The 2020B bonds have a true interest cost of .48%, an average coupon rate of 5.00% with no mandatory sinking schedule and a maturity date of October 1, 2027. The 2020C bonds have a true interest cost of 2.17%, an average coupon rate of 2.18% with a mandatory sinking schedule beginning October 1, 2036, and a maturity date of October 1, 2041.

The proceeds of the 2020A bonds were used to finance and refinance the acquisition and construction of certain capital equipment and improvements for the City (\$74.64 million), provide funds to the City's port for its 13-mile St. John's River deepening project (\$35.0 million), refund all of the City's outstanding Special Revenue Bonds, Series 2010A (\$24.0 million), and to fix out a portion of the City's outstanding commercial paper debt (\$25.11 million). The issuance provided net proceeds of \$158.76 million, which is inclusive of underwriter's discount and cost of issuance totaling \$657.59 thousand.

The proceeds of the 2020B bonds were used to refund a portion of the City's outstanding Special Revenue Bonds, Series 2010B and Special Revenue Bonds, Series 2011B maturing on October 1, 2020, and issued as designated maturity debt. The issuance provided net proceeds of \$18.34 million, which is inclusive of underwriter's discount and cost of issuance totaling \$102.37 thousand.

The proceeds of the 2020C bonds were used to finance and refinance the acquisition and construction of certain capital equipment and improvements for the City (\$5.40 million), refund all of the City's outstanding Special Revenue Bonds, Series 2011A maturing on and after October 1, 2022 (\$89.36 million), and to fix out a portion of the City's outstanding commercial paper debt (\$12.66 million). The issuance provided net proceeds of \$106.86 million, which is inclusive of underwriter's discount and cost of issuance totaling \$556.40 thousand.

On September 29, 2020, the City closed on the sale of Commercial Paper Notes in the amount of \$57.50 million for the purposes of funding short-term projects, and interim funding for long-term projects, with an initial interest rate of .16%. The largest portion of this balance was used to loan the City's port \$37.7 million towards completion of its 13-mile St. John's River deepening project, of which all principal and interest payments will be reimbursed to the City through the port as matching funds are received from the State of Florida.

During fiscal year 2020, the City issued \$302.3 million of bonds and notes and refunded or retired a combined \$294.7 million in principal amount of bonds and notes, resulting in a net increase of Debt Outstanding of \$7.6 million. Since fiscal year 2015, the City has reduced outstanding bonds and notes by a total of \$341.9 million.

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 was 3.1% at the end of fiscal year 2020.
- The population of the City of Jacksonville at the end of fiscal year 2020 was 982.1 thousand.
- Jacksonville has the largest Empowerment Zone in the nation.
- Jacksonville has a major port, is 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 year 2021

- The FY 2021 budget is a continuation of prudent budgeting that addresses the needs of the community while also increasing reserves, which have grown to approximately \$210.3 million unassigned and roughly \$63.6 million in emergency reserves through FYE 9/30/2020.
- The City is benefitting by a growing economy, expanding population base, and strong economic activity.
- The \$1.34 billion dollar balanced general fund budget addresses the critical needs of the city such as police, fire prevention, roads and bridges, parks, libraries and more.
- The Capital Improvement Plan includes \$239 million in FY21 authorizations including another \$20 million for capital improvements at our county hospital administered by UF Health, \$48 million for hydrology and resiliency projects, and other improvements to public facilities, roads, bridges, and parks.
- Debt is down \$462 million since July 1, 2015, which allows for the continued investment in public infrastructure while maintaining reasonable debt levels over time.
- FY 2021 will have no pre-programmed raises for employees as new collective bargaining agreements will be under negotiation.

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) 255-5261.

**CITYWIDE FINANCIAL
STATEMENTS**

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF NET POSITION -
SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	PRIMARY GOVERNMENT				
	GOVERNMENTAL	BUSINESS-TYPE	TOTALS		COMPONENT
	ACTIVITIES	ACTIVITIES	2020	2019	UNITS
ASSETS:					
Cash and investments	\$1,093,519	\$103,147	\$1,196,666	\$996,177	\$1,125,083
Cash in escrow and with fiscal agents	332,465	22,493	354,958	363,184	1,600
Securities lending	24,001	-	24,001	36,861	-
Receivables, net	132,766	59,880	192,646	176,591	262,203
Due from independent agencies and other governments	116,448	229	116,677	106,286	36,638
Inventories	5,502	9	5,511	6,022	104,081
Prepaid expenses and other assets	2,620	3,301	5,921	3,232	54,288
Costs to be recovered from future revenues	-	-	-	-	852,314
CAPITAL ASSETS:					
Land, easements, art in public places, and construction in progress	583,814	119,016	702,830	537,692	1,304,231
Other capital assets, net of depreciation	2,053,079	472,275	2,525,354	2,644,847	5,476,870
TOTAL ASSETS	4,344,214	780,350	5,124,564	4,870,892	9,217,308
DEFERRED OUTFLOW OF RESOURCES:					
Pension related	468,515	-	468,515	493,369	162,410
Unamortized deferred loss on refunding and defeasance	7,959	60	8,019	7,581	106,565
Accumulated decrease in fair value of hedging instrument	-	-	-	-	179,286
Unrealized asset retirement obligation	-	-	-	-	35,241
Other post employment benefit related	51,649	-	51,649	38,268	9,434
TOTAL DEFERRED OUTFLOW OF RESOURCES	528,123	60	528,183	539,218	492,936
LIABILITIES:					
Accounts payable and accrued liabilities	85,061	18,917	103,978	102,853	140,808
Contracts payable	899	257	1,156	1,712	49,659
Due to independent agencies and other governments	6	-	6	124	-
Deposits	6,081	7,611	13,692	17,901	71,465
Accrued interest payable	38,714	5,490	44,204	45,449	56,943
Unearned revenue	9,670	2,707	12,377	8,888	7,401
Securities lending	24,001	-	24,001	36,861	-
Other current liabilities	254	-	254	243	38,713
NONCURRENT LIABILITIES:					
Fair value of debt management instrument	-	-	-	-	177,288
Due within one year	207,963	10,730	218,693	189,772	148,768
Due in more than one year:					
Net pension liability	2,985,785	-	2,985,785	2,734,064	681,665
Other	2,548,660	367,119	2,915,779	2,822,455	4,050,183
TOTAL LIABILITIES	5,907,094	412,831	6,319,925	5,960,322	5,422,893
DEFERRED INFLOW OF RESOURCES:					
Pension related	100,493	-	100,493	177,764	32,045
Other post employment benefit related	33,018	-	33,018	38,064	15,299
Revenue to be used for future costs	-	-	-	-	209,936
Unamortized deferred gain on refunding	9,994	-	9,994	4,108	-
Accumulated increase in fair value of hedging derivatives	-	-	-	-	12,408
TOTAL DEFERRED INFLOW OF RESOURCES	143,505	-	143,505	219,936	269,688
NET POSITION:					
Net investment in capital assets	963,098	252,121	1,215,219	1,065,004	3,313,196
Restricted for:					
Debt service	125,870	-	125,870	126,557	119,026
Housing and human services grants	37,837	-	37,837	30,321	-
Other state and federal grants	8,817	-	8,817	7,814	-
Capital projects	10,672	-	10,672	10,647	204,855
Other participant's equity	3,456	-	3,456	6,897	-
Permanent funds, non-expendable	1,616	-	1,616	1,636	-
Other purposes	51,009	-	51,009	36,888	62,750
Unrestricted (deficit)	(2,380,637)	115,458	(2,265,179)	(2,055,912)	317,836
TOTAL NET POSITION	(\$ 1,178,262)	\$ 367,579	(\$ 810,683)	(\$ 770,148)	\$ 4,017,663

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF ACTIVITIES -
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (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	TOTAL		
		2020	2019						
PRIMARY GOVERNMENT:									
Governmental activities:									
General government	\$ 263,937	\$ 65,456	\$ 1,979	\$ -	(\$ 196,502)		(\$ 196,502)	(\$ 138,921)	
Human services	139,918	2,123	19,884	-	(117,911)		(117,911)	(114,580)	
Public safety	1,110,858	58,198	225,673	249	(826,738)		(826,738)	(787,742)	
Culture and recreation	89,507	4,005	805	2,996	(81,701)		(81,701)	(81,477)	
Transportation	166,313	58	12,450	34,899	(118,906)		(118,906)	(120,189)	
Economic environment	56,246	-	15,713	3,069	(37,464)		(37,464)	(32,308)	
Physical environment	85,813	6,408	4,005	570	(74,830)		(74,830)	(53,041)	
Interest on long term debt	62,780	-	-	-	(62,780)		(62,780)	(69,209)	
Total governmental activities	1,975,372	136,248	280,509	41,783	(\$ 1,516,832)		(1,516,832)	(1,397,467)	
Business-type activities:									
Parking system	3,705	2,922	-	-	-	(783)	(783)	(1,321)	
Motor vehicle inspections	397	223	-	-	-	(174)	(174)	(9)	
Solid Waste	84,980	81,834	-	-	-	(3,146)	(3,146)	(4,305)	
Storm Water Services	25,322	32,315	-	-	-	6,993	6,993	20,840	
City Venues	72,947	13,874	-	-	-	(59,073)	(59,073)	(59,024)	
Equestrian Center	1,270	-	-	-	-	(1,270)	(1,270)	(1,144)	
Sports Complex Capital	13	-	-	-	-	(13)	(13)	(9,243)	
Total business-type activities	188,634	131,168	-	-	-	(57,466)	(57,466)	(54,206)	
Total primary government	\$ 2,164,006	\$ 267,416	\$ 280,509	\$ 41,783	(1,516,832)	(57,466)	(1,574,298)	(1,451,673)	
COMPONENT UNITS:									
Governmental activities	\$ 9,946	\$ -	\$ -	\$ 15,284					\$ 5,338
Business-type activities	1,826,225	1,798,484	52,151	175,912					200,322
Total component units	\$ 1,836,171	\$ 1,798,484	\$ 52,151	\$ 191,196					\$ 205,660
General revenues and transfers:									
Property taxes					727,967	-	727,967	674,500	-
Utility and Communications service taxes					124,789	-	124,789	124,130	-
Sales and tourist taxes					221,804	14,168	235,972	249,354	2,033
Local business taxes					7,122	-	7,122	7,320	-
Intergovernmental - unrestricted					183,073	-	183,073	185,092	81,405
JEA Contribution					118,824	-	118,824	117,476	-
Unrestricted earnings on investments					47,628	5,113	52,741	62,016	21,990
Franchise Fees					41,007	-	41,007	41,237	-
Miscellaneous					25,935	16,333	42,268	75,573	39,361
Transfers					(23,071)	23,071	-	-	-
Total general revenues and transfers					1,475,078	58,685	1,533,763	1,536,698	144,789
Change in net position					(41,754)	1,219	(40,535)	85,025	350,449
Net position, beginning of yea					(1,136,508)	366,360	(770,148)	(855,173)	3,667,214
Net position, end of year					(\$ 1,178,262)	\$ 367,579	(\$ 810,683)	(\$ 770,148)	\$ 4,017,663

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.

SPECIAL REVENUE FUND

The Public Safety Fund accounts for 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.

CITY OF JACKSONVILLE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	GENERAL FUND	SPECIAL BONDED DEBT- BETTER JACKSONVILLE PLAN OBLIGATIONS	SPECIAL BONDED DEBT - OBLIGATIONS
ASSETS:			
Equity in pooled cash and investments	\$ 310,002	\$ 2,943	\$ 766
Cash in escrow and with fiscal agents	-	189,539	54,582
Securities lending collateral	24,001	-	-
Receivables (net, where applicable, of allowances for uncollectibles):			
Accounts	5,634	-	-
Loans	-	-	-
Other	2	-	-
Due from other funds	8,478	-	-
Due from independent agencies and other governments	58,463	-	-
Inventories	4,545	-	-
Prepaid items and other assets	17	-	-
TOTAL ASSETS	411,142	192,482	55,348
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 39,544	\$ -	\$ -
Contracts payable	-	-	-
Due to other funds	-	-	-
Due to independent agencies and other governments	6	-	-
Due to individuals	1	-	-
Bonds Payable	-	56,575	34,942
Interest Payable	-	21,430	9,013
Deposits	1,669	-	-
Unearned revenue	5,805	-	-
Securities lending obligations	24,001	-	-
TOTAL LIABILITIES	71,026	78,005	43,955
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue	180	-	-
FUND BALANCES:			
Non Spendable			
Non Spendable	4,562	-	-
Spendable:			
Restricted	3,041	114,477	11,393
Committed	103,195	-	-
Assigned	18,815	-	-
Unassigned	210,323	-	-
TOTAL FUND BALANCES (Deficit)	339,936	114,477	11,393
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 411,142	\$ 192,482	\$ 55,348

PUBLIC SAFETY	NON MAJOR GOVERNMENTAL FUNDS	TOTALS	
		2020	2019
\$ 47,148	\$ 477,228	\$ 838,087	\$ 655,118
-	6,454	250,575	255,141
-	-	24,001	36,861
-	4,149	9,783	5,587
-	4,880	4,880	4,912
-	549	551	2
-	-	8,478	55,651
1,642	54,514	114,619	104,806
-	-	4,545	4,810
-	34	51	16
48,790	547,808	1,255,570	1,122,904
\$ 2,437	\$ 29,791	\$ 71,772	\$ 54,226
-	899	899	1,452
-	8,478	8,478	55,611
-	-	6	80
-	253	254	243
-	-	91,517	86,030
-	-	30,443	30,756
-	4,406	6,075	5,047
-	1,296	7,101	6,730
-	-	24,001	36,861
2,437	45,123	240,546	277,036
-	-	180	180
-	1,810	6,372	6,606
-	105,294	234,205	212,227
46,353	395,581	545,129	477,232
-	-	18,815	11,238
-	-	210,323	138,385
46,353	502,685	1,014,844	845,688
\$ 48,790	\$ 547,808	\$ 1,255,570	\$ 1,122,904



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City of Jacksonville, Florida
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2020
(in thousands)

Total fund balances- governmental funds	\$	1,014,844
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,636,893
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Long term liabilities - liabilities are not due and payable in the current period and are not reported in the funds:

Bonds and notes payable	(1,916,380)	
Unamortized bond discounts	1,572	
Unamortized bond premium	(217,877)	
Unamortized loss on advance refunding of debt	7,959	

Total bonds and notes payable		(2,124,726)
-------------------------------	--	-------------

Net pension liability	(2,985,785)	
Pension related deferred inflow of resources	(100,493)	
Pension related deferred outflow of resources	468,515	

		(2,617,763)
--	--	-------------

* Certain assets, liabilities, deferred inflow of resources, and deferred outflow of resources reported in governmental activities are not financial resources and therefore are not reported in the funds:

Matured notes and bonds payable accrual at the fund level	91,517	
Compensated absences	(143,156)	
Estimated liability for self insured losses-current	(34,498)	
Estimated liability for self insured losses-long-term	(95,803)	
Other post employment benefits (OPEB) liability	(261,160)	
OPEB related deferred inflow of resources	(33,018)	
OPEB related deferred outflow of resources	51,649	
Accrued liability for pollution remediation	(89,321)	
Deferred gain on refunding	(9,994)	
Amounts earned but not available	180	

Total		(523,604)
-------	--	-----------

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 amount represents the net of Current Assets and Current Liabilities of the Internal Service Funds.

	436,094	
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Net position of governmental activities	\$	(1,178,262)
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* 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, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	GENERAL FUND	SPECIAL BONDED DEBT BETTER JACKSONVILLE PLAN OBLIGATIONS	SPECIAL BONDED DEBT- OBLIGATIONS
REVENUES:			
Property taxes	\$699,218	\$ -	\$ -
Utility and Communications service taxes	124,789	-	-
Sales and tourist taxes	1,164	-	-
Local business taxes	7,122	-	-
Licenses, permits, and fees	41,295	-	-
Intergovernmental	183,073	33,186	-
Charges for services	68,418	-	-
Fines and forfeitures	1,894	-	-
JEA Contribution	118,824	-	-
Investment earnings	17,113	2,771	434
Other	15,263	-	25
Total Revenues	1,278,173	35,957	459
EXPENDITURES:			
Current:			
General government	222,356	-	339
Human services	83,773	-	-
Public safety	746,302	-	-
Culture and recreation	66,042	-	-
Transportation	31,148	-	-
Economic environment	11,166	-	-
Physical environment	23,018	-	-
Capital outlay	9,534	-	-
Debt Service:			
Principal	-	56,575	36,161
Interest	7,823	43,346	19,815
Other	26	202	752
Total Expenditures	1,201,188	100,123	57,067
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	76,985	(64,166)	(56,608)
OTHER FINANCING SOURCES (USES):			
Long term debt issued	72,700	-	-
Refunding bond issued	-	15,670	67,405
Premium on bonds payable	-	2,770	-
Payment to escrow agent - refunded debt	-	(18,337)	(68,636)
Transfers In	19,051	63,157	58,059
Transfers Out	(146,444)	-	-
Total Other Financing Sources (Uses)	(54,693)	63,260	56,828
NET CHANGE IN FUND BALANCES	22,292	(906)	220
FUND BALANCE, BEGINNING OF YEAR	317,909	115,383	11,173
Change in Inventory of Supplies	(265)	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$339,936	\$114,477	\$11,393

PUBLIC SAFETY	NON MAJOR GOVERNMENTAL FUNDS	TOTALS	
		2020	2019
\$ -	\$28,749	\$727,967	\$674,500
-	-	124,789	124,130
-	220,640	221,804	230,763
-	-	7,122	7,320
-	20,394	61,689	68,683
218,767	70,339	505,365	287,225
1,141	42,132	111,691	119,906
-	1,981	3,875	6,658
-	-	118,824	117,476
5	12,862	33,185	39,261
-	17,543	32,831	41,244
219,913	414,640	1,949,142	1,717,166
2,205	30,455	255,355	178,410
1,999	50,584	136,356	125,669
116,415	35,693	898,410	717,163
-	7,417	73,459	75,651
-	128,882	160,030	161,287
-	43,501	54,667	49,973
15	10,280	33,313	33,228
4,053	130,231	143,818	151,167
-	-	92,736	145,879
-	-	70,984	80,904
-	1	981	1,078
124,687	437,044	1,920,109	1,720,409
95,226	(22,404)	29,033	(3,243)
-	86,134	158,834	77,778
-	-	83,075	199,049
-	-	2,770	39,553
-	-	(86,973)	(180,041)
-	76,198	216,465	237,991
-	(87,337)	(233,781)	(268,513)
-	74,995	140,390	105,817
95,226	52,591	169,423	102,574
(48,873)	450,094	845,686	741,465
-	-	(265)	1,649
\$46,353	\$502,685	\$1,014,844	\$845,688

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, 2020
(in thousands)

Net change in fund balances- total governmental funds: \$ 169,423

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 capital contributions not reported in the funds.

Capital assets acquired by use of financial resources	143,552	
Current year depreciation	(108,863)	
		34,689

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

Amortization of bond discounts	(161)	
Amortization of bond premium	11,345	
Amortization -gain on refunding	218	
Amortization - loss on refunding	(209)	
	11,193	

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 position. Issuing debt
provides current financial resources to governmental funds, but issuing debt increases
long-term liabilities in the statement of net position.

Long-term debt issued	(85,844)	
Long-term debt retired	177,769	
	91,925	

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	(70,392)	
Increase in other post employment benefits	(12,111)	
Decrease of accrual for pollution remediation	5,560	
Net effect of internal loans	(97,382)	
Change in inventory of supplies	(265)	
Increase in net pension liability	(251,720)	
Change in deferred outflow and inflow of resources related to pension	52,417	
		(270,775)

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 gain (loss)	14,667	
Investment revenue (loss)	14,441	
Interest expense	(1,049)	
Other non-operating revenue	2,610	
Transfers out, net	(5,760)	
		24,909

Change in Net Position - Governmental Activities		\$ (41,754)
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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 City Venues Fund accounts for events held at TIAA Bank Field, Veterans Memorial Arena, the Baseball Field, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and Ritz Theater.

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 POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	ENTERPRISE FUNDS						
	SOLID WASTE DISPOSAL	CITY VENUES	STORM WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
					2020	2019	
ASSETS:							
Equity in pooled cash and investment	\$36,690	\$13,719	\$47,411	\$5,327	\$103,147	\$110,127	\$255,432
Cash in escrow and with fiscal agents	-	12,383	-	143	12,526	12,379	81,890
Receivables (net, where applicable, of allowances for uncollectibles):							
Accounts	30,961	6,660	22,175	82	59,878	76,717	43
Loans	-	-	-	-	-	-	58,249
Other	2	-	-	-	2	2	800
Due from independent agencies and other governments	9	167	-	53	229	174	1,829
Interest and dividend receivables	-	-	-	-	-	2	-
Inventories	-	-	-	9	9	9	957
Prepaid expenses and other assets	-	3,301	-	-	3,301	634	2,569
Total Current Assets	67,662	36,230	69,586	5,614	179,092	200,044	401,769
NONCURRENT ASSETS:							
Sinking fund cash and investments	9,967	-	-	-	9,967	9,328	-
Loans receivable	-	-	-	-	-	-	513,703
Other receivables	-	-	-	-	-	-	8,993
					-	-	
CAPITAL ASSETS:							
Land, easements and work in progress	44,529	44,867	23,569	6,051	119,016	94,586	51,652
Other capital assets, net of depreciation	7,821	392,423	61,379	10,652	472,275	499,854	95,856
Total Noncurrent Assets	62,317	437,290	84,948	16,703	601,258	603,768	670,204
TOTAL ASSETS	129,979	473,520	154,534	22,317	780,350	803,812	1,071,973
DEFERRED OUTFLOW OF RESOURCES:							
Unamortized deferred loss on refunding	-	-	-	60	60	66	

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	ENTERPRISE FUNDS						INTERNAL SERVICE FUNDS
	SOLID WASTE DISPOSAL	CITY VENUES	STORM WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		
					2020	2019	
LIABILITIES:							
Accounts payable and accrued liabilities	\$5,772	\$9,677	\$3,002	\$466	\$18,917	\$33,229	\$13,289
Contracts payable	-	-	257	-	257	260	-
Deposits	148	7,286	83	94	7,611	12,848	6
Accrued interest payable	-	5,436	-	54	5,490	5,573	8,271
Estimated liability for self insured losses, current portion	-	-	-	-	-	-	34,498
Unearned revenues	-	2,707	-	-	2,707	90	2,569
Accrued compensated absences current portion	402	-	136	90	628	331	1,541
Current portion of notes payable	-	900	-	-	900	-	4,800
Current portion of loans payable	728	850	651	-	2,229	3,354	14,999
Current portion of bonds payable	-	6,885	-	88	6,973	6,650	34,203
Total Current Liabilities	7,050	33,741	4,129	792	45,712	62,335	114,176
NONCURRENT LIABILITIES:							
Estimated liability for self-insured losses	-	-	-	-	-	-	95,803
Liability for landfill closure and post-closure care	36,616	-	-	-	36,616	34,788	-
Accrued compensated absences	937	-	317	181	1,435	741	3,592
Notes payable	-	-	-	-	-	15,400	-
Loans Payable	28,019	57,011	5,767	-	90,797	76,660	86,979
Bond payable	-	236,028	-	2,243	238,271	247,594	522,399
Total Noncurrent Liabilities	65,572	293,039	6,084	2,424	367,119	375,183	708,773
TOTAL LIABILITIES	72,622	326,780	10,213	3,216	412,831	437,518	822,949
DEFERRED INFLOW OF RESOURCES							
Unamortized deferred gain on refunding	-	-	-	-	-	-	7,359
NET POSITION:							
Net investment in capital assets	23,603	135,616	78,530	14,372	252,121	244,782	103,030
Restricted for:							
Restricted - other participants equity	-	-	-	-	-	-	3,456
Unrestricted (deficit)	33,754	11,124	65,791	4,789	115,458	121,578	135,179
TOTAL NET POSITION (DEFICIT)	\$57,357	\$146,740	\$144,321	\$19,161	\$367,579	\$366,360	\$241,665



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CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	ENTERPRISE FUNDS						
	SOLID WASTE DISPOSAL	CITY VENUES	STORM WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
					2020	2019	
OPERATING REVENUE:							
Sales and tourist taxes	\$ -	\$8,304	\$ -	\$5,864	\$14,168	\$18,591	\$ -
Charges for services	81,834	13,874	32,315	3,145	131,168	132,153	315,160
Charges for services for independent authorities	-	-	-	-	-	-	7,682
Other	11	11,472	-	18	11,501	15,398	1,209
Total Operating Revenue	81,845	33,650	32,315	9,027	156,837	166,142	324,051
OPERATING EXPENSES:							
Personal services	8,189	8,178	7,637	2,241	26,245	27,366	37,985
Supplies and materials	79	448	217	19	763	770	16,225
Central service	4,282	439	3,411	666	8,798	8,648	19,438
Interdepartmental charges	164	2,384	127	118	2,793	2,456	-
Other services and charges	68,302	29,402	8,391	1,211	107,306	110,666	73,918
Depreciation and amortization	2,896	18,989	5,261	1,068	28,214	27,658	31,126
Court reporter services	-	-	-	-	-	-	29
Claims and losses	-	-	-	-	-	-	28,841
Insurance premiums and participant dividends	-	-	-	-	-	-	101,822
Total Operating Expenses	83,912	59,840	25,044	5,323	174,119	177,564	309,384
OPERATING (LOSS)INCOME	(2,067)	(26,190)	7,271	3,704	(17,282)	(11,422)	14,667
NON-OPERATING REVENUE (EXPENSES):							
Investment earnings (loss)	2,444	370	2,079	220	5,113	7,321	14,441
Interest expense	(1,068)	(13,107)	(278)	(62)	(14,515)	(14,616)	(1,049)
Other	1,178	3,521	66	67	4,832	5,085	2,610
Total Non-Operating Revenue (Expenses)	2,554	(9,216)	1,867	225	(4,570)	(2,210)	16,002
INCOME (LOSS) BEFORE TRANSFERS	487	(35,406)	9,138	3,929	(21,852)	(13,632)	30,669
CAPITAL CONTRIBUTIONS	-	-	-	-	-	15,000	-
TRANSFERS:							
Transfers In	8,598	25,479	2,896	626	37,599	35,028	1,641
Transfers Out	(9,030)	(970)	(679)	(3,849)	(14,528)	(12,081)	(7,401)
Net Transfers	(432)	24,509	2,217	(3,223)	23,071	22,947	(5,760)
CHANGES IN NET POSITION	55	(10,897)	11,355	706	1,219	24,315	24,909
NET POSITION (DEFICIT), BEGINNING OF THE YEAR	57,302	157,637	132,966	18,455	366,360	342,045	216,756
NET POSITION (DEFICIT), END OF YEAR	\$57,357	\$146,740	\$144,321	\$19,161	\$367,579	\$366,360	\$241,665

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	SOLID WASTE DISPOSAL	CITY VENUES
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 88,872	\$ 70,618
Receipts from interfund services provided	-	-
Payments to suppliers	(75,750)	(78,983)
Payments to employees	(7,459)	(8,178)
Internal activity-receipts from other funds	-	167
Internal activity-payments to other funds	(1)	(167)
Other cash receipts	28	13,257
Other operating cash payments	(166)	(9,073)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,524	(12,359)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES::		
Transfers from other funds	8,597	25,483
Transfers to other funds	(9,030)	(971)
Cash received from other funds	-	-
Cash paid to other funds	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(433)	24,512
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(3,720)	(4,734)
Proceeds (loss) from sale of capital assets	1,339	(119)
Cash with fiscal agent	(639)	(68)
Proceeds from bonds payable	-	714
Payments on bonds payable	-	(6,650)
Proceeds from loans payable	2,052	-
Payments on loans payable	-	(450)
Proceeds from notes payable	-	-
Payments on notes payable	-	(1,000)
Interest	(1,068)	(13,244)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(2,036)	(25,551)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends on investments	2,444	370
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,444	370
NET INCREASE(DECREASE) IN CASH AND INVESTMENTS	5,499	(13,028)
Equity in pooled cash and investments at October 1, 2019	31,191	26,747
Equity in pooled cash and investments at September 30, 2020	\$ 36,690	\$ 13,719

STORM WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
		2020	2019	
\$ 39,597	\$ 10,916	\$ 210,003	\$ 169,010	\$ 7,682
-	-	-	-	419,548
(18,476)	(3,922)	(177,131)	(139,032)	(325,805)
(7,387)	(2,147)	(25,171)	(27,266)	(35,547)
-	-	167	1,361	39
-	(52)	(220)	(3)	(558)
24	131	13,440	22,670	76,445
(127)	(194)	(9,560)	(3,188)	(192,562)
13,631	4,732	11,528	23,552	(50,758)
2,895	626	37,601	35,027	1,641
(679)	(3,849)	(14,529)	(12,081)	(7,401)
-	-	-	44	-
-	-	-	-	(7)
2,216	(3,223)	23,072	22,990	(5,767)
(12,636)	(5,140)	(26,230)	(138,733)	(52,989)
-	1,055	2,275	117,594	7,796
-	(79)	(786)	(1,506)	(3,867)
73	-	787	23,140	192,481
(279)	(63)	(6,992)	(28,222)	(70,566)
-	-	2,052	2,179	10,800
(2,089)	-	(2,539)	(5,747)	(16,420)
-	-	-	-	57,500
-	-	(1,000)	(975)	(39,600)
-	54	(14,258)	(170)	(18,549)
(14,931)	(4,173)	(46,691)	(32,440)	66,586
2,079	218	5,111	7,321	14,443
2,079	218	5,111	7,321	14,443
2,995	(2,446)	(6,980)	21,423	24,504
44,416	7,773	110,127	88,704	230,928
\$ 47,411	\$ 5,327	\$ 103,147	\$ 110,127	\$ 255,432

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands; continued)

	SOLID WASTE DISPOSAL	CITY VENUES
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	\$ (2,067)	\$ (26,190)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,896	18,989
Other operating revenue/(expenses)	-	541
(Increase) decrease in assets:		
Receivables and other current assets net	940	16,485
Due from independent agencies and other governments	(2)	-
Inventories	-	-
Other receivables	-	-
Loan receivables	-	-
Prepaid expenses and other assets	-	(2,667)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,222	(16,688)
Contracts payable	-	-
Deposits	18	(5,282)
Accrued interest payable	-	(164)
Unearned revenue	-	2,617
Liability for landfill closure and postclosure care	1,828	-
Accrued compensated absences	689	-
TOTAL ADJUSTMENTS	7,591	13,831
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 5,524	\$ (12,359)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Change in the fair value of investments	556	8
Capital assets transferred between proprietary funds	-	-
Capital assets transferred from governmental activities to proprietary funds of the city	-	(75)

STORM WATER SERVICES	NON MAJOR ENTERPRISE	TOTALS		INTERNAL SERVICE FUNDS
		2020	2019	
\$ 7,271	\$ 3,704	\$ (17,282)	\$ (11,422)	\$ 14,667
5,261	1,068	28,214	27,794	31,126
-	53	594	634	20,144
-	-	-	-	-
(577)	(9)	16,839	(11,649)	(30)
-	(52)	(54)	1,358	(525)
-	-	-	3	246
-	-	-	-	21
-	-	-	-	(122,133)
-	-	(2,667)	(351)	(502)
-	-	-	-	-
1,444	(128)	(14,150)	8,538	(2,154)
(4)	-	(4)	205	-
24	4	(5,236)	5,560	-
-	-	(164)	203	-
-	-	2,617	(20)	501
-	-	1,828	2,620	5,607
212	92	993	79	2,274
6,360	1,028	28,810	34,974	(65,425)
\$ 13,631	\$ 4,732	\$ 11,528	\$ 23,552	\$ (50,758)
531	28	1,123	3,217	2,182
-	-	-	9,137	-
(5)	-	(75)	(8)	(134)



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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 POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	PENSION TRUST FUNDS		PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS	
	2020	2019	2020	2019	2020	2019
<u>ASSETS</u>						
Equity in pooled cash and investments	\$63,831	\$58,906	\$32	\$30	\$126	\$856
Cash in escrow and with fiscal agents		-	272	262	67,903	70,883
Receivables (net, where applicable, of allowances for uncollectibles):						
Interest and dividends	4,148	5,219	-	-	-	-
Accounts	81	98	-	-	2,896	2,915
Other	-	-	-	-	212	212
Due from independent agencies and other governments	1,051	762	-	-	-	-
Prepaid assets	82	82	-	-	-	-
Investments, at fair value:						
Bonds	713,476	922,597	-	-	-	-
Short-term investments	1,715	23,632	-	-	-	-
Domestic stocks	1,718,116	1,451,412	-	-	-	-
International stocks	1,009,323	902,325	-	-	-	-
Real estate	626,433	697,361	-	-	-	-
Alternative investments	147,876	137,962	-	-	-	-
Equity in pooled investments	138,588	66,146	-	-	-	-
Total investments	<u>4,355,527</u>	<u>4,201,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets:						
Other capital assets, net of depreciation	1	2	-	-	-	-
Total capital assets, net	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Securities lending collateral	103,769	157,951	-	-	-	-
TOTAL ASSETS	<u>4,528,490</u>	<u>4,424,455</u>	<u>304</u>	<u>292</u>	<u>71,137</u>	<u>74,866</u>
DEFERRED OUTFLOW OF RESOURCES:						
Net differences between expected and actual investments earnings	112	112	-	-	-	-
<u>LIABILITIES</u>						
Obligations under securities lending agreement	103,769	157,951	-	-	-	-
Accounts payable and accrued liabilities	17,639	16,649	-	-	488	1,059
Due to other funds	-	-	-	-	-	2
Due to independent agencies and other governments	-	-	-	-	30,393	26,344
Due to individuals	-	-	-	-	10,380	9,792
Deposits held in escrow	-	-	-	-	29,876	37,669
Accrued compensated absences	160	70	-	-	-	-
Terminal leave - group care	9	15	-	-	-	-
TOTAL LIABILITIES	<u>121,577</u>	<u>174,685</u>	<u>-</u>	<u>-</u>	<u>71,137</u>	<u>74,866</u>
NET POSITION RESTRICTED FOR PENSIONS						
Restricted for Pensions and other purposes	<u>\$4,407,025</u>	<u>\$4,249,882</u>	<u>\$304</u>	<u>\$292</u>		

CITY OF JACKSONVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
WITH COMPARATIVE TOTALS FOR 2019 (in thousands)

	<u>PENSION TRUST FUNDS</u>		<u>PRIVATE PURPOSE TRUST FUNDS</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>ADDITIONS</u>				
Contributions:				
Employer	\$231,934	\$210,729	\$ -	\$ -
Plan member	60,088	57,615	-	-
Total Contributions	<u>292,022</u>	<u>268,344</u>	<u>-</u>	<u>-</u>
Other additions:				
State insurance contributions	13,889	12,756	-	-
Court fines & penalties	519	729	-	-
Miscellaneous	624	602	-	-
Plan transfers in/(out)	5,927	7,297	-	-
Total other additions	<u>20,959</u>	<u>21,384</u>	<u>-</u>	<u>-</u>
Investment income:				
Net change in fair value of investments	280,050	29,968	3	-
Interest and other miscellaneous	23,450	28,487	11	20
Dividends	14,772	34,469	-	-
Rebate of commissions	76	64	-	-
Rental Income	670	737	-	-
Total investment income (loss)	<u>319,018</u>	<u>93,725</u>	<u>14</u>	<u>20</u>
Less investment expense	(16,992)	(19,750)	-	-
Less rental expense	(258)	(258)	-	-
Net investment income (loss)	<u>301,768</u>	<u>73,717</u>	<u>14</u>	<u>20</u>
From Securities Lending Activities:				
Securities lending	619	494	-	-
Securities lending expenses				
Agent Fees	(57)	(44)	-	-
Total securities lending activities	<u>562</u>	<u>450</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	<u>615,311</u>	<u>363,895</u>	<u>14</u>	<u>20</u>
<u>DEDUCTIONS</u>				
Benefit payments	377,714	356,790	-	-
DROP benefits	38,626	33,696	-	-
Refund of contributions	28,095	37,509	-	-
Administrative expenses	13,733	56,116	-	-
Other Operating Expenses	-	-	2	1,409
TOTAL DEDUCTIONS	<u>458,168</u>	<u>484,111</u>	<u>2</u>	<u>1,409</u>
CHANGES IN NET POSITION	<u>157,143</u>	<u>(120,216)</u>	<u>12</u>	<u>(1,389)</u>
NET POSITION, BEGINNING OF THE YEAR	<u>4,249,882</u>	<u>4,370,098</u>	<u>292</u>	<u>1,681</u>
NET POSITION, END OF YEAR	<u>\$ 4,407,025</u>	<u>\$ 4,249,882</u>	<u>\$ 304</u>	<u>\$ 292</u>



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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. Financial accountability may also be determined if the component unit is fiscally dependent on the City and a potential financial benefit / burden relationship exists.

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

NON MAJOR COMPONENT UNIT:

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.

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS (in thousands)
SEPTEMBER 30, 2020

	MAJOR COMPONENT UNITS		
	JEA	JACKSONVILLE TRANSPORTATION AUTHORITY	JACKSONVILLE PORT AUTHORITY
ASSETS			
Cash and cash equivalents	\$ 641,132	\$ 41,192	\$ 44,199
Cash in escrow with fiscal agent	-	-	-
Investments	314,237	74,418	-
Accounts and interest receivable	220,885	1,766	6,056
Loans receivable	-	-	-
Other receivables	-	-	22,354
Due from other governmental agencies	-	36,571	-
Inventories	99,485	2,929	1,667
Other assets	48,585	5,703	-
Costs to be recovered from future revenues	852,314	-	-
Capital assets:			
Land, easements, and construction in progress	548,229	295,302	460,700
Buildings and improvements	-	174,475	689,238
Vehicles	-	144,299	-
Equipment	-	96,450	147,883
Utility plant in service	12,124,454	-	-
Less: accumulated depreciation	(7,161,508)	(289,645)	(448,776)
Total capital assets, net of depreciation	5,511,175	420,881	849,045
TOTAL ASSETS	7,687,813	583,460	923,321
DEFERRED OUTFLOW OF RESOURCES:			
Pension related	143,881	13,496	5,033
Unamortized deferred loss on refunding and defeasance	100,314	-	6,251
Accumulated decrease in fair value of hedging instrument	179,286	-	-
Unrealized asset retirement obligation	35,241	-	-
Other post employment benefit related	9,406	28	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	468,128	13,524	11,284
LIABILITIES			
Accounts payable and accrued liabilities	122,228	15,907	2,650
Contracts payable	46,366	-	3,293
Deposits	71,304	-	-
Interest payable	52,856	722	3,365
Unearned revenue	-	-	7,401
Other current liabilities	37,910	-	803
Noncurrent liabilities:			
Fair market value of debt management instrument	177,288	-	-
Due within one year:			
Estimated liability for injury and damage claims	-	2,377	-
Bonds, notes payable, capital leases	102,700	4,692	7,163
Other liabilities	31,342	494	-
Due in more than one year:			
Net pension liability	641,086	22,510	18,069
Estimated liability for injury and damage claims	-	3,773	-
Bonds, notes payable, capital leases and commercial paper	3,328,795	100,856	222,152
Compensated absences	-	1,911	-
Custodial projects - due to other governments	-	132,741	-
Other post employment benefit	10,091	192	-
Unearned revenue noncurrent	-	-	129,022
Asset retirement obligation	31,105	-	-
Other noncurrent liabilities	20,556	-	68,989
TOTAL LIABILITIES	4,673,627	286,175	462,907
DEFERRED INFLOW OF RESOURCES:			
Pension related	24,304	6,280	1,461
Other post employment benefit related	15,294	5	-
Revenue to be used for future costs	206,782	3,154	-
Accumulated increase in fair value of hedging derivatives	11,944	464	-
TOTAL DEFERRED INFLOW OF RESOURCES	258,324	9,903	1,461
NET POSITION			
Net investment in capital assets	2,584,074	288,141	440,981
Restricted for:			
Debt service	101,558	-	17,468
Capital projects	204,855	-	-
Other purposes	48,617	-	2,991
Unrestricted	284,886	12,765	8,797
TOTAL NET POSITION	\$ 3,223,990	\$ 300,906	\$ 470,237
See accompanying notes.			

NON MAJOR COMPONENT UNIT	
JACKSONVILLE HOUSING FINANCE AUTHORITY	TOTAL
\$ 9,905	\$ 736,428
1,600	1,600
-	388,655
-	228,707
11,142	11,142
-	22,354
67	36,638
-	104,081
-	54,288
-	852,314
-	1,304,231
-	863,713
-	144,299
-	244,333
-	12,124,454
-	(7,899,929)
-	6,781,101
22,714	9,217,308
-	162,410
-	106,565
-	179,286
-	35,241
-	9,434
-	492,936
23	140,808
-	49,659
161	71,465
-	56,943
-	7,401
-	38,713
-	177,288
-	2,377
-	114,555
-	31,836
-	681,665
-	3,773
-	3,651,803
-	1,911
-	132,741
-	10,283
-	129,022
-	31,105
-	89,545
184	5,422,893
-	32,045
-	15,299
-	209,936
-	12,408
-	269,688
-	3,313,196
-	119,026
-	204,855
11,142	62,750
11,388	317,836
\$ 22,530	\$ 4,017,663

CITY OF JACKSONVILLE, FLORIDA
COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS (in thousands)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Jacksonville Transportation Authority	\$ 8,395	\$ -	\$ -	\$ 15,284
Jacksonville Housing Finance Authority	1,551	-	-	-
Total governmental activities	9,946	-	-	15,284
Business-type activities:				
JEA	1,599,065	1,714,458		109,546
Jacksonville Transportation Authority	149,308	20,519	50,304	15,519
Jacksonville Port Authority	77,852	63,507	1,847	50,847
Total business-type activities	1,826,225	1,798,484	52,151	175,912
Total component units	\$ 1,836,171	\$ 1,798,484	\$ 52,151	\$ 191,196

General Revenues:
Sales and tourist taxes
Intergovernmental - unrestricted
Unrestricted earnings on investments
Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes.

GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES			TOTAL
MAJOR COMPONENT UNIT	NON MAJOR COMPONENT UNIT	MAJOR COMPONENT UNITS			GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JACKSONVILLE TRANSPORTATION AUTHORITY	JACKSONVILLE HOUSING FINANCE AUTHORITY	JEA	JACKSONVILLE TRANSPORTATION AUTHORITY	JACKSONVILLE PORT AUTHORITY	
\$ 6,889	\$ -	\$ -	\$ -	\$ -	\$ 6,889
-	(1,551)	-	-	-	(1,551)
6,889	(1,551)	-	-	-	5,338
-	-	224,939	-	-	224,939
-	-	-	(62,966)	-	(62,966)
-	-	-	-	38,349	38,349
-	-	224,939	(62,966)	38,349	200,322
6,889	(1,551)	224,939	(62,966)	38,349	205,660
2,033	-	-	-	-	2,033
-	-	-	81,405	-	81,405
2,242	794	18,569	155	230	21,990
11,119	463	27,749	-	30	39,361
15,394	1,257	46,318	81,560	260	144,789
22,283	(294)	271,257	18,594	38,609	350,449
26,252	22,824	2,952,733	233,777	431,628	3,667,214
\$ 48,535	\$ 22,530	\$ 3,223,990	\$ 252,371	\$ 470,237	\$ 4,017,663



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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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CITY OF JACKSONVILLE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 16.

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). 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 982,080 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, 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, 2020

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. Additionally, an entity may also meet the criteria for inclusion if the organization is fiscally dependent on the City and the potential financial benefit/burden relationship mentioned above exists.

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 and the Downtown Investment Authority (DIA) are classified as dependent special districts. Per GASB codification section 2100, the Library Board and DIA are not considered component units as they are not legally separate organizations. Therefore, these activities are included as part of the primary government.

Blended Component Unit. Blended component units, which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. The Community development agencies (CRAs) are reported as part of the City and blended into the governmental funds.

Community redevelopment agencies (CRAs) JIA, KingSoutel Crossing, Renew Arlington, Southside and Northbank Downtown are blended component units that are reported within the Tax Increment Districts special revenue fund. The City serves as the Board for JIA, KingSoutel Crossing, and Renew Arlington CRAs. The Downtown Investment Authority serves as the Board for Southside and Northbank Downtown. The CRAs are blended because City Council has an operational responsibility and because of the existence of a financial benefit/burden relationship. The CRAs issue a separate report that may be obtained from the City. Requests for information may be addressed to the City Comptroller, City of Jacksonville, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity: (continued)

Component Unit Reported as a Fiduciary Fund.

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 members 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 recorded in the Pension Trust Funds within the Fiduciary Funds financial statements.

Discrete Component Units. These component units are entities that 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 for these entities. Each component unit listed below has a September 30 fiscal year end.

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 Jacksonville 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 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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity: (continued)

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 two secretary of the Florida Department of Transportation.

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. Additionally, a financial burden relationship exists through the provisions of an interlocal agreement.

The JTA engages in both governmental and business-type activities and issues separate financial statements, which may be obtained from its administrative office at 121 West Forsyth Street, Suite 200, Jacksonville, Florida 32202.

Non-major Component Units

The **Jacksonville Housing Finance Authority (JHFA)**, The Jacksonville Housing Finance Authority (JHFA) was established pursuant to Chapter 52, Jacksonville Municipal Code, to alleviate a shortage of housing and capital investment for the people of Duval County, pursuant to Florida Statutes, Section 159.604. The City appoints all seven of the board members. The City has the ability to impose its will on the JHFA. The JHFA 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 JHFA engages only in governmental activities. There are no separately issued financial statements for the JHFA, whose financial activity is accounted for by the City. The JHFA financial statements are presented in the financial section of the City report.

The **Jacksonville Health Facilities Authority**, 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 Health Facilities Authority provides a method for the financing and refinancing, on a tax-exempt basis, 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 has the able to impose its will on the Health Facilities Authority.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity: (continued)

The bonds issued by the Health Facilities Authority are special limited obligations of the Health Facilities Authority 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 8J Conduit Debt. During the fiscal year presented, the Health Facilities Authority had no financial transactions or assets and liabilities to report. Therefore, there are no separately issued financial statements.

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 from 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 over 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 and transportation agencies make up the board. There are currently 15 voting board members and five non-voting members.

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, 2020

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 position reports all assets, deferred outflows of resources, liabilities, and deferred inflow of resources 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 that briefly explains the adjustments necessary to convert the fund level statements into the citywide governmental column presentations.

As a general rule, the interfund activity has been eliminated from the citywide financial statements to avoid the doubling effect of internal service activity. However, functional expenses remain for services provided, and any remaining net resource is reported as program revenue.

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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Structure: (continued)

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:

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.

Special Revenue Fund:

The Public Safety Fund accounts for 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.

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 the operation of three municipally owned landfill sites, two of which are closed.

The City Venues Fund accounts for events held at TIAA Bank Field, Daily’s Place, Veterans Memorial Arena, the Baseball Stadium, Times Union Center for the Performing Arts, Prime Osborn Convention Center, and Ritz Theater.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Structure: (continued)

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.

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, information technologies, legal, risk management activities, group health, public works, and the internal debt management 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, the Defined Contribution Plans, 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 and supporting the Art in Public Places program. 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, 2020

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, the Tax Collector Fund accounts for the collection of all taxes, revenues and other cash, the Clerk of the Circuit Court Fund accounts for revenues collected by the court system, the Plat Deposits Fund accounts for collateral to insure the completion of public improvements, the Duval County School Readiness Coalition Fund accounts for similar collections, 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 plan, and the 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, current liabilities, deferred outflow of resources, and deferred inflow of resources 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, 2020

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 that are recognized when paid, and payments for compensated absences, pension, OPEB (other post-employment benefits), pollution remediation obligations, and claims and judgments that 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 investment 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 investment 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. Operating and Pension Trust 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, 2020

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, mortgage, loan, and other receivables that have arisen in the ordinary course of business.

Certain receivables and some mortgage receivables are related to loans made for economic development purposes. Repayment of these loans is contingent upon several economic factors that are outside of the control of the City. Due to the uncertainty over the ultimate collectability of these amounts, an allowance 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 when historical records are available and at estimated cost when no historical records exist. Donated capital assets are valued at their acquisition 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.

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. The City has a collection of artworks in various sites throughout the interior and exterior of its 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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 resources flow between funds with an expectation of repayment and are reported as interfund receivable and payables.

Nonreciprocal interfund activities are flows of assets between funds without an equivalent flow of assets in return or without a requirement for repayment and are reported as transfers in governmental funds in the other financing sources section as well as after the non-operating revenues and expenses section in proprietary funds.

L. Restricted Assets:

Assets are reported as restricted in the Citywide Statement of Net Position and the enterprise fund level statements when constraints are placed on net position 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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 a package excess liability policy, which provides coverage for general liability at limits of \$5 million per occurrence with a policy aggregate limit of \$5 million and \$1 million per occurrence for Automobile Liability. These limits are subject to a \$1.5 million self-insured retention for the City and all other participating entities. The City continues to purchase a miscellaneous policy for out-of state automobile liability for JSO, JFRD, JAA and the Department of Neighborhood’s Animal Care and Protective Services Division with \$1 million in coverage, without a self-insured retention, for those instances where vehicles from these insureds must cross state lines.

The City has an excess worker’s compensation policy with a self-insured retention of \$1.5 million per occurrence and includes unlimited statutory coverage for worker’s compensation benefits, except a \$50 million aggregate limit for communicable disease and a \$1 million limit for employer’s liability. The liability for self-insured losses is based on individual case estimates for reported claims, historical loss data and valuations performed by independent actuaries as of September 30, 2020, 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.

Effective January 1, 2015 the City elected to move from a fully insured plan to a self-funded arrangement for its group health coverage. The City obtained stop-loss insurance with a \$550,000 specific deductible. The deductible was increased to \$600,000 in 2017, \$650,000 in 2018, and \$700,000 in 2019 and 2020. In 2018 the City introduced a new health plan option with a separate administrator and stop loss coverage. The stop loss deductible under that option was \$250,000 in 2018 and \$325,000 in 2019 and 2020. Once a claim exceeds this threshold, the City is reimbursed for any excess expenses. The plan is funded by contributions from the City and employees. These funds reside in an internal service fund which is used exclusively for Employee Benefits. Florida statutes require a safe harbor threshold be maintained in plan reserves. See Note 12 for additional risk financing disclosure.

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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position, the City and the Pension plans use the same basis for reporting as outlined in the notes to the financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as deferred outflow of resources. Investments are reported at fair value.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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. 62, Codification of Accounting and Financial Reporting Guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements. 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 prepaid expense in the Solid Waste Disposal Enterprise Fund. 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. 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 expenses 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 13C.)

Q. Long-Term Obligations:

In the city-wide 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 position.

Special obligation bonds, which are supported by certain pledged revenues (other than ad valorem taxes), do not constitute a debt of the City and the City is not obligated to pay the bonds except from revenues pledged for such debt payments.

Each governmental fund that has long-term liabilities, such as compensated absences and pension liabilities, are responsible for liquidating the same.

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, 2020

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. Under GASB 54, fund balance categories include 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 is reported as other financing uses. Issuance costs, whether or not withheld from the debt proceeds received, are reported as debt service expenditures.

In the city-wide financial statements and for proprietary funds, material bond discounts and/or premiums 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 expensed in the period in which they are incurred.

T. Deferred Loss on Debt Refundings:

Losses resulting from advance refundings of debt in the city-wide and proprietary fund statements are deferred and amortized, using a straight-line method, which approximates the effective interest method, 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 Deferred Outflows in the accompanying financial statements and is expensed and reported as a component of interest expense.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

V. Reclassifications:

Certain 2019 amounts have been reclassified to conform to the 2020 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, 2019, from which the summarized information was derived. Limited 2019 comparative information was adjusted for comparability on some of the financial statements.

X. Prepaids:

Prepaid items consist of certain costs that have been paid prior to the end of the fiscal year but represent items that 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.

Y. Accounting Pronouncements:

In fiscal year 2020, the City adopted four new statement of financial accounting standards issued by the GASB:

- GASB Statement No. 92, Omnibus 2020 - (certain provisions effective immediately)
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance
- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 - (certain provisions effective immediately)
- GASB Statement No. 98, The Annual Comprehensive Financial Report

GASB Statement No. 92, Omnibus 2020, addresses various topics after consideration of practice issues identified during implementation and application of certain statements. Certain provisions of this statement became effective immediately including those related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology related to derivative instruments.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Accounting Pronouncements: (continued)

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, temporarily delays the effective dates of certain provisions in Statements and Implementation Guides considering the COVID-19 pandemic.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, addresses the reporting of fiduciary component units in circumstances that potential component units do not have a board and the primary government performs those duties, mitigates costs associated with the reporting of certain defined contribution pension plans, postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units, and improves the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan. Certain provisions of this statement became effective immediately including those related to the absence of a governing board in determining financial accountability and application of the financial burden criterion in of Statement 84.

The Governmental Accounting Standards Board has issued the following statements that will become effective in the future.

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 93, Replacement of Interbank Offered Rates
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The City is currently evaluating the effects that these statements will have on its future financial statements.

2. BUDGETARY DATA

The City presents a Budgetary Comparison Schedule for the General Fund as Required Supplementary Information. For this reporting period, the Public Safety special revenue fund met the criteria of a major fund, but is not annually budgeted. No other 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, 2020

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 and investment balance.

At September 30, 2020, primary government deposits in financial institutions totaled \$342.0 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. a. 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. The City’s Pension Funds and Component units maintain their own investment policies.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

1. a. General Operating Investments (continued)

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 Fiscal Year 2019 Normal Portfolio Balance of \$1.19 billion, which is defined by Ordinance as the average total portfolio balance for the proceeding twelve months.

Performance and compliance reports are prepared for the Investment Committee monthly. 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.

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.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

1. a. General Operating Investments (continued)

Operating Fund
Compliance Guideline Characteristics
as of September 30, 2020

Compliance Guideline	Sector Guideline Exposures			
	Exposure to Specific Guideline	Year end Exposure %	% of Normal Portfolio Balance	
			Maximum	
			During Year	By Policy
Duration ¹	3.44	NA	3.49	5.00
Liquidity	\$ 259,440,511	21.9%	40.3%	100.0%
Requirements				
USG + Agencies	\$ 413,707,199	34.9%	36.1%	100.0%
US Govt (USG)	250,255,349	21.1%	23.2%	100.0%
Constraints				
Agencies	\$ 163,451,849	13.8%	14.7%	45.0%
MBS	133,143,245	11.2%	11.7%	35.0%
Agency MBS	92,446,994	7.8%	8.4%	35.0%
Non-Agency MBS	40,696,251	3.4%	3.4%	15.0%
Asset Backed Securities	41,858,072	3.5%	3.5%	7.5%
Corporates	315,067,054	26.6%	27.1%	60.0%
Corporates > 1 Year	234,979,679	19.8%	20.5%	40.0%
Municipal Bonds	11,806,666	1.0%	1.0%	10.0%
Bond Funds	291,628,170	24.6%	38.9%	85.0%
Money Market Funds	318,288,275	26.8%	53.3%	40.0%
Certificates of Deposit	-	0.0%	0.0%	20.0%
Repurchase agreements	-	0.0%	0.0%	20.0%
Rule 144a Securities	43,475,765	3.7%	3.7%	10.0%
Specialty Risk				
High Yield	\$ 34,175,558	2.9%	3.6%	9.0%
International	34,055,390	2.9%	3.1%	7.5%
International (non-hedged)	-	0.0%	0.0%	5.0%
Emerging Market	2,336,101	0.2%	0.3%	5.0%
Duration > 8.5	39,647,406	3.3%	3.3%	7.5%
Normal Portfolio Balance	\$ 1,186,488,075			

¹Commingled Funds and Cash are excluded

b. General Operating Investments - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and valued with the market approach valuation technique; Level 3 inputs are significant unobservable inputs.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

1. b. General Operating Investments - Fair Value Measurements (continued)

Operating Fund
Fair Value of Assets by Measurement Type
as of September 30, 2020

Investment Type	Total Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2) *	Significant Unobservable Inputs (Level 3)
Corporate Stock - Common	-	-	-	-
Corporate Stock - Preferred	394,503	-	394,503	-
Registered Investment Companies	577,288,401	577,288,401	-	-
U. S. Government Securities	372,651,891	256,791,173	115,860,718	-
Corporate Debt Instruments	324,052,103	-	324,052,103	-
Common/Collective Trust	136,243,692	-	-	136,243,692
**Other Investments	(1,051,976)	(15,761,064)	14,709,088	-
Total Investments	\$ 1,409,578,614	\$ 818,318,510	\$ 455,016,412	\$ 136,243,692

* Market approach valuation technique used.

**Composed of Taxable Municipals, Non-US Bonds, Other Short Term Bonds, and Cash/Interest/Pending trades as of 9/30/20.

The City has the following recurring fair value measurements as of September 30, 2020:

- Corporate Stock (Common) – Valued using the primary exchange closing price.
- Corporate Stock (Preferred) – Valued using prevailing market bids and based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Registered Investment Co. – Valued at the daily closing net asset value (NAV) as reported by the fund. Short term fixed income investment funds (security maturities that do not exceed one year) may be valued using book value.
- U.S. Government Securities – Short term US government fixed income securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids and based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Corporate Debt Instruments – Short term corporate debt securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids or a measurable market close and are based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Common/Collective Trusts – Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

2. a. 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 and Police and Fire Pension Fund investments:

Jacksonville Retirement System
Distribution by Asset Type
as of September 30, 2020

	Equities	Bonds	Other	Cash	Total	Percentage
Equity (Domestic)	\$ 708,775,325	\$ -	\$ -	\$ 7,516,315	\$ 716,291,640	33%
Large Cap Value	180,267,916	-	-	5,062,492	185,330,408	9%
Large Cap Growth	162,810,459	-	-	476,889	163,287,348	7%
Large Cap Core	183,032,604	-	-	108,421	183,141,025	8%
Small Cap Value	75,416,072	-	-	1,104,504	76,520,576	3%
Small Cap Growth	107,248,274	-	-	764,005	108,012,279	5%
Small Cap Core	-	-	-	4	4	0%
Transition Account	-	-	-	104,397	104,397	0%
Equity (International)	\$ 541,093,475	\$ 36,800	\$ -	\$ 644,550	\$ 541,774,825	24%
Value	236,876,973	-	-	(2,321,145)	234,555,828	11%
Growth	194,787,778	-	-	2,095,942	196,883,720	9%
Emerging	109,428,724	36,800	-	869,753	110,335,277	5%
Bonds	\$ (176,508)	\$ 431,626,031	\$ (888,943)	\$ 38,814,880	\$ 469,375,460	21%
Intermediate	-	285,381,707	-	8,932,146	294,313,853	13%
Aggregate	(176,508)	146,244,324	(888,943)	29,882,734	175,061,607	8%
Inflation Protected	-	-	-	-	-	0%
Cash Account	\$ -	\$ -	\$ -	\$ 1,714,941	\$ 1,714,941	0%
Other	\$ 54,400,389	\$ -	\$ 433,523,353	\$ 1,555,891	\$ 489,479,633	22%
Real Assets	54,400,389	-	433,523,353	1,555,891	489,479,633	22%
UBS	-	-	97,445,209	579,285	98,024,494	
Vanguard REIT	1,002,397	-	-	1,138	1,003,535	
Hancock	-	-	48,951,259	569	48,951,828	
Harvest	28,582,864	-	36,692	320,781	28,940,337	
Tortoise	24,815,128	-	389,647	654,118	25,858,893	
Harrison Street	-	-	107,491,025	-	107,491,025	
Prudential PRISA II	-	-	56,780,769	-	56,780,769	
Principal US Property	-	-	122,428,752	-	122,428,752	
Total investments	\$ 1,304,092,681	\$ 431,662,831	\$ 432,634,410	\$ 50,350,974	\$ 2,218,740,896	100%
Less: Amount reported as receivables					(2,407,344)	
Total Investments less receivables					\$ 2,216,333,552	

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

2. a. Pension Plan Investments (continued)

Police and Fire Pension Fund
Distribution by Asset Type
as of September 30, 2020

	Equities	Bonds	Other	Cash	Total	Percentage
Equity (Domestic)	\$ 827,671,374	\$ -	\$ -	\$ 13,453,993	\$ 841,125,366	41%
Large Cap Value	199,172,076			10,274,712	209,446,788	10%
Large Cap Growth	251,870,582			2,040,405	253,910,988	12%
Large Cap Core	230,874,229			15,844	230,890,073	11%
Small Cap Value	82,565,124			1,123,031	83,688,156	4%
SMID Cap Growth	63,189,361			-	63,189,361	4%
Equity (International)	\$ 469,184,743	\$ -	\$ -	\$ 11,060	\$ 469,195,803	23%
Value	174,714,863			7,321	174,722,184	9%
Growth	144,966,703			3,618	144,970,321	7%
Emerging Markets	149,503,176			122	149,503,298	7%
Bonds	\$ -	\$ 419,108,744	\$ -	\$ 4,627,318	\$ 423,736,062	21%
Intermediate		80,156,568		1,471,017	81,627,586	4%
Aggregate		338,952,175		3,156,301	342,108,476	17%
Cash Account				\$ 16,449,024	\$ 16,449,024	1%
Other	\$ -	\$ -	\$ 286,450,352	\$ 551,670	\$ 287,002,021	14%
Real Estate			241,350,159	-	241,350,159	12%
MLPs			45,100,193	551,670	45,651,863	2%
Total investments	\$ 1,296,856,116	\$ 419,108,744	\$ 286,450,352	\$ 35,093,066	\$ 2,037,508,277	100%

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

2. b. Pension Plan Investments – Fair Value Measurements

The Pension Plans categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 input are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and valued with the market approach valuation technique; Level 3 inputs are significant unobservable inputs.

Jacksonville Retirement System
Fair Value of Assets by Measurement Type
as of September 30, 2020

Investment Type	Total Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)*	Significant Unobservable Inputs (Level 3)
Corporate Stock - Common	394,607,079	394,607,079	-	-
Corporate Stock - Preferred	-	-	-	-
Registered Investment Companies	19,298,733	19,298,733	-	-
U. S. Government Securities	125,036,047	74,688,794	50,347,253	-
Corporate Debt Instruments	157,446,727	-	157,446,727	-
Common/Collective Trust	731,635,772	-	-	731,635,772
Partnership/Joint Venture Interest	454,470,509	21,895,656	-	432,574,853
Pooled Separate Accounts	97,445,209	-	-	97,445,209
**Other Investments	238,800,820	2,018,685	2,226,307	234,555,828
Total Investments	\$ 2,218,740,896	\$ 512,508,947	\$ 210,020,287	\$ 1,496,211,662

* Market approach valuation technique used

**Composed of 103-12 Investments, Other Short Term Bonds, Derivatives, and Cash/Dividends/Interest/Misc. Payables/Pending Trades as of 9/30/20.

The City has the following recurring fair value measurements as of September 30, 2020:

- Corporate Stock (Common) – Valued using the primary exchange close price.
- Corporate Stock (Preferred) – Valued using prevailing market bids and based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Registered Investment Co. – Valued at the daily closing net asset value (NAV) as reported by the fund and as supplied by third party vendors to the city's custodian. Short term fixed income investment funds (security maturities that do not exceed one year) may be valued using book value.
- U.S. Government Securities – Short term US government fixed income securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids and based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Corporate Debt Instruments – Short term corporate debt securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids or a measurable market close and are based upon calculations that reflect the expected price to an investor in an orderly transaction.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

2. b. Pension Plan Investments – Fair Value Measurements (continued)

- Common/Collective Trusts – Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the security is held.
- Partnership/Joint Venture Interests – Underlying equity investments valued using the primary exchange close price. Underlying non-equity investments valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.
- Pooled Separate Accounts - Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.

Police and Fire Pension Fund
Fair Value of Assets by Measurement Type
as of September 30, 2020

Investment Type	Total Fair Value	Quoted Prices in		
		Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Short Term Investments	35,095,295	35,095,295	-	-
Commercial Mortgage Backed Securities	1,329,855	-	1,329,855	-
Asset Backed Securities	22,704,318		22,704,318	
Corporate Bonds	137,683,520	-	137,683,520	-
Funds - Other Fixed Income	13,445,651	-	13,445,651	-
Government Bonds	33,004,809	-	33,004,809	-
Government Mortgage Backed Securities	28,279,022	-	28,279,022	-
Common Stock	1,378,414,902	1,378,414,902	-	-
Preferred Equities	1,234,044	1,234,044	-	-
International Equities	144,966,703	144,966,703	-	-
Real Estate	241,350,159	-	234,568,559	6,781,600
Total Investments	\$ 2,037,508,277	\$ 1,559,710,944	\$ 471,015,733	\$ 6,781,600

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

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

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.

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, 2020	
		General Employee Pension Plan	Police and Fire Pension Fund
Quality Breakdown	Portfolio (%)	Portfolio (%)	Portfolio (%)
Aaa	46.7%	26.9%	13.5%
Aa1-Aa3	3.9%	2.3%	2.9%
A1-A3	11.5%	18.2%	9.7%
Baa1-Baa3	16.1%	10.9%	30.6%
Ba1-Ba3	2.6%	1.2%	5.7%
Other	8.5%	4.1%	37.6%
Commingled	10.8%	36.5%	0.0%
	100%	100%	100%

Ratings definitions:

Treasury – United States Treasury Securities (Included in Aaa)

Agency – Government Agency Securities (Included in Aaa)

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

Ba1-Ba3 (BB+ to BB-) – Highest Non-investment Grade Quality Rating

Commingled – Securities that are not applicable to Quality Ratings - they predominantly represent 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, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

B. Investments and Investment Practices (continued)

5. Custodial Credit Risk

The custodial relationship for General Investments and Pension plans are governed by written agreements that are executed by all parties and specifies that, all securities owned and cash held by the City or its Pension plans shall be held in the City's, or its nominee's, name in an account separate from all other accounts maintained by the custodian and shall at all times, while in the custody of the Custodian, be designated as an asset of the City or its Pension Trust.

6. 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, 2020						
	Operating Portfolio		Jacksonville Retirement System		Police and Fire Pension Fund	
	Exposure	Percentage	Exposure	Percentage	Exposure	Percentage
U.S. DOLLAR	\$ 1,409,418,971	99.99%	2,216,376,977	99.89%	\$2,037,229,677	99.99%
ARGENTINE PESO	-	0.0%	-	0.00%	156,763	0.01%
SWISS FRANC	-	0.00%	121,201	0.01%	-	0.00%
CANADIAN DOLLAR	-	0.00%	2,221,933	0.10%	119,615	0.01%
JAPANESE YEN	-	0.00%	-	0.00%	-	0.00%
EURO CURRENCY UNIT	-	0.00%	20,784	0.00%	-	0.00%
SWEDISH KRONA	-	0.00%	-	0.00%	-	0.00%
NORWEGIAN KRONE	158,643	0.01%	-	0.00%	-	0.00%
POLISH ZLOTY	1,000	0.00%	-	0.00%	2,222	0.00%
MALAYSIAN RINGGIT	-	0.00%	-	0.00%	-	0.00%
Total	<u>\$ 1,409,578,614</u>	<u>100.00%</u>	<u>\$ 2,218,740,896</u>	<u>100.00%</u>	<u>\$2,037,508,277</u>	<u>100.00%</u>

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. Securities are loaned against collateral valued at a minimum of 102% of the fair 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.

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, 2020 was 57 days for the City's Operating Portfolio and 90 days for the Jacksonville Retirement System.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

3. CASH, INVESTMENTS AND SECURITIES LENDING (continued)

C. Securities Lending (continued)

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, 2020, the City of Jacksonville maintained a sufficient 102% collateral on loaned securities. During the fiscal year ended September 30, 2020; Securities Lending net income was \$195.1 thousand (\$24.5 thousand Operating, \$170.6 thousand Jacksonville Retirement System).

The City reviews the custodian's securities lending operations on a monthly basis to ensure the appropriate risk/return trade-off. For accounting purposes, the Statements of Net Position and Changes in Net Position reflect the increase in assets, liabilities, interest income and expense associated with securities lending activity.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

4. ACCOUNTS, OTHER RECEIVABLES AND LOANS

The accounts, mortgages, and other 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, 2020.

<u>Funds</u>	<u>Accounts and Other Receivables</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount Shown on Balance Sheet</u>
Major Governmental Funds:			
General Fund	24,700	(19,064)	5,636
Non-Major Governmental Funds	4,780	(82)	4,698
Major Enterprise Funds:			
Solid Waste	36,351	(5,388)	30,963
City Venues	6,602	(2)	6,600
Stormwater	28,089	(5,914)	22,175
Non-Major Enterprise Funds	95	(13)	82
Internal Service Funds	9,853	(17)	9,836
Fiduciary Funds:			
Pension Trust Funds	4,251	(22)	4,229
Agency Funds	3,108	-	3,108

	<u>Loans Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount Shown on Balance Sheet</u>
Major Governmental Funds:			
General Fund	89,017	(89,017)	-
Non-Major Governmental Funds	8,220	(3,340)	4,880
Internal Service Funds	571,952	-	571,952

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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 11.44190 for the fiscal year ended September 30, 2020.

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 applied was January 1, 1995. Calendar year 1995 is the base year upon which assessed just value of the homestead property is determined. For non-homesteaded property, increases are capped at 10% of the previous year's assessed value, regardless of market value changes. This process is referred to as "recapture" and was enacted into law in 2009. It does not apply to any millage levied by the School Board. (Section 193.1555 FS)

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. 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 by this date. This is the first lien date on the properties.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

6. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2020, was as follows (in thousands):

Primary Government

	Beginning Balance September 30, 2019	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 309,779	\$ 4,125	\$ -	\$ 313,904
Easements	6,493	-	-	6,493
Art In Public Places	1,086	150	-	1,236
Construction in progress	88,963	133,194	-	222,157
Furniture and equipment in work in process	17,079	13,642	(12,881)	17,840
Purchased Software work in process	19,706	2,478	-	22,184
Total capital assets not being depreciated	443,106	153,589	(12,881)	583,814
Capital assets being depreciated:				
Buildings	872,267	-	-	872,267
Improvements	371,454	1,407	-	372,861
Infrastructure	2,389,582	-	-	2,389,582
Furniture, equipment and library books	479,202	40,827	(1,870)	518,159
Internal Software	27,369	645	-	28,014
Purchased Software	17,468	-	-	17,468
Total capital assets being depreciated	4,157,342	42,879	(1,870)	4,198,351
Less accumulated depreciation for:				
Buildings	303,184	18,434	-	321,618
Improvements	158,599	20,217	-	178,816
Infrastructure	1,180,943	59,527	-	1,240,470
Furniture, equipment and library books	329,487	33,309	-	362,796
Internal Software	27,468	1,173	(712)	27,929
Purchased Software	12,668	263	712	13,643
Total accumulated depreciation	2,012,349	132,923	-	2,145,272
Total capital assets being depreciated, net	2,144,993	(90,044)	(1,870)	2,053,079
Governmental activities capital assets, net	\$ 2,588,099	\$ 63,545	\$ (14,751)	\$ 2,636,893

	Beginning Balance September 30, 2019	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 46,364	\$ -	\$ -	\$ 46,364
Easements	546	-	-	546
Construction in progress	47,676	24,588	(158)	72,106
Total capital assets not being depreciated	94,586	24,588	(158)	119,016
Capital assets being depreciated:				
Buildings and improvements	741,484	-	-	741,484
Infrastructure	93,876	-	-	93,876
Furniture and equipment	17,140	575	(402)	17,313
Total capital assets being depreciated	852,500	575	(402)	852,673
Less accumulated depreciation for:				
Buildings and improvements	315,220	21,020	-	336,240
Infrastructure	27,089	5,264	-	32,353
Furniture and equipment	10,337	1,863	(395)	11,805
Total accumulated depreciation	352,646	28,147	(395)	380,398
Total capital assets being depreciated, net	499,854	(27,572)	(7)	472,275
Business-type activities capital assets, net	\$ 594,440	\$ (2,984)	\$ (165)	\$ 591,291

CITY OF JACKSONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

6. CAPITAL ASSET ACTIVITY

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

Governmental activities:

General government	39,096
Human services	1,848
Public Safety	10,782
Culture and recreation	13,146
Transportation	3,918
Economic environment	1,012
Physical environment	63,121
Total depreciation expense - governmental activities	<u><u>132,923</u></u>

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

Business-type activities:

Parking system	369
Solid Waste	2,896
Stormwater Services	5,257
Equestrian Center	686
Capital Projects City Venues	18,939
Total depreciation expense - business-type activities	<u><u>28,147</u></u>

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

7. INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS

<u>Interfund Transfers (in thousands)</u>	<u>TRANSFERS OUT</u>			
	<u>MAJOR FUNDS</u>			
	General Fund	Solid Waste	Stormwater	City Venues
<u>TRANSFERS IN</u>				
MAJOR FUNDS				
General Fund	-	8,788	679	-
Public Safety	-	-	-	-
Solid Waste	8,598	-	-	-
Storm Water	2,896	-	-	-
City Venues	16,420	-	-	-
Special Bonded Debt	47,138	-	-	-
Special Bonded Debt-BJP	-	-	-	-
NON-MAJOR FUNDS				
Special Revenue	44,305	-	-	54
Debt Service	-	-	-	-
Capital Projects	25,062	-	-	916
Enterprise	384	242	-	-
Internal Service	1,641	-	-	-
	146,444	9,030	679	970

Transfers between funds are made in the normal course of operations and are for the operational support of the fund receiving the transfer. In fiscal year 2020 transfers in support of Debt Service Funds were 49% of total transfers. A large portion of the transfers out of the General Fund was in support of Non-Major Governmental funds, the largest being Special Revenue funds and Capital Project funds. Transfers from the General Fund include support of Major Enterprise funds, including the City Venues, Solid Waste and Storm Water. Internal Service funds which include Fleet, Information Technologies, and Self Insurance received support from the General Fund.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

TRANSFERS OUT					
NON-MAJOR FUNDS					
Enterprise	Special Revenue	Capital Projects	Permanent Funds	Internal Service	Total
-	2,677	-	-	6,907	19,051
-	-	-	-	-	-
-	-	-	-	-	8,598
-	-	-	-	-	2,896
3,849	5,215	-	-	-	25,484
-	10,921	-	-	-	58,059
-	63,157	-	-	-	63,157
-	75	965	92	494	45,985
-	-	-	-	-	-
-	4,235	-	-	-	30,213
-	-	-	-	-	626
-	-	-	-	-	1,641
3,849	86,280	965	92	7,401	255,710

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

<u>DUE FROM OTHER FUNDS</u>	<u>AMOUNT</u>	<u>DUE TO OTHER FUNDS</u>
MAJOR FUNDS		NON-MAJOR FUNDS
General Fund	8,400	Special Revenue
	78	Permanent Fund
TOTAL	<u>\$ 8,478</u>	

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

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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 as a City historic landmark. 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, 2020 was \$9,507,416 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. A second modification agreement (Ordinance 2014-280) allowing suspension of half of the principal payments for a period of three years from October 2013 to September 2016 was approved by Council. Deferred principal payments have been added to the balloon payment which is now \$12,125,133 due on August 1, 2023. The balance of the loan at September 30, 2020 was \$13,295,003 which is recorded in the Office of Economic Development within the General Fund.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS

A. Bonds and loans outstanding:

The bonds and loans outstanding as of September 30, 2020 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:				
Special Revenue Bonds				
Series 2009C-2 (Taxable BABS)	10,995.0	2,970.0	4.890 - 4.990% (taxable)	3.111%
Series 2011A	76,500.0	3,640.0	5.000%	4.674%
* Series 2012C	183,058.0	113,790.0	4.000 - 5.000%	2.537%
Series 2012D	11,840.0	4,635.0	5.000%	1.573%
Series 2012E	34,340.0	7,865.0	2.372% (taxable)	1.875%
Series 2013A	27,175.0	27,175.0	4.250 - 5.250%	4.885%
* Series 2014	61,401.0	61,401.0	5.000%	3.284%
Series 2016A	48,133.7	45,800.3	4.000 - 5.000%	2.386%
* Series 2017A	10,600.0	10,600.0	5.000%	3.402%
* Series 2019A	100,334.2	100,334.2	5.000%	⁽³⁾ 2.005%
Series 2020A	639.3	639.3	5.000%	2.309%
Series 2020C	66,765.2	66,765.2	.393-2.766%	2.171%
Total Revenue Bonds Supported by General Fund	<u>\$ 631,781.4</u>	<u>\$ 445,615.0</u>		

	<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:				
Series 2009C-2 (Taxable BABs)	26,315.0	7,915.0	4.890-4.990% (taxable)	3.111%
Series 2010C-1	27,205.0	4,010.0	5.000%	2.763%
Series 2011A	32,380.0	3,730.0	5.000%	4.674%
Series 2013A	26,860.0	22,045.0	4.000-5.250%	4.885%
Series 2013B	35,145.0	13,785.0	3.604-4.643% (taxable)	3.469%
* Series 2014	36,975.0	35,280.0	5.000%	3.284%
Series 2016A	44,081.3	38,139.7	3.000 - 5.000%	2.386%
* Series 2017A	80,330.0	72,480.0	4.000 - 5.250%	3.402%
Series 2018	72,540.0	64,430.0	5.000%	3.212%
* Series 2019A	50,960.0	50,960.0	5.000%	2.534%
Series 2020A	122,990.7	122,990.7	4.000 - 5.000%	2.309%
Series 2020C	38,719.8	38,719.8	.393-2.766% (taxable)	2.203%
Total Special Revenue Bonds Payable from Internal Service Operations	<u>\$ 594,501.8</u>	<u>\$ 474,485.2</u>		

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

A. Bonds and loans outstanding (continued) (in thousands)

	Amount Issued	Amount Outstanding	Remaining Coupon Rates	True Interest Cost ⁽¹⁾
Notes Payable from Internal Service Operations:				
Amortizing Short Term Debt	\$ 62,300.0	\$ 62,300.0	Variable ⁽²⁾	N/A
Total Notes Payable from Internal Service Operations	<u>\$ 62,300.0</u>	<u>\$ 62,300.0</u>		
Total bonds and notes payable from Internal Service Funds	<u>\$ 656,801.8</u>	<u>\$ 536,785.2</u>		
Revenue Bonds Supported by BJP Revenues:				
Transportation Sales Tax Revenue Bonds:				
Series 2012A	151,660.0	151,660.0	4.000-5.000%	4.324%
Series 2012B	57,730.0	24,965.0	5.000%	3.076%
Series 2015	197,295.0	181,815.0	2.000-5.000%	3.211%
Series 2018	53,180.0	44,350.0	5.000%	2.460%
Infrastructure Sales Tax Revenue Bonds:				
Series 2011	79,220.0	31,435.0	5.000%	3.615%
* Series 2012	238,570.0	157,460.0	4.000-5.000%	3.910%
* Series 2012A	41,095.0	41,095.0	5.000%	3.773%
Series 2016	<u>\$ 67,070.0</u>	<u>\$ 62,910.0</u>	3.000 - 5.000%	2.433%
Total Revenue Bonds Supported by BJP Revenues	<u>\$ 885,820.0</u>	<u>\$ 695,690.0</u>		
Special Revenue (Covenant) Bonds Supported by BJP Revenues:				
Special Obligation Bonds:				
Series 2010B	100,205.0	23,125.0	5.000%	2.282%
Series 2011B	86,600.0	19,425.0	5.000%	2.953%
Series 2013C	31,565.0	31,565.0	5.250%	2.953%
Series 2016B	58,645.0	58,645.0	2.250 - 5.000%	2.043%
Series 2017B	31,455.0	31,455.0	5.000%	2.038%
Series 2019B	45,535.0	45,535.0	5.000%	2.162%
Series 2020B	<u>\$ 15,670.0</u>	<u>\$ 15,670.0</u>	5.000%	0.578%
Total Special Revenue Bonds Supported by BJP Revenues	<u>\$ 369,675.0</u>	<u>\$ 225,420.0</u>		
Notes Payable Supported by BJP Revenues:				
State of Florida Infrastructure Bank:				
Series 2005	40,000.0	8,689.0	2.000%	1.901%
Series 2007	<u>\$ 48,698.2</u>	<u>\$ 4,180.7</u>	2.500%	2.456%
Total Notes Payable Supported by BJP Revenues	<u>\$ 88,698.2</u>	<u>\$ 12,869.7</u>		
Total Bonds and Notes Supported by BJP Revenues	<u>\$1,344,193.2</u>	<u>\$ 933,979.7</u>		
Total Governmental Activities	<u>\$2,632,776.4</u>	<u>\$ 1,916,379.9</u>		

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)
A. Bonds and loans outstanding (continued) (in thousands)

BUSINESS-TYPE ACTIVITIES:

Revenue Bonds Supported by Business-Type Activities	Amount Issued	Amount Outstanding	Remaining Coupon Rates	True Interest Cost ⁽¹⁾
Capital Project Revenue Bonds:				
N/A				
Infrastructure Sales Tax Revenue Bonds:				
* Series 2012	41,480.0	41,480.0	4.125-5.000%	3.910%
* Series 2012A	73,795.0	73,795.0	5.000%	3.773%
Capital Improvement Revenue Bonds:				
Series 2012	118,005.0	81,890.0	5.000%	2.642%
Special Obligation Bonds:				
* Series 2014	1,784.0	1,784.0	5.000%	3.284%
* Series 2017A	21,935.0	21,030.0	5.000%	3.402%
* Series 2019A	330.8	330.8	5.000%	2.004%
Total Revenue Bonds Supported by Business-Type Activities	<u>\$ 257,329.8</u>	<u>\$ 220,309.8</u>		

Notes Payable Supported by Business-Type Activities:

Amortizing Short Term Debt	\$ 15,400.0	\$ 14,400.0	Variable ⁽²⁾	N/A
Total Notes Payable from Internal Service Operations	<u>\$ 15,400.0</u>	<u>\$ 14,400.0</u>		
Total bonds and notes payable from Business-Type Activities	<u>\$ 272,729.8</u>	<u>\$ 234,709.8</u>		

COMPONENT UNITS:

Bond and notes payable:	
JEA	3,257,290.0
JPA	280,959.0
JTA	<u>84,600.0</u>
Total Component Unit bonds and notes payable	<u>\$ 3,622,849.0</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.

(2) Variable Rate Debt - interest rate varied from .14% to .16% on September 30, 2020

(3) Total debt for this line item contains refunding for the ETR09A and Cap Proj 08A and 08B bond issues. TIC was 2.004% for Cap Proj. portion and 2.005% for ETR portion. Higher figure of 2.005% used as it was the more conservative option.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

B. Debt Service Requirements to Maturity:

The Debt service requirements to maturity on long-term obligations at September 30, 2020 are as follows (in thousands). The amounts reported in the table below include designated maturities established by management (see discussion below) but does not reflect any accelerated amortizations that may result under term out provisions.

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
2021	67,777	38,531	62,743	42,155	7,873	11,256	230,335	118,438	118,666
2022	72,041	39,370	63,488	39,449	8,346	10,901	233,595	102,962	118,968
2023	73,059	36,194	73,919	36,115	8,718	10,490	238,495	90,911	114,933
2024	75,555	33,059	68,145	32,649	9,248	10,056	228,712	108,298	111,097
2025	54,266	30,253	69,555	29,221	14,293	9,484	207,072	123,150	106,841
2026-2030	237,685	118,173	394,265	90,208	119,178	32,757	992,266	918,010	445,351
2031-2035	230,984	62,833	180,340	11,947	62,154	3,543	551,801	1,003,851	275,142
2036-2040	114,798	25,512	21,525	1,143	4,900	376	168,254	881,165	107,919
2041-2045	37,550	7,461	-	-	-	-	45,011	204,450	17,436
2046-2050	16,845	1,918	-	-	-	-	18,763	14,568	1,866
2051-2055	1,840	37	-	-	-	-	1,877	-	-
Totals	\$ 982,400	\$ 393,341	\$ 933,980	\$ 282,887	\$ 234,710	\$ 88,863	\$ 2,916,181	\$ 3,565,803	\$ 1,418,219

The City's Covenant Bond program allows for the issuance of debt which has both a stated maturity date and a designated maturity date. The stated maturity date is the initial maturity as the bond was sold, whereas the designated maturity date reflects the City's intended maturity after a series of rolls/refundings. 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. There can be no assurance that the stated debt maturities can be revised in accordance with management's intended plan.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

B. Debt Service Requirements to Maturity: (continued)

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 BJP Revenues		Total All Programs
	Series 2010B	Series 2011B	
2021	7,715	10,175	17,890
Total by Series	\$ 7,715	\$ 10,175	\$ 17,890

Fiscal Year Ending September 30	by Designated Maturity		
	Supported by BJP Revenues		Total All Programs
	Series 2010B	Series 2011B	
2022	7,705	6,130	13,835
2023	10	4,045	4,055
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
Total by Series	\$ 7,715	\$ 10,175	\$ 17,890

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

C. Changes in Long-Term Liabilities:

Changes in long-term liabilities for the fiscal year ended September 30, 2020 are as follows (in thousands):

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020	Due within one year
Governmental Activities:					
Debt activity supported by general revenues:					
Revenue bonds	\$ 473,724	\$ 67,404	\$ 95,513	\$ 445,615	\$ 28,774
Revenue bonds from direct borrowing	-	-	-	-	-
Debt activity- general revenues	\$ 473,724	\$ 67,404	\$ 95,513	\$ 445,615	\$ 28,774
Bonds/notes payable - Debt Management Fund					
Special revenue (covenant) bonds	\$ 388,595	\$ 161,711	\$ 75,821	\$ 474,485	\$ 34,203
Notes payable	44,400	57,500	39,600	62,300	4,800
Debt activity - internal service funds	\$ 432,995	\$ 219,211	\$ 115,421	\$ 536,785	\$ 39,003
Debt activity - general revenues and internal service	\$ 906,719	\$ 286,615	\$ 210,934	\$ 982,400	\$ 67,777
Debt activity supported by BJP revenue:					
Revenue bonds - BJP	\$ 736,265	\$ -	\$ 40,575	\$ 695,690	\$ 42,710
Revenue bonds - BJP from direct borrowing	-	-	-	-	-
Special revenue (covenant) bonds - BJP	239,265	15,670	29,515	225,420	13,865
Notes payable - BJP	18,896	-	6,026	12,870	6,167
Debt activity - BJP	\$ 994,426	\$ 15,670	\$ 76,116	\$ 933,980	\$ 62,742
Total governmental activities	\$ 1,901,145	\$ 302,285	\$ 287,050	\$ 1,916,380	\$ 130,519
Other related debt amounts:					
Issuance premiums	\$ 206,611	\$ 26,593	\$ 15,327	\$ 217,877	\$ -
Issuance discounts	(1,733)	-	(161)	(1,572)	-
Total other related debt amounts	\$ 204,878	\$ 26,593	\$ 15,166	\$ 216,305	\$ -
Accrued Compensated Absences	70,490	107,242	34,576	143,156	42,946
Estimated Liability for Self-Insured Losses	124,693	119,403	113,795	130,301	34,498
Pollution Remediation	94,881	-	5,560	89,321	-
Other Post - Employment Benefits	230,622	30,538	-	261,160	-
Net Pension liability	2,734,064	531,784	280,063	2,985,785	-
Governmental activity long-term obligations	\$ 5,360,773	\$ 1,117,845	\$ 736,210	\$ 5,742,408	\$ 207,963

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020	Due within one year
Business-Type Activities:					
Revenue Bonds	\$ 242,360	\$ -	\$ 7,650	\$ 234,710	\$ 7,873
Revenue Bonds from direct borrowing	-	-	-	-	-
Less: Unamortized Discount/Premium	27,285	-	2,351	24,934	-
Total Revenue Bonds, less Unamortized Discount/Premium	\$ 269,645	\$ -	\$ 10,001	\$ 259,644	\$ 7,873
Accrued Compensated Absences	\$ 1,072	\$ 1,524	\$ 532	\$ 2,064	\$ 628
Liability for Landfill Closure and Post Closure Care	34,788	1,828	-	36,616	-
Loans payable - Debt Management	80,014	2,866	3,354	79,526	2,229
Business-type activity long-term obligations	<u>\$ 385,519</u>	<u>\$ 6,218</u>	<u>\$ 13,887</u>	<u>\$ 377,850</u>	<u>\$ 10,730</u>
Component Unit Activities:					
Bonds and notes payable:					
JEA	\$ 3,620,635	\$ 352,260	\$ 715,605	\$ 3,257,290	\$ 102,700
JPA	232,914	148,091	100,046	280,959	7,163
JTA	88,005	-	3,405	84,600	3,575
Component unit activity long-term obligations	<u>\$ 3,941,554</u>	<u>\$ 500,351</u>	<u>\$ 819,056</u>	<u>\$ 3,622,849</u>	<u>\$ 113,438</u>

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

D. Reconciliation of Debt Issued with 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, inter-fund 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	
BJP Infrastructure Sales Tax Revenue Bonds:				
Series 2012	280,050	157,460	41,480	198,940
Series 2012A	114,890	41,095	73,795	114,890
Special Revenue Bonds:				
Series 2014	100,160	96,681	1,784	98,465
Series 2017A	112,865	83,080	21,030	104,110
Series 2019A	151,625	151,294	331	151,625
Amortizing Short Term Debt	59,800	62,300	14,400	76,700

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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:	2020	\$ -	\$ 124,773,413	\$ 5,553,862	4.5%
Better Jacksonville Transportation Sales Tax:	2023 - 2038	542,434,019	102,279,210	33,966,469	33.2%
Better Jacksonville Infrastructure Sales Tax:	2024 - 2031	532,853,035	90,804,546	45,729,056	50.4%
with SIB Loans:	2022 - 2031	546,253,234	90,804,546	52,173,056	57.5%
Sports Facilities Capital Improvement Revenues:	2031	105,776,500	45,555,396	10,158,400	22.3%

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.

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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

F. New Indebtedness Issued:

On September 16, 2020, the City closed on the sale of \$123.63 million Special Revenue and Refunding Bonds, Series 2020A, \$15.67 million Special Revenue Refunding Bonds, Series 2020B, and \$105.485 million Taxable Special Revenue and Refunding Bonds, Series 2020C. The 2020A bonds have a true interest cost of 2.28%, an average coupon rate of 4.83% with a mandatory sinking schedule beginning October 1, 2041, and a maturity date of October 1, 2050. The 2020B bonds have a true interest cost of .48%, an average coupon rate of 5.00% with no mandatory sinking schedule and a maturity date of October 1, 2027. The 2020C bonds have a true interest cost of 2.17%, an average coupon rate of 2.18% with a mandatory sinking schedule beginning October 1, 2036, and a maturity date of October 1, 2041.

The proceeds of the 2020A bonds were used to finance and refinance the acquisition and construction of certain capital equipment and improvements for the City (\$74.64 million), provide funds to the City's port for its 13-mile St. John's River deepening project (\$35.0 million), refund all of the City's outstanding Special Revenue Bonds, Series 2010A (\$24.0 million), and to fix out a portion of the City's outstanding commercial paper debt (\$25.11 million). The issuance provided net proceeds of \$158.76 million, which is inclusive of underwriter's discount and cost of issuance totaling \$657.59 thousand. The refunding of the Special Revenue Bonds, Series 2010A resulted in net PV savings of \$1,659,046.43 and a decrease in aggregate debt service in the amount of \$1,727,401.04.

The proceeds of the 2020B bonds were used to refund a portion of the City's outstanding Special Revenue Bonds, Series 2010B and Special Revenue Bonds, Series 2011B maturing on October 1, 2020 and issued as designated maturity debt. The issuance provided net proceeds of \$18.34 million, which is inclusive of underwriter's discount and cost of issuance totaling \$102.37 thousand. The refunding of the Special Revenue Bonds, Series 2010B and Special Revenue Bonds, Series 2011B bonds resulted in net PV savings of \$2,548,880.49 and a decrease in aggregate debt service in the amount of \$2,608,819.17.

The proceeds of the 2020C bonds were used to finance and refinance the acquisition and construction of certain capital equipment and improvements for the City (\$5.40 million), refund all of the City's outstanding Special Revenue Bonds, Series 2011A maturing on and after October 1, 2022 (\$89.36 million), and to fix out a portion of the City's outstanding commercial paper debt (\$12.66 million). The issuance provided net proceeds of \$106.86 million, which is inclusive of underwriter's discount and cost of issuance totaling \$556.40 thousand. The refunding of the Special Revenue Bonds, Series 2011A resulted in net PV savings of \$20,250,613.18 and a decrease in aggregate debt service in the amount of \$25,209,588.17.

On September 29, 2020, the City closed on the sale of Commercial Paper Notes in the amount of \$57.50 million for the purposes of funding short-term projects, and interim funding for long-term projects, with an initial interest rate of .16%. The largest portion of this balance was used to loan the City's port \$37.7 million towards completion of its 13-mile St. John's River deepening project, of which all principal and interest payments will be reimbursed to the City through the port as matching funds are received from the State of Florida.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

G. Additional Debt Disclosures, including Direct Borrowing and Direct Placements:

The City has authorized the issuance of its commercial paper notes in the aggregate principal amount of up to \$150,000,000 outstanding at any one time; however, such amount is limited to the capacity of an applicable credit facility. On September 4, 2019, the City amended and extended its existing letter of credit with Bank of America, N.A. (the “Credit Facility Provider”), the sole credit facility supporting its commercial paper program. The letter of credit supports the issuance of \$100,000,000 in principal amount of commercial paper notes. The letter of credit has a stated expiration date of September 8, 2021, subject to reduction and earlier termination in accordance with its terms. The commercial paper notes are payable from certain excise taxes and the local government half cent sales taxes received by the City and are issued on a junior and subordinate basis to certain outstanding and future senior lien debt issued by the City and payable from excise taxes or local government half cent sales taxes.

As of September 30, 2020, \$76,700,000 in commercial paper notes were outstanding. In the event of a default under the reimbursement agreement governing the letter of credit, the Credit Facility Provider may reduce the stated amount of the letter of credit to the amount then outstanding under the letter of credit, issue a final drawing notice which would terminate the letter of credit 15 days after receipt thereof, or seek enforcement under the authorizing ordinance by law or equity, by suit, action or mandamus, or other proceeding, including the right to appoint a receiver to enforce and compel performance under the ordinance.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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>Debt Type</u>	<u>Entity or Purpose</u>	<u>Amount</u>
<u>Special Revenue Bonds</u>		
Special Revenue Refunding Bonds, Series 2012C	Shands Jacksonville Medical Center	27,340
Special Revenue Refunding Bonds, Taxable Series 2012E	Jacksonville Port Authority	7,865
Special Revenue Series 2019A	Zoo Funding	5,000
Special Revenue Series 2020A	Non-asset portion	59,892
Total Special Revenue Bonds		<u>\$ 100,097</u>
<u>Better Jacksonville Plan (BJP) Transportation Bonds</u>		
Various Special Revenue and Refunding Bonds	Jacksonville Transportation Authority (JTA) road projects	\$ 80,341
<u>BJP State Infrastructure Bank Loan</u>		
Loan #1	JTA road projects - BJP	8,689
Loan #2	JTA road projects - BJP	4,181
Total BJP State Infrastructure Bank Loan		<u>\$ 12,870</u>
<u>Other Bond Issues</u>		
Various	Misc. projects - BJP	5,140
Various	Misc. projects – other	25,747
Total Other Bond Issues		<u>\$ 30,887</u>
<u>Debt Management Fund Financed Projects</u>		
Various	Misc. projects – other	\$ 153,568
Commercial Paper (2020)	Misc. projects – other	\$ 37,950
GRAND TOTAL		<u><u>\$ 415,713</u></u>

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020, the City had legally defeased the following bond maturities (in thousands):

<u>Issue</u>	<u>Refunded by</u>	<u>Principal Balance at September 30, 2020</u>	<u>Investment Balance with Escrow Agent at September 30, 2020 (a)</u>
Special Revenue Bonds, Series 2010A	Special Revenue and Refunding Bonds, Series 2020A	23,495	24,008
Special Revenue Bonds, Series 2010B	Special Revenue Refunding Bonds, Series 2020B	7,715	7,908
Special Revenue Bonds, Series 2011B	Special Revenue Refunding Bonds, Series 2020B	10,175	10,429
Special Revenue Bonds, Series 2011A	Taxable Special Revenue and Refunding Bonds, Series 2020C	82,695	88,909

(a) Source: Escrow Agent's Records (unaudited)

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

J. 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 on whose behalf the bonds were issued. 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, 2020, the City had \$78,942,232 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, 2020, the City had a total of \$210,289,721 in conduit debt consisting of Jacksonville Housing Finance Authority, formerly Duval County Housing Finance Authority Single Family and Multi-Family Bonds outstanding. The amount of Single-Family Housing Revenue Bonds outstanding was \$0. The amount of Multi-Family Housing Bonds outstanding was \$210,289,721. Refunding of previous issues make up \$0 of the total amount outstanding.

As of September 30, 2020, outstanding conduit debt includes \$421,904,058 Jacksonville Health Facilities Authority Bonds outstanding.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. LONG-TERM OBLIGATIONS (continued)

K. Interest Expense:

Total interest expense for the fiscal year ended September 30, 2020 was \$62.8 million for governmental activities and \$14.5 million for business-type activities.

L. Component Unit Long-Term Debt:

The long-term debt presentations for the major component units in Notes 8A through 8C contain 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

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

JTA
121 West Forsyth Street, Suite 200
Jacksonville, Florida 32202

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS

The City's pension plans adopted GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68, No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 and No. 82 Pension Issues - and amendment of GASB Statements No. 67, No. 68 and No. 73. These Statements modify financial reporting by state and local government pension plans that present pension trust funds. Accordingly, disclosures required for the City's pension plans are presented in accordance with GASB Statement No. 67, and disclosures required for employers regarding pension plans are presented in accordance with GASB Statement No. 68 as modified by GASB Statement No. 71, GASB No. 73 and GASB Statement No. 82, Pension Issues – an amendment of GASB Statements 67, 68 and 73 required for fiscal periods beginning after June 15, 2016.

1. Summary of Significant Accounting Policies

- a) **Basis of Accounting** – The City's pension trust financial statements are prepared using the accrual basis of accounting. Contributions, benefit payments and refunds are recognized when due and payable in accordance with the terms of each plan. The Florida Constitution and the Division of Retirement requires plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards.
- b) **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 generally held by the City's independent custodian. The City receives a monthly reconciliation of any material differences in pricing by the custodian and manager.

2. Plan Description

- a) **Plan Administration** - 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. The JRS arises out of Chapter 16 of the City Charter, Chapter 120 of Ordinance Code of the City of Jacksonville, and Chapter 112, Part VII, Florida Statutes. The City Council is responsible for establishing or amending the pension plan provisions. The Police and Fire Pension Plan (PFPF) is administered independently by a five-member board. 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 a multiple employer cost sharing, contributory defined benefit pension plan with a defined contribution alternative. JRS includes both the General Employees' Retirement Plan (GERP) and the Corrections Officers' Retirement Plan (CORP). Effective October 1, 2009, the City added an employee choice defined contribution alternative to the defined benefit plan for all members of the GERP. 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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

2. Plan Description (continued)

a) Plan Administration (continued)

All full-time employees of the City, JEA (Jacksonville Electric Authority), JHA (Jacksonville Housing Authority) and NFTPO (North Florida Transportation Planning Authority) were eligible to participate in GERP.

All certified Corrections Officers employed by the City were eligible to participate in the CORP upon employment. There are no separately issued financial statements for the City of Jacksonville Retirement System.

As of September 30, 2017, the City's pension plans in JRS and the PFPF were closed to new employees in favor of the defined contribution plan. This was the result of pension reform efforts that included the creation of a Pension Liability Surtax to fund underfunded defined benefit pensions, passage of a local referendum in Fiscal Year 2016 to approve the Surtax, and adoption of legislation by the City Council in April 2017 to approve the reform plans and dedicate the Surtax as a funding source for the City's three defined benefit pension plans. The Pension Liability Surtax will go into effect after the termination of the Local Infrastructure Sales Surtax, which will occur no later than December 31, 2030, and will remain in effect until the earlier of December 31, 2060, or when it is determined by actuarial report to the Florida Department of Management Services that the funding level of each of the City's three defined benefit pension plans are expected to reach or exceed a 100% funding level in that year.

- b) The Jacksonville Retirement System's defined benefit pension plans are administered by a nine (9) member Board of Trustees. The Board is comprised of the following officers:
- i. The Chief Administrative Officer of the City or designee;
 - ii. The Chief Financial Officer or designee;
 - iii. The Chief Human Resources Officer;
 - iv. The Chairperson of the General Employees' Pension Advisory Committee;
 - v. The Chairperson of the Corrections Officers' Pension Advisory Committee;
 - vi. A GERP retiree chosen by the Retired Employees' Association;
 - vii. A retired corrections officer chosen by the Corrections Officers' Advisory Committee.
 - viii. Two citizens appointed by the City Council with professional experience in finance, investments, economics, pension management, pension administration and/or accounting.

The General Employees' Pension Advisory Committee consists of seven (7) members. Six (6) members are elected from among the active contributing participants of the GERP and one (1) member is a retiree elected by the Retired Employees Association. Committee members are elected in even years for a two (2) year term. The Pension Advisory Committee performs all fact-finding duties for retirement benefit applications, recommends approval or denial of benefits and reviews all applications to participate in the GERP to the Board of Trustees.

The Corrections Officers' Pension Advisory Committee consists of five (5) members who must be active contributing members of the CORP. Committee members are elected in even years for a two (2) year term. The Corrections Officers' Pension Advisory Committee performs all fact-finding duties for retirement benefit applications, recommends approval or denial of benefits and all applications to participate in the CORP to the Board of Trustees.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

3. 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 PFPF are available from the Police and Fire Pension Fund, located at One West Adams Street, Suite 100, Jacksonville, FL 32202.

4. Plan Membership

Pension plan membership consisted of the following:

	Jacksonville Retirement System		
	General	Corrections	Police
	Employee's	Officers'	and Fire
	Pension Plan	Pension Plan	Pension Plan
Membership:	As of 10/1/2019	As of 10/1/2019	As of 10/1/2019
Retirees and beneficiaries currently receiving benefits	5,215	287	2,995
Deferred retirement option (DROP) participants	-	98	50
Terminated employees vested, not yet receiving benefits	196	9	82
Active employment plan members	3,937	532	2,301
Total plan membership	9,348	926	5,428

5. Plan Benefits Provided:

a) **General Employee Retirement Plan** was closed for new employees of the City of Jacksonville, JEA (Jacksonville Electric Authority), JHA (Jacksonville Housing Authority) and NFTPO (North Florida Transportation Planning Authority) - other than police officers and firefighters hired after October 1, 2017. Appointed officials and permanent employees not in the civil service system may opt to become members of the Retirement System. Elected officials are members of the Florida Retirement System - Elected Officer Class. Participation in the Retirement System was mandatory for all full-time employees of the City who otherwise meet the requirements for participation. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following:

- i. Completing thirty (30) years of credited service, regardless of age;
- ii. Attaining age fifty-five (55) with twenty (20) years of credited service; or
- iii. Attaining age sixty-five (65) with five (5) years of credited service.
- iv. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of two and one-half (2.5) percent of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of eighty (80) percent of final monthly compensation. A time service retirement benefit is payable bi-weekly to commence upon the first payday coincident with or next payday following the member's actual retirement and will continue until death.

Each member and survivor is entitled to a cost-of-living adjustment ("COLA"). The COLA consists of a three (3) percent increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

5. Plan Benefits Provided (continued)

a) General Employee Retirement Plan (continued)

(\$5) multiplied by the number of years of credited service. This benefit may not exceed one-hundred and fifty dollars (\$150) per month.

b) **The Corrections Officers' Retirement Plan** was closed to all new hires after October 1, 2107. It consists solely of Corrections Officer employees of the City. Participation in the Retirement System was mandatory for all full time Corrections Officers of the City who otherwise meet the requirements for participation. Members of the Corrections Officers' Retirement Plan are eligible to retire with a full pension benefit upon achieving one of the following:

- i. completing twenty (20) years of service, regardless of age; or
- ii. attaining age sixty-five (65) with five (5) years of service.
- iii. There is no mandatory retirement age.

Upon reaching one of the above-described conditions required for a time service retirement.

A member's time service retirement benefit is calculated as follows:

- i. The first twenty (20) years of credited service are multiplied by three (3) percent of final monthly compensation, up to a maximum of sixty (60) percent of final monthly compensation.
- ii. For service time beyond twenty (20) years of credited service, the number of years and months in excess of twenty (20) years is multiplied by two (2) percent of final monthly compensation, up to a maximum of twenty (20) percent of final monthly compensation.

A member's time service retirement benefit may not exceed eighty (80) percent of final monthly compensation. A time service retirement is payable on a bi-weekly basis and will continue until death.

Each member and survivor is entitled to a cost of living adjustment ("COLA"). The COLA consists of a three (3) percent annual increase of the retiree's or survivor's pension benefits, which compounds annually. In addition, there is a supplemental benefit equal to five dollars (\$5) multiplied by the number of years of credited service. This benefit may not exceed one-hundred and fifty dollars (\$150) per month.

The Deferred Retirement Option Program ("DROP") is a program in which a member defers receipt of normal retirement benefits while continuing employment with the City. If a member elects to participate in the DROP, they must terminate their employment with the City of Jacksonville and retire from service no later than the end of the DROP participation period previously designated. Upon the effective date of participating in the DROP, a member's years of service and final monthly compensation become frozen for purposes of determining pension benefits. Additional service beyond the date of DROP participation no longer accrues any additional benefits under the Retirement System.

The deferred monthly retirement benefits accrue in the Corrections Officers' Pension Plan on behalf of the member, plus interest compounded monthly, for the time of DROP participation. The interest paid on the DROP balance accrues at the same rate as the investment portfolio held by the Retirement System. In addition, the Corrections Officers' Pension Plan will deduct two (2) percent from base pay and any service raise of DROP

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

5. Plan Benefits Provided (continued)

b) The Corrections Officers' Retirement Plan (continued)

participants as their member contributions instead of the normal ten (10) percent deduction. Upon termination of employment, the member will receive the total DROP benefits and begin to receive the previously determined normal retirement benefits. The money that accumulates during DROP participation may be distributed in accordance with the criteria set forth in Municipal Code Section 120. The balance of the DROP benefits held in trust for DROP Participants totaled \$11.7 million as of September 30, 2020.

- c) **The Police and Fire Pension** plan which provides retirement, disability and death benefits for Police Officers and Firefighters was closed to new hires after October 1, 2017. Retirement benefits are calculated as 3 percent of the employee's final 2-year average salary times the employee's years of service up to 20 years and 2 percent thereafter (80 percent maximum benefit). Employees with 5 or more years of continuous service are eligible to retire at 20 years from the date of employment. Benefits are increased 3 percent annually after retirement.

Employees are eligible for non-duty related death and disability benefits after 10 years of service and for duty-related death and disability benefits upon hire. Terminated vested employees have the option to withdraw their contributions, while non-vested terminated employees must withdraw their contributions.

In April 2017, the City Council passed legislation dedicating a Pension Liability Surtax as a funding source for the General Employees' Retirement Plan, Corrections Officers' Plan and the Police and Fire Pension Plan. The benefits that were modified in 2015, impacting both existing employees and new hires were repealed by the new legislation. The bill deleted the definition of Group I and Group II members (hired before and after the effective date of Ordinance 2015-304-E) and provides that no employee hired on or after October 1, 2017 is eligible for membership in the Police and Fire defined benefit pension plan. All new hires must be a member of the defined contribution plan. The employee contribution rate to the defined benefit pension is increased from 8% to 10% of salary and the employer contribution is set as the actuarially determined Employer Contribution as provided in relevant statutes and ordinances. For a full breakdown of the new benefit package please see City Ordinance Code Section 121, Part 2.

For a full description of benefits provided by PFPF, refer to the separately issued financial statements for the Police and Fire Pension Plan that are available from the Police and Fire Pension Fund, located at One West Adams Street, Suite 100, Jacksonville, FL 32202.

d) Florida Retirement System

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 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

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

5. Plan Benefits Provided (continued)

d) Florida Retirement System (continued) -

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.

The funding methods and the determination of benefits payable are provided in various Acts of the State Legislature. These Acts require that employers make actuarially determined contributions at the rates in effect as of October 1, 2019, of 3.56% for regular members, 11.15% for special risk members, 38.37% for elected county officials, 19.09% for senior management, and 8.26% for DROP Plan members.

For a full description of benefits and historical trend information showing the progress in accumulating sufficient assets to pay benefits when due, is presented in the Florida State Retirement System's June 30, 2019 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.

- 6. Contributions** - The Florida Constitution requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes.

Pension Contributions
(in thousands)

	Jacksonville Retirement System		
	General Employees' Pension Plan	Corrections Officers' Pension Plan	Police and Fire Pension Plan
Required Employee Contribution Rate	10%	10%	10%
Employee Contributions for Fiscal Year Ended 2020	\$25,932	\$3,401	\$19,037
Required Employer Contribution Rate	28.88%	52.37%	84.54%
Employer Contributions for Fiscal Year Ended 2020	\$72,193	\$15,045	\$140,293

*Reserves were allocated to the City to be used to offset the Required Employer Contribution amount. The reserve balance was approximately \$30.8 million as of October 1, 2019. The City used \$16,964,149 in December 2019 as part of the advanced required Employer Contribution.

7. Pension Investments

- a) **Investment Policy** - The purpose of the City of Jacksonville Retirement System Board and the Police and Fire Pension Board is to administer long-term benefits to the Plans' participants and their beneficiaries. It is the Board's intention that the investment policies be sufficiently specific to be meaningful but adequately flexible to be practical. The investment objective is to preserve the purchasing power of assets and earn a reasonable real rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the short-term volatility of returns. After a thorough review of the expected risk and return of various asset mixes, the Boards of Trustees have established the following target asset allocations for all assets of the City of Jacksonville Retirement System and Police and Fire Pension Fund as indicated in the table below:

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

7. Pension Investments (continued)

a) Investment Policy (continued) -

Asset Class	Jacksonville Retirement System Target	Police & Fire Pension Fund Target
Domestic equity	30.0%	37.0%
International equity	20.0%	20.0%
Fixed Income	20.0%	20.0%
Real estate	15.0%	13.0%
Diversifying Assets/Private Investments*	15.0%	10.0%
Total	100%	100%

*Inclusive of MLPs, Private Equity, and Private Credit

There were no changes in the investment policy statement for the Jacksonville Retirement System ratified on October 26, 2017. There are no individual investments in JRS or PFPF Systems that exceed 5% of plan assets on September 30, 2020.

- b) **Rate of Return** – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2020 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.02% for the Jacksonville Retirement System and 7.98% for the Police and Fire Pension Fund.

The long-term expected rate of return on pension plan investments is determined annually by the Board of Trustees of each plan. In determining the long-term expected rate of return, each Board considers the most up-to-date long-term capital markets assumptions of its investment consultant. The long-term capital market assumptions for each major asset class considered by both pension boards as of September 30, 2020, are summarized below:

Asset Class	Long-Term Expected Arithmetic Rate of Return
Large/Mid Cap Domestic Equity	7.25%
Small Cap Domestic Equity	8.50%
Developed Large/Mid Cap International Equity	9.00%
Emerging Markets Equity	11.25%
Core Fixed Income	2.50%
Global Fixed Income	1.75%
High Yield Fixed Income	7.50%
Emerging Market Debt (Hard Currency)	7.00%
Core Real Estate	5.75%
Non Core Real Estate	7.75%
MLPs	11.75%
Private Equity	10.00%
Private Credit	9.00%

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

8. Pension Plans: Net Pension Liability

a) The components of the net pension liability as of September 30, 2020 were as follows:

	Net Pension Liability		
	<i>(in millions)</i>		
	Jacksonville Retirement System		
	General Employee's Pension Plan	Corrections Officers' Pension Plan	Police and Fire Pension Plan
Net Pension Liability (in millions): 10/01/2019			
Total pension liability	\$ 3,286	\$ 434	\$ 4,034
Plan fiduciary net position	1,989	232	1,899
Net pension liability	\$ 1,297	\$ 202	\$ 2,135
Net position as a % of total pension liability	60.54%	53.44%	47.07%

Actuarial Methods and Assumptions:

Date of last actuarial valuation	October 1, 2019	October 1, 2019	September 30, 2019
Experience period	5 years	5 years	
Inflation	2.50%	2.50%	2.50%
Salary increases (Long-Term Payroll Inflation)	2.50%	2.50%	3.50%
Investment Rate of Return	6.90%	6.90%	7.00%
Discount Rate	6.90%	6.90%	7.00%
Mortality Tables in use	FRS Non-Special Risk Scale MP2018	FRS Special Risk Scale MP2018	RP-2000 Combined Healthy Participant

b) **Discount Rate:** The projection of cash flows used to determine the discount rate assumes plan member contributions are made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions the Plans' fiduciary net positions are projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plans' investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

c) **Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension liabilities of the Plans, calculated using the discount rate and what the Plans' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Net Pension Liability					
	<i>(in millions)</i>					
	General Employees' pension plan		Corrections Officers' pension plan		Police and Fire pension plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.90%	829	5.90%	266	6.00%	2,721
Current Rate	6.90%	638	6.90%	202	7.00%	2,135
1% Increase	7.90%	479	7.90%	151	8.00%	1,662

*Net pension liability represents the City of Jacksonville portion only.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. A. PENSION PLANS (continued)

9. City of Jacksonville Retirement System: Financial Information

- a) The Statement of Net Position – Jacksonville Retirement System - General Employees' and Corrections Officers' Plan for the year ended September 30, 2020 is as follows (in thousands):

ASSETS

Equity in cash and investments.....	\$ 33,586
Receivables.....	2,425
Investments, at fair value.....	2,216,570
Capital assets, net of depreciation.....	1
Securities Lending Collateral.....	30,643
TOTAL ASSETS.....	2,283,225

LIABILITIES

Obligations under Securities Lending Agreement....	30,643
Accounts payable and accrued liabilities.....	7,532
Accrued Compensated Absences.....	43
TOTAL LIABILITIES.....	38,218

NET POSITION RESTRICTED FOR PENSIONS.....	\$ 2,245,007
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- b) The Statement of Changes in Fiduciary Net Position – Jacksonville Retirement System for the year ended September 30, 2020 is as follows (in thousands):

ADDITIONS

Contributions:

Employer.....	\$ 87,238
Plan member.....	29,333
Total contributions.....	116,571

Other Additions.....	(18)
Net investment income.....	135,464
Securities lending.....	171
TOTAL ADDITIONS.....	252,188

DEDUCTIONS

Benefit payments.....	209,099
Refund of contributions.....	18,494
Administrative expenses.....	1,258

TOTAL DEDUCTIONS.....	228,851
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CHANGE IN NET POSITION.....	23,337
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NET NET POSITION, BEGINNING OF YEAR.....	2,221,670
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NET POSITION, END OF YEAR.....	\$ 2,245,007
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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. B. PENSION LIABILITY, EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

1. Pension Liability

At the year ending September 30, 2020 the City of Jacksonville recorded a total Pension Liability of \$2,985.79 million. The pension plans providing the information and liability balances are reported below:

	Changes in Net pension Liability (in thousands)					FRS Health Insurance Supplement
	General Employees' Pension Plan	Corrections Officers' Pension Plan	Police & Firefighters' Pension Plan	Florida Retirement System		
Changes in Net Pension Liability						
Beginning Pension Liability Balance FY 2019	\$ 1,573,726	\$ 429,475	\$ 3,880,073	\$ 41,580	\$	722
Service Cost	19,645	7,359	65,148	556		17
Interest	107,954	29,931	269,658	2,826		25
Change of benefit term	-	-	-	-		-
Differences in actuarial experience	16,460	(6,778)	8,465	94		28
Change of assumption	2,419	(7,304)	-	365		30
Change in Proportionate Share	-	-	-	-		-
Benefit payments and refund of contributions	(102,351)	(18,506)	(189,125)	(2,393)		(32)
Net Change in total pension liability	44,127	4,702	154,146	1,448		68
Ending Total Pension Liability FY 2019	\$ 1,617,853	\$ 434,177	\$ 4,034,219	\$ 43,028	\$	790
Changes in Plan Fiduciary Net Position						
Beginning Plan fiduciary net position FY 2019	\$ 1,026,473	\$ 229,469	\$ 2,007,822	\$ 34,348	\$	19
Contributions - employer	34,627	14,498	110,528	698		36
Contributions - employee	13,949	3,225	17,746	157		0
Net investment income	7,281	3,496	54,259	1,121		0
Chapter funds and other income	-	-	14,686	-		-
Benefit payments and refund of contributions	(102,351)	(18,506)	(189,126)	(2,393)		(32)
Administrative expense	(476)	(158)	(2,117)	(5)		(0)
Distribution from Reserve Accounts	-	-	(55,731)	-		-
Other	-	-	-	-		-
Net Change in Plan fiduciary net position	(46,970)	2,555	(49,755)	(422)		4
Less Reserve Accounts and Sr. Staff Assets	-	-	(59,262)	-		-
Ending Plan fiduciary net position FY 2019	\$ 979,503	\$ 232,024	\$ 1,898,805	\$ 33,926	\$	23
Net Pension Liability	\$ 638,350	\$ 202,153	\$ 2,135,414	\$ 9,102	\$	767

Notes to Schedule:

Benefit changes:

Liabilities for GERP participants that were included in the City's Disability Plan have been transferred back into GERP, along with a transfer of \$11,397,000 in assets. The 0.3% of employee contributions that were previously allocated to the Disability Plan are now being allocated to GERP. For accounting purposes, this change is reflected on September 30, 2018.

Change of Assumptions:

As of September 30, 2019 the assumed investment return was lowered from 7.00% to 6.90%. As of September 30, 2019 the mortality assumptions were changed from being based on the FRS mortality tables used in the July 1, 2018 FRS actuarial valuation for the nonspecial risk personnel to the FRS mortality tables used in the July 1, 2019 FRS actuarial valuation. The set forward used to adjust for the plan's experience for healthy pre- and post-retirement lives was changed from 2.5 years to 2.0 years with the adoption of the new base table. The mortality improvement scale was changed from scale BB to scale MP2018 in conjunction with this change.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. B. PENSION LIABILITY, EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

2. Pension Expense

For the year ended September 30, 2020 the City recognized pension expense of \$198.9 million. The City reported pension expense, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Expense

(in thousands)

	Actuarial Pension Expense	Deferred Outflow Contribution Amortization	Reclass of Current Year Contributions to Deferred Outflow	Pension Expense as reported for Fiscal Year 2020
General Employees' Pension Plan	\$ 90,664	\$ -	\$ (32,680)	\$ 57,984
Corrections Officers' Pension Plan	26,624	-	(15,045)	11,579
Police & Firefighters' Pension Plan	251,640	-	(123,372)	128,268
Florida State Retirement Pension	1,218	-	(159)	1,059
Florida State Retiree Health Subsidy	(9)	-	(8)	(17)
Total Pension Expense	\$ 370,137	\$ -	\$ (171,264)	\$ 198,873

3. Contributions -

Contributions of \$171.3 million were reported as deferred outflows of resources related to pensions resulting from City of Jacksonville contributions subsequent to the September 30, 2019 measurement date (FRS measurement date, June 30, 2020) and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020.

Current Year Employer Contributions

(in thousands)

	General Employees' Pension Plan	Corrections Officers' Pension Plan	Police & Firefighters' Pension Plan	Florida State Retirement Pension Plan	Florida State Retirement System Retiree Health Subsidy
Fiscal Year ended 9/30/2020	32,680	15,045	123,372	159	8

4. Deferred Outflow/Inflow Amortization

Other amounts reported as deferred outflows of resources and deferred inflows of resources are illustrated below.

Deferred Outflows and (Inflows) of resources

(in thousands)

	General Employees' Pension Plan	Corrections Officers' Pension Plan	Police & Firefighters' Pension Plan	Florida State Retirement Pension Plan	Florida State Retirement System Retiree Health Subsidy
Differences in expected and actual experience	\$ 19,713	\$ 5,496	\$ 18,782	\$ 348	\$ 31
Changes in assumptions	41,527	8,499	78,560	1,648	38
Difference in projected and actual investment earnings	19,080	2,582	(11,417)	542	-
Changes in proportion	12,630	-	-	(1,118)	(184)
Total	\$ 92,950	\$ 16,577	\$ 85,925	\$ 1,420	\$ (115)

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. B. PENSION LIABILITY, EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

4. Deferred Outflow/Inflow Amortization (continued)

Deferred Outflows and (Inflows) Amortization for future years

(in thousands)

	Florida State Retirement System				
	General Employees' Pension Plan	Corrections Officers' Pension Plan	Police & Firefighters' Pension Plan	Pension Plan	Retiree Health Subsidy
September 30, 2021	\$ 32,968	\$ 5,154	\$ 43,279	\$ 828	\$ (24)
September 30, 2022	25,676	2,543	11,099	551	(37)
September 30, 2023	21,771	5,101	14,266	220	(17)
September 30, 2024	12,535	3,779	17,281	(61)	(10)
September 30, 2025	-	-	-	(118)	(27)
Thereafter	-	-	-	-	-
Total	\$ 92,950	\$ 16,577	\$ 85,925	\$ 1,420	\$ (115)

C. DEFINED CONTRIBUTION PLAN

The City has, by ordinance established a Defined Contribution plan within the Jacksonville Retirement System for the general employee participants of the City of Jacksonville, Jacksonville Electric Authority, and the Jacksonville Housing Authority, as an alternative to the Defined Benefit plan. In April 2017, the City Council passed legislation that provides that no employee hired on or after October 1, 2017, is eligible for membership in the defined benefit pension plans. This legislation established a defined contribution retirement system which shall include a General Employees' Defined Contribution Plan (GEDC) and a Public Safety Defined Contribution Plan (PSDC) to include Police, Fire and Corrections employees. All provisions of these Defined Contribution Plans are administered and managed by the City.

Contributions to the GEDC plan, stated as a percentage of pay, were 8 percent for plan members and 12 percent for the employer. Contributions to the PSDC plan, stated as a percentage of pay, were 10 percent for plan members and 25 percent for the employer. A portion of the Member contributions of both Defined Contribution plans, equal to 0.3 percent, is used to fund disability and survivor benefits in the GEDC and PSDC. The City shall contribute such additional sums, as necessary, to fund the disability and survivor benefits on a sound actuarial basis. 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. Members may make additional contributions on an after-tax basis, to the extent permitted by law. Members may also rollover to the GEDC/PSDC plan benefits accrued in other qualified plans consistent with the then prevailing provisions of the Internal Revenue Code.

Total contributions were \$33.0 million for the 2019-20 fiscal year. Contributions totaling \$5.9 million was transferred into the DC plan for participants that converted from DB to DC in addition to employer and employee contributions. Employer Pension Expense totaled \$20.5 million comprised of employer contributions and investment management fees net of participant forfeitures in the amount of \$1.1 million.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

9. D. UNFUNDED PENSION LIABILITY

The City recorded its unfunded pension liability in the City-wide Governmental Activities financial statements. There was not an allocation of this liability to the proprietary funds/Business-type Activities or fiduciary funds as there is not an expectation that those type funds/activities will be paying or raising rates to pay for the unfunded liability.

Police and Fire Pension and Corrections Pension are governmental fund activities, so their entries are recorded in the City-wide Governmental Activities financial statements as well.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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. The 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. This requirement delineates the City's implicit cost (rate) subsidy benefit and obligation for the retirees' participation.

Funding Policy: The City follows a pay-as-you-go 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 contracts. Because the City is on pay-as-you-go, the OPEB entries are recorded in the Governmental Activities Statement of Net Position and Statement of Activities. Since the implicit cost subsidy is the only OPEB benefit and the pay-as-you-go system provides no funding to a trust, any administration costs are paid by the general fund and are considered immaterial. The contribution requirements for Plan members are established by the City. Retired members pay the full premium for the Plan at the Group rate for the coverage elected. No direct City subsidy is currently applicable; however, as discussed in the Plan Description paragraph above, an implicit cost (rate) subsidy is applicable.

Retired members contributed \$6,548,000 in premiums for FY2020, representing 35.0% of the total FY2020 OPEB cost. The following table displays the estimated retiree premiums for 20-year cash flow purposes:

FY2020	\$	6,548,000	FY2030	\$	10,995,000
FY2021	\$	6,875,000	FY2031	\$	11,541,000
FY2022	\$	7,293,000	FY2032	\$	12,371,000
FY2023	\$	7,513,000	FY2033	\$	12,967,000
FY2024	\$	7,864,000	FY2034	\$	13,331,000
FY2025	\$	8,504,000	FY2035	\$	13,697,000
FY2026	\$	9,003,000	FY2036	\$	13,958,000
FY2027	\$	9,486,000	FY2037	\$	13,896,000
FY2028	\$	10,106,000	FY2038	\$	14,296,000
FY2029	\$	10,507,000	FY2039	\$	14,919,000

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Implementation of GASB #75: The Government Accounting Standards Board (GASB) issued GASB #75 in June 2015 to replace GASB #45 with an effective date for fiscal years beginning after June 15, 2017, thus the City's FY2018 reporting year. The following displays the OPEB ending balances at fiscal year-end:

	<u>OPEB Liability</u>		<u>Deferred Outflows</u>		<u>Deferred Inflows</u>
FY2019	\$ 230,621,526	\$	38,268,657	\$	38,064,250
FY2020	\$ 261,160,257	\$	51,648,562	\$	33,017,792

Summary of GASB #75 versus GASB #45 key changes:

- 1) The City must now recognize the total OPEB liability, as opposed to an amortized portion of the liability (the Net OPEB Obligation).
- 2) The annual OPEB expense replaces the Annual Required Contribution (ARC), with faster recognition than what was previously required.
- 3) The entry age normal cost method is required to determine the liability.
- 4) The discount rate is based on employer's assets and calculation of Actuarial Determined Contribution (ADC) if prefunding. If the plan is unfunded, the 20-year tax exempt municipal bond yield is used.
- 5) Enhanced disclosures of historical contributions, funding status, and basis for actuarial assumptions are required.
- 6) Description of any benefit and assumption changes is required as well as expanded Notes and Required Supplementary Information (RSI).

Changes in Net OPEB Liability:

	<u>FY2020</u>	<u>FY2019</u>
Total OPEB Liability - Beginning of Year	\$ 230,621,526	\$ 187,690,872
Service Cost	\$ 12,506,943	\$ 8,828,783
Interest Cost	\$ 6,380,128	\$ 8,097,713
Differences between expected and actual	\$ -	\$ (10,029,066)
Changes in assumptions and other inputs	\$ 18,199,748	\$ 41,622,148
Benefit Payments	\$ (6,548,088)	\$ (5,588,925)
Net change in total OPEB liability	\$ 30,538,731	\$ 42,930,654
Total OPEB Liability - End of Year	\$ 261,160,257	\$ 230,621,526

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Schedule of Deferred Inflows/Outflows of Resources at September 30, 2020:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 0	\$ (8,412,985)
Changes of assumptions/inputs	\$51,648,562	\$(24,604,807)
Net difference between projected and actual investments	\$ 0	\$ 0

Amounts reported as Deferred Inflows and Deferred Outflow of Resources at fiscal year-end 2020:

FY2021	(\$ 226,616)
FY2022	(\$ 226,616)
FY2023	(\$ 226,616)
FY2024	(\$ 226,616)
FY2025	(\$ 226,616)
Thereafter	\$19,763,850

OPEB Expenses:

	<u>FY2020</u>	<u>FY2019</u>
Total OPEB Expenses	\$12,111,000	\$9,645,000

Actuarial Assumptions and Methods:

- | | |
|-----------------------------------|---|
| 1) Measurement Date | September 30, 2019 |
| 2) Discount Rate | 2.66% - (BOY), 2.21% (EOY)—Bond Buyer 20-Bond GO Index |
| 3) Salary Increase Rate | 3.5% per annum |
| 4) Valuation Date and Census Data | Valuation date of October 1, 2018 based on the census provided by the City as of September 2019 |
| 5) Marriage Rate | The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided. |
| 6) Spouse Age | Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses. |

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Actuarial Assumptions and Methods: (continued)

- | | |
|-----------------------------------|--|
| 7) Medicare Eligibility | All current and future retirees are assumed to be eligible for Medicare at age 65. |
| 8) Actuarial Cost Method | Entry Age Normal based on level percentage of projected salary |
| 9) Amortization Method | Experience/Assumptions gains and losses are amortized over a closed period of 12.4 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service) |
| 10) Plan Participation Percentage | That 60% of future pre 65 retirees will participate in the pre-65 medical plan and 15% (30% for those hired prior to 1/1/1987) continue upon Medicare eligibility. This assumes that a one-time irrevocable election to participate is made at retirement. |
| 11) Mortality Rates | Pub-2010 generational table scaled using MP-19 and applied on a gender specific basis. |

12) Health Care Cost Trend Rate

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

<u>Expense Type</u>	<u>Select</u>	<u>Ultimate</u>
Pre-Medicare Medical and Rx Benefits	6.5%	4.5%
Medicare Benefits	5.5%	4.5%
Stop Loss Fees	6.5%	4.5%
Administrative Fees	4.5%	4.5%

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)
Actuarial Assumptions and Methods: (continued)

13) Per Capita Health Care Cost Trend Rate

Expected annual claim costs were developed using 24 months of historical claim experience December 2015. The age 60 and age 70 claim costs are as follows:

<u>Rate Tier</u>	<u>Age 60</u>	<u>Age 70 (Medicare)</u>	<u>(Non-Medicare)</u>
HMO 48	\$12,867	\$8,192	\$16,846
HDHP 65	\$10,142	\$5,741	\$13,239
PPO	\$15,435	\$9,179	\$20,212
Future Retirees	\$11,154	\$6,423	\$14,574

14) Non-Claim Expenses

Non-claim expenses are based on the current amounts charged per retired employee as of 2019. The amounts are provided in the table below and are trended at the levels shown in the “Health Care Cost Trend Rate” table in (12) above.

<u>Rate Tier</u>	<u>Age 60</u>
Administrative Fee	\$27.70
Stop Loss Fee	\$ 8.25

15) Plan Election Percentage

Future eligible retirees are assumed to elect coverage based on the following percentages:

<u>Rate Tier</u>	<u>Age 60</u>
HMO 48	79%
HDHP 65	4%
PPO	17%

16) Age-Based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study.

17) Termination and Retirement Age

The rate of withdrawal for reasons other than death and retirement has been developed from the Florida Retirement System Actuarial Valuation as of July 1, 2018, City of Jacksonville Correctional Officer Retirement System Valuation as of October 1, 2018, the City of Jacksonville General Employees Retirement Plan Valuation as of October 1, 2018, and the City of Jacksonville Police & Fire Pension Fund Actuarial Valuation as of October 1, 2018. The annual termination probability is dependent on an employee’s age, gender, and years of service.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)
Actuarial Assumptions and Methods: (continued)

*Sensitivity to the City's net OPEB liability to changes in the healthcare cost trend rates:
(Rounded to thousands)*

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$223,277,000	\$261,160,000	\$312,499,000

Sensitivity to the City's net OPEB liability to changes in the discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$277,471,000	\$261,160,000	\$306,605,000

Notes to the OPEB RSI:

There are not any assets in trust to pay OPEB benefits.

There are not any changes in the trends that affect the assumptions used by the actuary to develop the OPEB liability.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

A. Public Liability and Workers Compensation:

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 self-insured public liability (general liability and automobile liability) and workers’ compensation coverages (the “Program”). The Program covers the activities of the City general government and the JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority (“Members”).

Jacksonville’s City Ordinance, Chapter 128, establishes the Program’s self-insurance fund. The Program is a combination of self-insurance, coupled with certain layers of excess coverage to mitigate aberrant and substantial unexpected losses.

The City does transfer some its risk through the purchase of insurance for its other exposures. The City purchases Watercraft, Wharfingers Liability, Out of State Automobile Liability, Aviation, Crime, Property and other certain General Liability policies (Rails to Trails, Power Lines Easement, Riverwalk, and Voting Precincts) to transfer risk. These policies are subject to sublimits, policy aggregates (where applicable) terms, conditions and exclusions as noted in the policies. Coverages are applicable to specific entities listed as named insureds. The following schedule indicates the major categories of coverage transferred to insurers.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

12. RISK FINANCING (continued)

A. Public Liability and Workers Compensation: (continued)

Coverage's	Limits Occurrence and Aggregate	Retentions/Deductibles
Excess Casualty Package -		
General Liability, Law Enforcement, Public Officials, Emp Practices	\$ 5,000,000	\$ 1,500,000 ⁽¹⁾
Automobile Liability	\$ 1,000,000	\$ 1,500,000 ⁽¹⁾
Workers' Compensation Benefits	Statutory	\$ 1,250,000 ⁽¹⁾
Worker's Compensation Employers' Liability	\$ 1,000,000	\$ 1,250,000 ⁽¹⁾
Worker's Compensation Communicable Disease (Coverage a & b)	\$ 50,000,000	\$ 1,250,000 ⁽¹⁾
Property (Real & Personal Property) -	\$ 400,000,000	\$ 100,000/250,000 ⁽²⁾
Property Terrorism includes a \$50,000,000 Liability Limit	\$ 200,000,000	\$ 10,000
Boiler and Machinery	\$ 250,000,000	\$ 50,000
Fine Arts - Scheduled Value	\$ 10,950,924	\$ 1,000
Employee Fidelity	\$ 5,000,000	\$ 75,000 ⁽³⁾
Aircraft Liability (P&I)	\$ 20,000,000	\$ -
Aircraft Physical Damage (Schedule Value)	\$ 6,118,732	Various/Per Schedule ⁽⁴⁾
Watercraft Protection & Indemnity and Hull Coverage	\$ 1,000,000	\$ 2,000
Watercraft Physical Damage (Scheduled Value)	\$ 9,088,338	Various/Per Schedule ⁽⁵⁾
Excess Protection & Indemnity	\$ 9,000,000	
Wharfingers Liability	\$ 5,000,000	\$ 1,000
Out of State Automobile Liability	\$ 1,000,000	\$ -
Rails to Trail General Liability	\$ 3,000,000	\$ 1,000
Power Lines Easement General Liability	\$ 4,000,000	\$ 1,000
Riverwalk General Liability	\$ 5,000,000	\$ 5,000
Voting Precincts General Liability	\$ 1,000,000	\$ 500
Special Events Policy - FL/GA Game, Jazz Fest, WON, Veterans Day	\$ 1,000,000	
Cyber, Security & Privacy Coverage	\$ 5,000,000	\$100,000 / \$10,000

(1) The Self-Insurance Program is comprised of three policies: Two stand alone Excess Workers' Compensation policies from Safety National Casualty Corporation, which includes a retention of \$1.5 million and \$500,000 for JHA and JPA, and a Casualty Package provided by Lloyds of London Brit Program, which includes General Liability, Law Enforcement Liability, Public Officials/Employment Liability, Automobile Liability and a Workers' Compensation Buffer Layer of \$250,000. The Self-Insurance Program covers the City government and its Members (JEA, JPA, JHA and JAA).

(2) The property policy has a \$100,000 "all other peril" deductible for events that are named windstorm; windstorm deductible losses is equal to 5% of the total insured values and applied separately to Building(s) and their associated Contents subject to a minimum deductible of \$250,000 and maximum of \$25,000,000 per occurrence. The policy also has \$25,000 deductibles that 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.

(3) Crime coverage affords a \$5 million Employee Theft/ Faithful Performance with a deductible of \$50,000 and \$75,000, respectively, all other Coverage limits are \$3 million each for 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; all with a \$5,000 deductible applicable per loss.

(4) Aircraft physical damage deductibles are: (1) for aircrafts not in motion, \$1,000 for rotor wings and \$250 fixed wings; (2) for aircraft in motion, 5% of the hull scheduled value, not to exceed \$25,000 for rotor wings and \$1,000 fixed wings.

(5) Watercraft physical damage deductibles is 1% of the hull scheduled value or \$250 per occurrence for trailers.

In the past three (3) years, none of the listed commercial policies have incurred a loss that resulted in a settlement amount in excess of the policy limit.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

12. RISK FINANCING (continued)

A. Public Liability and Workers Compensation: (continued)

Annually, as of September 30, the Program has a third party actuary review 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 fiscal year. The City uses in-house defense counsel for General and Automobile Liability and outside defense counsel for Workers' Compensation. The City's Self-Insurance Program liability is established at the expected confidence level on a four percent (4%) discounted basis in the amount of \$118,831,000 for General Liability, Automobile Liability and Workers' Compensation. Actuarial also projects \$8,162,000 of unallocated loss adjustment expenses on a four percent (4%) discounted basis at the expected confidence level.

The probable 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 for return via a dividend formula in Ord. Code. Sec. 128.311, to the City itself and component units, and the accumulation of a Self-Insurance Operating Reserve authorized by the City of Jacksonville Ordinance Code Section 128.312. As of September 30, 2020, the City has a Surplus in the Self-Insurance fund of \$11,567,151.72 and a Self-Insurance Operating Reserve for \$6,685,294.47 for a combined surplus of \$18,252,446.19. In the Supplemental Section of the City's Annual Comprehensive 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, 2020.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

12. RISK FINANCING (continued)

A. Public Liability and Workers Compensation: (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 (Including ULAE)
FOR THE YEARS ENDING SEPTEMBER 30
(in thousands)

	<u>General/Auto Liability</u>		<u>Worker's Compensation</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Unpaid claims and claims adjustment expenses at beginning of fiscal year	16,545,000	15,300,000	102,758,000	99,151,000	119,303,000	114,451,000
Incurred claims and claim adjustment expenses:						
Provisions for insured events of the current fiscal year	5,342,407	5,158,632	17,646,834	11,796,485	22,989,241	16,955,117
Increases (decreases) in provision for insured events of prior fiscal years	3,594,356	3,784,926	12,354,488	19,232,717	15,948,844	23,017,643
Total incurred claims and claim adjustment expenses	8,936,763	8,943,558	30,001,322	31,029,202	38,938,085	39,972,760
Payments:						
Claims and claim adjustment expenses attributable to insured events of current fiscal year	1,123,463	1,400,418	6,742,098	4,867,864	7,865,561	6,268,282
Claims and claim adjustment expenses attributable to insured events of prior fiscal year	6,597,300	6,298,140	16,785,224	22,554,338	23,382,525	28,852,478
Total Payments	7,720,763	7,698,558	23,527,322	27,422,202	31,248,085	35,120,760
Total unpaid claims and claim adjustment expenses at end of fiscal year	17,761,000	16,545,000	109,232,000	102,758,000	126,993,000	119,303,000

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

SELF-INSURANCE FUND
CURRENT AND NONCURRENT CLAIMS LIABILITIES (Including ULAE)
FOR THE YEARS ENDING SEPTEMBER 30
(in thousands)

	<u>General/Auto Liability</u>		<u>Worker's Compensation</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current Liability:						
Estimated Liability for self-insured losses	9,654,000	8,726,400	21,535,500	20,800,500	31,189,500	29,526,900
Noncurrent Liability:						
Estimated Liability for self-insured losses	8,107,000	7,818,600	87,695,500	81,957,500	95,802,500	89,776,100
Total Liability	17,761,000	16,545,000	109,231,000	102,758,000	126,992,000	119,303,000

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

12. RISK FINANCING (continued)

B. Self-Insured Health Plan:

Effective January 1, 2015 the City elected to move from a fully insured plan to a self-funded arrangement for its group health coverage. The primary driver of this decision was the prohibitive cost of commercial health insurance. The City historically utilized Florida Blue as the third party administrator which provides claims adjudication services, provider network contracting and maintenance, and other valuable services. Florida Blue pays claims as they are incurred and bills the City monthly. In order to better manage the risk, the City has contracted for stop-loss insurance with a \$700,000 specific deductible in 2020. Once a claim exceeds this threshold, the City is reimbursed for any excess expenses. In 2018, the City added a new health plan option, UF Health, administered by Integra Administrative Group. The UF Health plan has its own stop loss with a deductible \$325,000 for 2020.

The plan is funded by contributions from the City and employees. These funds reside in an internal service fund which is used exclusively for Employee Benefits. The beginning balance of this fund as of January 1, 2015 was \$6,479,716. The City received a pro-share settlement from Florida Blue of \$1,547,615. This was the result of superior claims performance that the City experienced in CY2013 and CY2014 as a fully insured health plan. The City received a pharmacy rebate, from Florida Blue, of \$1,961,600 for the CY2017, \$2,443,997 for CY2018 and \$3,792,902 for CY2019.

Incurred but not reported (IBNR) claims were estimated at \$3,307,908 as of September 30, 2020 and are recorded as a liability on the Statement of Net Position. Changes in the reported liability since January 1, 2015 resulted from the following:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claim and Expense Payments	Ending Balance
2015	\$0	\$57,049,414	\$52,850,908	\$4,198,505
2016	\$4,198,505	\$74,958,235	\$74,912,875	\$4,243,865
2017	\$4,243,865	\$73,669,055	\$73,152,818	\$4,760,102
2018	\$4,760,102	\$80,379,534	\$80,209,535	\$4,930,101
2019	\$4,930,101	\$81,168,970	\$80,709,545	\$5,389,526
2020	\$5,389,526	\$75,129,129	\$77,210,747	\$3,307,908

As of September 30, 2020 the operating gain was \$33,681,571. The Florida state statutes require a safe harbor threshold to be maintained in plan reserves. This threshold for FY 2020 is \$12,893,643 and the City has plan reserves of \$40,161,288.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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. 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. 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 costs 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, 2020 the prepaid balance of the capitalized cost is \$0.

Active Landfill – Trail Ridge

The closure and long-term liability for Trail Ridge as of September 30, 2020 is \$36.6 million which represents an increase of \$1.8 million compared to the 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 90.32%, with an estimated life of 31 years.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Inactive Landfills – North and East

North and East landfills closed October 1999 and April 1992, respectively. Post closure care requirements have been met for both closed landfills.

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. Due to inflationary increases over the years for costs expended on closing the landfill, costs exceeded the revenue derived from tonnage filling the landfill. The revenue rate structure had not changed in many years and did not keep up with inflation. The City decided to implement a three phase strategy to address the problem. In FY2017, the City's General Fund initiated a \$9 million loan to the landfill closure/post closure sub fund as Phase 1. In FY2018, the City implemented Phase 2 and made permanent transfers of \$9 million to firm up the previous amount loaned. Phase 3 will address a rate review for the landfill closure/post closure revenue projections vs. cost projections, in order to keep the sub fund compliant with the Florida Administrative Code. As of September 30, 2020, \$21.8 million, which includes \$4.8 million 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 that are held in reserves for contingencies and are used to offset future operational cost.

	<u>Trail Ridge</u>
Current Cost of Closure	16,981,152
Annual cost of long-term care	-
Accelerated funds above state minimum	<u>4,859,024</u>
Total balance in escrow account	<u>\$ 21,840,176</u>

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

14. LESSOR OPERATING LEASE

A. Jacksonville Jaguars, LLC. - The City entered into a lease dated September 7, 1993, pursuant to which the City leases TIAA Bank 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 City uses the City Venues enterprise fund to record the stadium, practice facilities, other related capital assets, and all the related revenues and expenses from use of the stadium and practice facilities under this lease agreement.

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. Amendments 8 and 12 outline 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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Amendment 9 outlines a revenue sharing agreement for the stadium naming rights and provides the parameters for the marketing of the stadium name. Also, Amendment 9 details additional advertising rights and allows for certain fixed signage at the stadium. However, the subsequent naming rights agreement with TIAA Bank eliminated the City participation in revenue generated 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.

Amendment 12 outlines provisions of various improvements to the stadium, including new video boards, renovations and improvements to the North End Zone (NEZ), and stadium Wi-Fi improvements. Total project improvements cost over \$60 million, with the City financing approximately \$44 million. Amendment 13 clarifies or modifies miscellaneous provisions of the lease, and outlines certain rights of the City and Jaguars with regards to the electric signage included in the improvements of Amendment 12.

Amendment 14 outlines provisions of various improvements, including stadium club and south end zone improvements, and the addition of a covered football field practice facility and outdoor amphitheater. Total project improvements cost over \$90 million, with the City financing approximately \$45 million.

Additional agreement modifications include a 2019 rental payment reduction of \$342,847 to allow for improvements to the practice field.

A summary of scheduled lease payments is as follows:

<u>Year</u>	<u>Payment</u>
2021	3,883,700
2022	3,885,526
2023	3,886,040
2024	3,885,242
2025	4,362,322
2026 - 2030	29,812,663

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

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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 \$6,764,135 due to the application of GASB #13 based on the difference in the actual rent paid and the calculated straight line rent.

In analyzing the lease, there are two conditions that could affect the collection of the deferred rent receivables. The lease has been modified multiple 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 deferments 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 \$6,764,135 deferred rent receivables. As payments are made, the deferred receivables and allowance are adjusted accordingly.

A summary of the leased asset value is as follows:

Cost of leased assets	440,274,143
Accumulated depreciation	<u>(156,584,312)</u>
Carrying Value of leased assets	\$ 283,689,831

B. Shands Jacksonville:

Under an agreement with a not-for-profit corporation, Shands Jacksonville, also known as University of Florida Health (UF Health), the City leases to Shands certain capital assets, principally land and buildings, over a term to September 30, 2067 with an option to renew for an additional thirty years to 2097 at \$1 per year. In addition, Shands is to operate in full support of the indigent care programs of the Duval County, FL, 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 as a general government asset.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, including claims under the public liability in the Self Insurance Fund, alleged breaches of contract, condemnation proceedings and other alleged violations of state or federal laws.

The City self-insures itself through general liability and workers compensation programs for most claims asserted against the City. For all amounts that are probable of loss the City records an estimated liability in the Self Insurance internal service fund. For amounts where it is not possible at the present time to estimate the ultimate outcome or liability, if any, to the City for the proceedings no accrual is recorded. It is the City's opinion that the ultimate liability in these litigation matters, if any, that have not been accrued, is not expected to have a material adverse effect on the City's financial position.

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). 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 major exposures 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 reserved on ultimate probable cost basis.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

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:

- 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, 2020 of approximately \$89.32 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. The following paragraphs provide further details on the more significant sites.

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. 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.

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

D. Pollution Remediation: (continued)

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. The remedial action was completed in late 2006 and early 2007 and following approval of the Remedial Action Report (May 2007), the site was approved for the 30 year long term Operations and Maintenance of the facility. The PRP are responsible for the long term O&M costs for the total 30 year period. We are currently in year 15 of the 30 year period.

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 \$30.99 million has been accrued based on the City's estimate used in its five year capital project plan. As of September 30, 2020, the Ash Sites accumulated approximately \$185.37 million of expenditures.

Other Sites

FDEP identified other sites of potential liability the City is responsible for. These sites include: *Doe Boy Dump Site, Gold Merit/Pope Plan, and Confederate Park.*

These projects, which are estimated to take several years to complete once started, have an estimated cost of \$18.18 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 \$40.15 million has been accrued for their estimated liability based on their inclusion in the City's five year capital projects plan.

The *Picketville Waste Dump Site* future costs are dependent upon information received from the USEPA and FDEP for the final groundwater monitoring report. The City has completed its long-term O&M responsibilities. However, groundwater impacts above regulatory levels were still present in the last samples for the final report. The City recommended continued groundwater monitoring in lieu of additional assessment and/or remediation. The City awaits a response from the USEPA and FDEP on this matter.

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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

F. Construction and other significant Commitments:

At September 30, 2020, the City had significant commitments for the following projects (in thousands):

General Government	
ADA Compliance - Curb Ramps Sidewalks	4,537
ADA Compliance - Pretrial Detention Facility	560
ADA Compliance - Public Buildings	957
Care System Replacement	658
Deerwood Park Blvd - Bridge	1,176
Ed Ball Building - Maintenance & Upgrades	661
Ed Ball Building - Power Upgrades Phase 1	553
Edward Waters College - Student Housing	4,068
ERP - Financial & Resource Management	7,835
Everbank Field - Building Systems	779
Fleet Management - Maintenance & Upgrades	596
Florida Theatre - Facility Improvements	1,000
JSO City ITD Projects - Command Central Aware Crime Center	1,213
Liberty St/CoastLine Dr - Parking Decks	1,301
Northbank Riverwalk - Bulkhead	1,769
Northbank Riverwalk - Riverwalk & Bulkhead Repairs	3,000
Pretrial Detention Facility - Cell Door System	908
Pretrial Detention Facility - Upgrades	748
UF Health Capital Improvements	28,065
Public Safety	
Fire Station - #63 New Construction	3,108
Tropical Storms/Hurricanes - Matthew	5,035
Physical Environment	
Crosswalk Countdown Heads	550
Drainage System Rehabilitation	1,040
Gold Merit/Pope Place	5,133
Trail Ridge Landfill Expansion	1,114
Transportation	
Braddock Road Sidewalk	543
Cahoon Rd/Normandy Blvd to Beaver St	8,500
Cecil Fd Con&Brannan-Chaffee To Comm Ctr	5,926
Cecil Field Roads And Drainage - Mega Site Roadway Development	1,063
Children's Way/Nira St - Pedestrian Improvements	1,123
Collins Rd/Shindler to Old Middleburg	2,315
Collins Rd-Westport To Rampart	8,984
Countywide Intersection Improvement - Bridges	615
Crystal Springs/Chaffee Rd to Cahoon - Phase2	3,716
Five Points Project	1,413
Hartley Rd/St Augustine to SR 13	7,523
Intersection Improvements - Hart Bridge Ramp Modification	23,424
Kernan Blvd - 4 Lane Widening JTB/McCormick	25,515
Old Middleburg/103rd - Branan Field	21,102
Pavement Markings	700
Ricker Rd/Old Middleburg to Morse	10,682
Roadway Resurfacing	822
Roadway Sign, Stripe And Signal	776
Shindler/103rd to Argyle Forest	17,770
Sibbald Road Sidewalk	553
Southside Blvd/Belfort Rd/JTB Transportation Improvement	957
Economic Environment	
Cole Road Bridge Project	1,770
Harts Road Resurfacing - Dunn Ave N to Cul-De-Sac S of I-295	835
Harts Road-Bridge Replacement	697
Shipyards Project/Environmental Cleanup	690
Gateway/Soutel/Norfolk Project	1,215
Culture & Recreation	
Countywide Parks & Recreation Projects	1,047
Freedom Park	510
Friendship Fountain Repairs	914
Friendship Fountain Repairs - Nodes	1,151
Jacksonville Zoo Improvements	3,997
Southbank Riverwalk - Extension & Enhance	790
Southside Senior Center	3,394
Wastewater System Fund	14,370
TOTAL	\$ 251,769

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

G. Encumbrance Commitments:

At September 30, 2020, the City had encumbrance commitments in the Governmental Funds as follows: (in thousands)

MAJOR FUNDS

General Fund	21,272
Special Bonded Debt-Better Jacksonville Plan Obligations	5
Public Safety	46,644

Total Major Funds	\$ 67,921
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NON-MAJOR FUNDS

Concurrency Management	2,874
Air Pollution Control and Monitoring	4
Tourism Development	1,959
Clerk of the Court	29
Transportation Fund	4,551
Budgeted General Government	4,266
Emergency 9-1-1	388
Tax Increment Districts	7,881
Kids Hope Alliance	7,321
Community Development Block Grant	2,416
Maintenance, Parks and Recreation	1,521
Other Federal, State and Local Grants	7,017
Housing and Neighborhoods	5,209
State Housing Initiative Partnership	179
Non Budgeted General Government	3,298
General Projects	94,424
Better Jacksonville Plan Construction Project	7,872
Bond Projects	677
Grant Projects	20,086

Total Non-Major Funds	171,971
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TOTAL ENCUMBRANCES	\$ 239,892
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*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.

The encumbrances are recorded within fund balance based on the source of funds as restricted, committed, or assigned as appropriate.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

15. LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

H. Tax Abatements:

The City administers the following tax abatement programs.

<i>City of Jacksonville Tax Abatement Disclosure as required by Statement No. 77 of Governmental Accounting Standards Board</i>			Programs Administered by City of Jacksonville	
Name of Program	Recaptured Enhanced Value (REV) Grant		Qualified Target Industry	
Purpose of program	Designed to bring new capital investment and development or redevelopment to a project site to support a new business or to expand an existing business, thus resulting in the creation of new full time jobs.		To attract greater private sector investment, to expand the opportunity for individuals to gain high wage employment, and to lower the overall unemployment rate in Duval County by providing jobs at a wage level that is rarely available in an economically distressed area.	
Tax being abated	Real and/or Tangible Personal Property Tax		Corporate Income Tax, Sales Tax, Ad valorem Tax, Insurance Premium Tax, Intangible Personal Property Tax, Excise Tax, State Communication Service Tax	
Authority under which abatement agreements are entered into	Part 2, Chapter 26, City of Jacksonville Ordinance Code and Ordinance 2016-382-E (Public Investment Policy), Florida Statutes 125.045 County Economic Development Powers		Florida Statute 288.106 Tax refund program for qualified target industry businesses	
Eligibility criteria	The company is required to be on a Targeted Industry Category. The company must create at least 10 new full time jobs with wages greater than or equal to 100% of the State of Florida average wage, or greater than or equal to 60% of Duval County's average annual wage. The company must commit a minimum of \$3 million private capital investment.		The company is required to be in a Targeted Industry Category. The company must create at least 10 new full time jobs with an average annual wage that is at least 115% of the State, Metropolitan Statistical Area, or local average wages.	
How recipient taxes are reduced	As refunds on real and personal property taxes paid by the project above the base year.		As refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes.	
How amount of abatements is determined	Utilizing a "base year" assessed property value for the project, a certain percentage of the City's portion of the incremental increase in ad valorem taxes on real and /or tangible personal property paid by the project above the base year amount is available. In general, the standard grants will be up to 50% of the increment up to 10 years. They are capped at a maximum amount. The percentage and length of time is negotiated between parties. Higher percentages or timeframes may be awarded for projects with high volumes of job creation and capital investment.		Pre-approved applicants receive tax refunds of \$3,000 per net new Florida full time equivalent job created. For businesses paying 150% of average annual wage, add \$1,000 per job; for businesses paying 200% of the average wage, add \$2,000 per job. The agreement is between the State of Florida's Department of Economic Opportunity (DEO) and the company. The State agency reviews and audits information provided by the Company and sends an invoice to the City of Jacksonville. The City then sends 20% Local Financial Support to the State, who subsequently pays the Company.	
Provision for recapturing abated taxes	N/A		N/A	
Amount being abated for the year ended September 30, 2020	Office of Economic Development		Office of Economic Development	
		\$6,212,874		
	Downtown Investment Authority		Downtown Investment Authority	
		\$1,983,740	N/A	

**CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

16. MAJOR DISCRETELY PRESENTED COMPONENT UNITS - ADDITIONAL DISCLOSURE

During fiscal year 2020, 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, 2020 these contributions total \$118,824,010. 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, 2020, the City received from JEA \$28,558,226 and \$10,985,464 of its electric and water and sewer funds.

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 \$94 million in fiscal year 2020. 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 interlocal 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 was to continue in effect until all of the bonds were 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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

B. Jacksonville Transportation Authority (JTA): (continued)

Any funds available above debt service would be collected in a pay-as-you-go fund to assist with the payment of program expenditures. In addition, the City made available revenues from the Local Option Gas Tax for the operation of the JTA's Mass Transit Division.

Beginning September 1, 2016, a new interlocal agreement between the City and JTA went into effect. The Sales Tax and Constitutional Gas Tax continue to be pledged for the program's debt service. Any Sales Tax revenues available above debt service are returned to JTA and may be used for certain transportation-related purposes as defined by the agreement. Revenues from the Constitutional Gas Tax are to be used for debt service only if the Sales Tax revenues are insufficient. Any Constitutional Gas Tax revenues available above debt service are split equally between the City and JTA. In addition, the new interlocal agreement provides that five-sixths of the Local Option Gas Tax be made available to JTA for the development, construction, operation and/or maintenance of certain roadway projects managed by JTA as identified in the agreement's exhibits.

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"). The 2003C Bonds were partially refunded by the Special Revenue Refunding Bonds, Series 2012E (the "2012E" Bonds, and together with the 1993 Bonds, 2001A Bonds and 2003C Bonds, the "Bonds").

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.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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

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, 2020, the amount of Pledged Revenues in excess of the debt service requirements of the Bonds was \$1.87 million with a total of \$1.85 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 (inclusive of investment earnings) 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. The capital assets related to these projects are owned by JPA and these amounts are noted earlier as Non-Asset Debt of the City in Note 8H.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

17. SUBSEQUENT EVENTS

On October 1, 2020, the City paid down \$5.70 million of its outstanding commercial paper balance in accordance with its internal debt service schedules.

On October 29, 2020, the City closed on the sale of \$155.04 million Taxable Transportation Refunding Revenue Bonds, Series 2020. The proceeds of the 2020 bonds were used for the purpose, together with legally available funds of the City, of refunding the City's Transportation Revenue Bonds, Series 2012A maturing in the years 2023 through 2031. The Taxable Transportation Refunding Revenue Bonds, Series 2020 have a true interest cost of 1.62%, an average coupon rate of 1.57%, and a final maturity date of October 1, 2031. The bonds provided net proceeds of \$154.52 million, which is inclusive of the underwriter's discount totaling \$521.02 thousand.

On March 10, 2021, the City received \$3.6 million of matching funds from its port to apply towards the loan made between the parties to fund completion of the 13-mile St. John's River deepening project (see Note 8.F. for more details). Subsequently, on the next maturity date of April 6, 2021, these funds were used to pay down the City's commercial paper balance and also reduce the outstanding principal amount of the loan.

Subsequent events also occurred at the discretely presented component units and these have been disclosed in their separately issued financial statements.

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CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

18. NET POSITION:

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - is intended to reflect the portion of net position that is associated with 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 Position – are assets that have third-party (statutory, bond covenant or granting agency) limitations on their use externally imposed by creditors or imposed by law through constitutional provision or enabling legislation. 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 Position – have no third party limitation on their use, and consists of all net position that do not meet the definition of the other two components, and any net deficits that exist.

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

A. Additional Disclosure:

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 Position to the City is greater than is apparent. The following schedule illustrates these differences (000s):

Governmental Unrestricted Net Position (page 22)	\$ (2,380,637)
Impact of Better Jacksonville Plan's (BJP)	
bond financed capital expenditures incurred by	
component units and other entities.	98,351
Economic Incentives to be repaid by	
TIF revenue and/or Developer	13,129
Governmental - Unrestricted Net Position	
(adjused for dedicated revenue funded portions)	<u>\$ (2,269,157)</u>

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

18. NET POSITION: (continued)

A. Additional Disclosure: (continued)

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 Position (adjusted for dedicated revenue funded portions of non-asset debt) more truly reflect the General Government's available (although partially tentatively targeted) portion of net position.

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 that 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 or committed for those specific purposes.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

19. FUND BALANCE DISCLOSURE: (continued)

The City uses restricted amounts 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, 2020

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
FUND BALANCES:			
Non Spendable:			
Imprest cash and cash in escrow	\$ -	\$ -	\$ -
Inventories	4,545	-	-
Other	17	-	-
Spendable:			
Restricted for:			
Debt Service Reserved by Debt Covenants	-	114,477	11,393
Parks and Recreation Projects	-	-	-
Physical Environment	-	-	-
Conservation and Resource Management	-	-	-
Transportation Projects	-	-	-
Human Services	-	-	-
Housing and Urban Development	-	-	-
Building	-	-	-
Public Safety	-	-	-
Industry Development	-	-	-
Other	3,041	-	-
Committed to:			
City Council Emergency Use	65,259	-	-
Drainage Projects	-	-	-
Parks and Recreation Projects	6,650	-	-
Planning Projects	5,090	-	-
Physical Environment	-	-	-
Conservation and Resource Management	-	-	-
Transportation Projects	-	-	-
Emergency and Disaster Relief	-	-	-
Court Projects and Operations	-	-	-
Public Safety	14,378	-	-
Industry Development	4,654	-	-
Other	7,164	-	-
Assigned to:			
Parks Projects	3,298	-	-
Planning Projects	2,525	-	-
Public Safety	7,130	-	-
Industry Development	2,308	-	-
Other	3,554	-	-
Unassigned	210,323	-	-
Total Fund Balances	\$ 339,936	\$ 114,477	\$ 11,393

(Continued)

PUBLIC SAFETY	NON MAJOR GOVERNMENTAL FUNDS	TOTAL ALL FUNDS	
		2020	2019
\$	-	160	\$ 160
-	-	4,545	4,810
-	1,650	1,667	1,636
-	-	125,870	126,557
-	4,142	4,142	5,418
-	188	188	141
-	1,212	1,212	1,316
-	9,320	9,320	4,452
-	24,324	24,324	13,874
-	13,513	13,513	16,447
-	273	273	50
-	2,198	2,198	2,739
-	50,074	50,074	38,594
-	50	3,091	2,639
-	-	65,259	63,343
-	594	594	4,282
-	24,374	31,024	27,583
-	420	5,510	7,047
-	5,210	5,210	5,982
-	35,335	35,335	34,236
-	175,555	175,555	153,613
46,194	7,156	53,350	7,513
-	3,754	3,754	4,007
159	32,240	46,777	49,256
-	9,683	14,337	29,561
-	101,260	108,424	90,809
-	-	3,298	1,537
-	-	2,525	2,345
-	-	7,130	4,159
-	-	2,308	686
-	-	3,554	2,511
-	-	210,323	138,385
\$ 46,353	\$ 502,685	\$ 1,014,844	\$ 845,688



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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 BUDGETARY BASIS (in thousands)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	GENERAL FUND					VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS				BUDGETARY	
	ORIGINAL	FINAL	ACTUAL	ENCUMBRANCES	ACTUAL	
REVENUE:						
Property taxes.....	\$ 690,635	\$ 690,635	\$ 699,218	\$ -	\$ 699,218	\$ 8,583
Utility service taxes.....	92,371	92,371	94,681	-	94,681	2,310
Community service taxes.....	28,943	28,943	30,108	-	30,108	1,165
Sales and tourist taxes.....	1,225	1,225	1,164	-	1,164	(61)
Local business tax.....	7,443	7,443	7,122	-	7,122	(321)
Licenses, permits and fees.....	41,281	41,281	41,295	-	41,295	14
Intergovernmental.....	191,351	191,351	183,073	-	183,073	(8,278)
Charges for services.....	69,513	71,138	68,418	-	68,418	(2,720)
Fines and forfeitures.....	1,447	1,447	1,894	-	1,894	447
JEA contribution.....	118,824	118,824	118,824	-	118,824	-
Investment Earning.....	5,976	8,050	17,113	-	17,113	9,063
Other.....	15,106	16,580	15,263	-	15,263	(1,317)
Total Revenue.....	1,264,115	1,269,288	1,278,173	-	1,278,173	8,885
EXPENDITURES AND ENCUMBRANCES:						
City Council.....	11,818	13,769	12,825	34	12,859	910
Clerk of the Courts.....	5,194	5,601	4,893	327	5,220	381
Courts.....	4,379	4,410	4,415	51	4,466	(56)
Downtown Investment Authority.....	1,758	6,151	1,046	307	1,353	4,798
Employee Services.....	11,353	12,078	10,480	458	10,938	1,140
Finance.....	13,653	13,670	13,180	186	13,366	304
Fire/Rescue.....	267,052	268,961	264,231	966	265,197	3,764
General Counsel.....	170	1,025	91	-	91	934
Health Administrator.....	1,146	1,146	1,142	-	1,142	4
Inspector General.....	1,050	1,056	1,159	3	1,162	(106)
Jacksonville Human Rights Commission.....	787	802	755	6	761	41
Mayor.....	4,330	4,664	4,310	105	4,415	249
Advisory Boards and Commissions.....	536	556	503	4	507	49
Medical Examiner.....	5,387	5,447	5,282	86	5,368	79
Military Affairs, Vet & Disabled Svcs....	1,319	1,325	1,298	2	1,300	25
Office of Economic Development.....	1,782	11,098	1,868	2,073	3,941	7,157
Office of Ethics.....	416	416	402	-	402	14
Parks & Recreation.....	48,152	46,458	41,778	1,431	43,209	3,249
Property Appraiser.....	11,914	12,046	10,642	(97)	10,545	1,501
Public Defender.....	2,421	2,421	2,469	14	2,483	(62)
Planning and Development.....	4,037	4,247	3,794	48	3,842	405
Public Libraries.....	35,327	36,037	33,670	1,999	35,669	368
Public Works.....	48,312	49,451	46,312	2,256	48,568	883
Neighborhoods.....	22,363	22,752	20,650	319	20,969	1,783
Sports & Entertainment.....	9,042	9,356	8,073	318	8,391	965
State Attorney.....	1,998	1,999	2,008	27	2,035	(36)
Supervisor of Elections.....	8,454	8,757	7,885	352	8,237	520
Office of the Sheriff.....	481,595	485,252	472,363	6,794	479,157	6,095
Tax Collector.....	19,093	22,112	20,653	513	21,166	946
Federal Program Reserve.....	250	-	-	-	-	-
Contribution to Shands-Jacksonville.....	26,276	34,286	34,276	-	34,276	10
Cash Carryover Reserves.....	63,571	63,571	-	-	-	63,571
Jacksonville Misc. Citywide Activities.....	96,332	175,646	168,735	2,690	171,425	4,221
Total Expenditures.....	1,211,267	1,326,566	1,201,188	21,272	1,222,460	104,106
EXCESS OF REVENUE OVER (UNDER)						
EXPENDITURES.....	52,848	(57,278)	76,985	(21,272)	55,713	112,991
OTHER FINANCING SOURCES (USES):						
Long Term Debt Issued.....	433	75,433	72,700	-	72,700	(2,733)
Transfers in.....	13,412	13,446	19,051	-	19,051	5,605
Transfers out.....	(139,827)	(154,471)	(146,444)	-	(146,444)	8,027
Total Other Financing Sources (Uses).....	(125,982)	(65,592)	(54,693)	-	(54,693)	10,899
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	(73,134)	(122,870)	22,292	(21,272)	1,020	123,890
FUND BALANCES - BEGINNING.....	107,355	104,943	317,909	-	317,909	-
Change in Inventory of Supplies.....	-	-	(265)	-	(265)	-
FUND BALANCES - ENDING.....	34,221	(17,927)	339,936	(21,272)	318,664	-

CITY OF JACKSONVILLE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 2020, Public Safety Fund met the criteria to be reported as a major fund, but is not annually budgeted. 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, 2020. 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, Other Federal, State and Local Grants, Better Jacksonville Trust Fund, Housing and Neighborhoods, State Housing Initiative Partnership, Non-Budgeted General Government, and Clerk of Court.

CITY OF JACKSONVILLE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 to include unique chart of account combinations 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 2020 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 fund is submitted and approved by the State and is based on the State's July 1st to June 30th fiscal year.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

<u>Plan Year Ending September 30</u>	<u>Actuarially Determined Contributions</u>	<u>City Cash Contributions</u>	<u>Contribution Deficiency/ (Excess)**</u>	<u>Covered Payroll*</u>	<u>Actual Contribution as a % of Covered Payroll</u>
General Employees Retirement Plan					
2020	71,250	72,193	(943)	249,983	28.88%
2019	69,248	70,338	(1,090)	253,982	27.69%
2018	70,166	71,024	(858)	257,850	27.54%
2017	94,527	94,700	(173)	250,894	37.75%
2016	89,059	84,898	4,161	254,034	33.42%
2015	86,069	81,751	4,318	262,369	31.16%
2014	81,531	71,000	10,531	265,405	26.75%
2013	66,660	55,386	11,274	283,021	19.57%
2012	57,498	49,899	7,599	314,054	15.89%
2011	39,124	39,378	(254)	322,531	12.21%
Corrections Officers Retirement Plan					
2020	15,043	15,045	(2)	28,726	52.37%
2019	14,498	14,498	0	28,164	51.48%
2018	13,973	13,973	0	27,548	50.72%
2017	19,156	19,162	(6)	26,585	72.08%
2016	18,864	18,864	0	28,091	67.15%
2015	17,618	17,832	(214)	27,374	65.14%
2014	14,885	13,522	1,363	27,871	48.52%
2013	12,885	10,742	2,143	28,944	37.11%
2012	11,861	9,066	2,795	31,832	28.48%
2011	8,885	9,711	(826)	32,329	30.04%

*Pensionable payroll as of the valuation measurement date 10/1.

**The City contributed the percentage of payroll represented by the actuarially determined contributions in the corresponding actuarial valuation. Actual dollar contributions may be more or less than the actuarially determined contributions due to actual payroll being different than projected payroll.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS
CITY OF JACKSONVILLE – FLORIDA RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

PENSION PLAN

Plan Year Ending September 30	Actuarially Determined Contributions	City Cash Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	698	755	(57)	2,065	36.56%
2019	706	732	(26)	1,897	38.59%
2018	759	758	1	2,043	37.10%
2017	712	710	2	2,048	34.65%
2016	695	724	(29)	2,072	34.93%
2015	769	774	(5)	2,175	35.60%

Prior years information is unavailable

HEALTH INSURANCE SUBSIDY

Plan Year Ending September 30	Actuarially Determined Contributions	City Cash Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	36	39	(3)	2,065	1.89%
2019	39	38	1	1,897	1.98%
2018	43	39	4	2,043	1.91%
2017	43	36	7	2,048	1.78%
2016	42	37	5	2,072	1.79%
2015	35	40	(5)	2,175	1.83%

Prior years information is unavailable



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CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST 10 FISCAL YEARS
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

	2019		2018		2017	
	General Employees' Retirement Plan	Corrections Officers' Retirement Plan	General Employees' Retirement Plan	Corrections Officers' Retirement Plan	General Employees' Retirement Plan	Corrections Officers' Retirement Plan
Total pension liability						
Service cost*	\$ 39,905	\$ 7,359	\$ 41,477	\$ 7,975	\$ 37,697	\$ 7,330
Interest*	219,284	29,931	215,034	28,318	210,509	27,284
Changes of benefit terms	-	-	17,317	-	1,149	74
Differences between expected and actual experience	33,435	(6,778)	(7,275)	719	16,294	(2,054)
Changes of assumptions	4,913	(7,304)	80,635	17,045	64,390	9,950
Benefit payments, including refunds of contributions	(207,904)	(18,506)	(191,229)	(19,819)	(192,662)	(17,438)
Net change in total pension liability	\$ 89,633	\$ 4,702	\$ 155,959	\$ 34,238	\$ 137,377	\$ 25,146
Total pension liability - beginning balance	3,196,681	429,475	3,040,721	395,236	2,903,344	370,090
Total pension liability - ending balance (a)	\$ 3,286,314	\$ 434,177	\$ 3,196,680	\$ 429,474	\$ 3,040,721	\$ 395,236
Plan fiduciary net position						
Contributions - employer	\$ 70,338	\$ 14,498	\$ 71,024	\$ 13,973	\$ 94,700	\$ 19,162
Contributions - employee	28,334	3,225	29,919	3,151	23,037	2,500
Net investment income	14,789	3,496	145,470	19,269	266,138	26,747
Benefit payments including refunds of contributions	(207,904)	(18,506)	(191,229)	(19,819)	(192,662)	(17,438)
Administrative expense	(967)	(158)	(1,193)	(128)	(787)	(75)
Other	-	-	11,397	-	-	-
Net change in plan fiduciary net position	\$ (95,410)	\$ 2,555	\$ 65,388	\$ 16,446	\$ 190,426	\$ 30,896
Plan fiduciary net position - beginning balance	2,085,056	229,469	2,019,668	213,023	1,829,242	182,127
Plan fiduciary net position - ending balance (b)	\$ 1,989,646	\$ 232,024	\$ 2,085,056	\$ 229,469	\$ 2,019,668	\$ 213,023
Net pension liability - ending balance (a) - (b)	\$ 1,296,668	\$ 202,153	\$ 1,111,624	\$ 200,005	\$ 1,021,053	\$ 182,213
Plan fiduciary net position as a % of total pension liability	60.54%	53.44%	65.23%	53.43%	66.42%	53.90%
Covered payroll (in thousands)	\$ 249,983	\$ 28,726	\$ 253,982	\$ 28,164	\$ 257,850	\$ 26,585
Net pension liability as % of covered payroll	518.70%	703.73%	437.68%	710.14%	395.99%	685.40%

Notes to Schedule:

Benefit changes:

The employee contribution rate increased from 7.7% to 9.7% of pay effective October 1, 2017. For accounting purposes, this change is reflected on September 30, 2017.

The plan was closed to new entrants as of October 1, 2017. This closure had no immediate impact on the total pension liability.

Change of Assumptions:

As of September 30, 2016, the mortality assumption was updated pursuant to Florida Statute Section 112.63(f), the assumed investment return was lowered from 7.50% to 7.40%, and the inflation component of the salary scale was adjusted for the following three years to reflect bargained increases with employee unions.

As of September 30, 2017, the assumed investment return was lowered from 7.40% to 7.20%.

As of September 30, 2018, the assumed investment return was lowered from 7.20% to 7.00%.

As of September 30, 2019, the assumed investment return was lowered from 7.00% to 6.90% and the mortality assumptions were changed to the FRS mortality tables for special risk and non-special risk personnel.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST 10 FISCAL YEARS
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

2016		2015		2014		2013		*
General Employees' Retirement Plan	Corrections Officers' Retirement Plan	General Employees' Retirement Plan	Corrections Officers' Retirement Plan	General Employees' Retirement Plan	Corrections Officers' Retirement Plan	General Employees' Retirement Plan	Corrections Officers' Retirement Plan	
\$ 36,759	\$ 7,091	\$ 40,238	\$ 7,261	\$ 36,950	\$ 6,680	\$ 39,627	\$ 6,904	
199,659	25,391	194,312	23,652	189,064	21,997	183,151	20,476	
-	-	-	-	-	-	-	-	
60,437	(1,418)	(4,785)	1,699	(5,356)	5,963	22,318	5,777	
72,969	16,320	(18,044)	(1,243)	101,525	10,765	-	-	
(183,692)	(17,487)	(170,674)	(13,081)	(171,127)	(14,676)	(166,460)	(12,369)	
\$ 186,132	\$ 29,897	\$ 41,047	\$ 18,288	\$ 151,056	\$ 30,729	\$ 78,636	\$ 20,788	
2,717,212	340,194	2,676,164	321,906	2,525,107	291,177	2,446,471	270,389	
\$ 2,903,344	\$ 370,091	\$ 2,717,211	\$ 340,194	\$ 2,676,163	\$ 321,906	\$ 2,525,107	\$ 291,177	
\$ 84,898	\$ 18,864	\$ 81,751	\$ 17,832	\$ 71,000	\$ 13,522	\$ 55,386	\$ 10,742	
21,840	2,410	20,893	2,466	20,961	2,253	21,878	2,525	
167,067	11,548	(39,506)	(3,849)	194,864	15,468	264,541	18,466	
(183,692)	(17,486)	(170,674)	(13,081)	(171,127)	(14,677)	(166,460)	(12,369)	
(762)	(75)	(762)	(73)	(828)	(65)	(671)	(50)	
-	-	-	-	-	-	-	392	
\$ 89,351	\$ 15,261	\$ (108,298)	\$ 3,295	\$ 114,870	\$ 16,501	\$ 174,674	\$ 19,706	
1,739,891	166,866	1,848,189	163,571	1,733,319	147,070	1,558,645	127,364	
\$ 1,829,242	\$ 182,127	\$ 1,739,891	\$ 166,866	\$ 1,848,189	\$ 163,571	\$ 1,733,319	\$ 147,070	
\$ 1,074,102	\$ 187,964	\$ 977,320	\$ 173,328	\$ 827,974	\$ 158,335	\$ 791,788	\$ 144,107	
63.00%	49.21%	64.03%	49.05%	69.06%	50.81%	68.64%	50.51%	
\$ 255,717	\$ 28,091	\$ 254,035	\$ 27,374	\$ 262,369	\$ 27,871	\$ 265,405	\$ 28,944	
420.04%	669.13%	384.72%	633.18%	315.58%	578.42%	298.33%	497.88%	

* Prior years data is unavailable

Notes to Schedule:

Benefit changes:

The employee contribution rate increased from 7.7% to 9.7% of pay effective October 1, 2017. For accounting purposes, this change is reflected on September 30, 2017.

The plan was closed to new entrants as of October 1, 2017. This closure had no immediate impact on the total pe

Change of Assumptions:

As of September 30, 2016, the mortality assumption was updated pursuant to Florida Statute Section 112.63(f), the assumed investment return was lowered from 7.50% to 7.40%, and the inflation component of the salary scale was adjusted for the following three years to reflect bargained increases with employee unions.

As of September 30, 2017, the assumed investment return was lowered from 7.40% to 7.20%.

As of September 30, 2018, the assumed investment return was lowered from 7.20% to 7.00%.

As of September 30, 2019, the assumed investment return was lowered from 7.00% to 6.90% and the mortality assumptions were changed to the FRS mortality tables for special risk and non-special risk personnel.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN – LAST 10 FISCAL YEARS
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(net of investment expense)

<u>Fiscal Year Ended September 30</u>	<u>City of Jacksonville Retirement System</u>
2020	6.02%
2019	0.88%
2018	7.44%
2017	14.71%
2016	9.45%
2015	-2.15%
2014	11.52%
2013	17.06%

*Prior Years data unavailable

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
GENERAL EMPLOYEES RETIREMENT PLAN**

Valuation date	October 1, 2019
Methods and used assumptions to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, using 1.5% annual increases
Remaining amortization period	All new bases amortized over 28 years, will be further reduced by one year each successive year.
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the fair value.
Actuarial assumptions:	
Investment rate of return	6.90%, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	1.50% used for unfunded liability amounts based on a Florida Statutes requirement that the assumption may not exceed average annual growth for the preceding ten years; 2.50% is the Plan's long-term payroll inflation assumption.
Cost-of-living adjustments	The Plan provisions contain a 3.00% COLA.
Mortality:	
<i>Pre-retirement</i>	FRS pre-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018
<i>Healthy annuitants</i>	FRS healthy post-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018.
<i>Disabled annuitants</i>	FRS disabled mortality tables for personnel other than special risk, with no set forward, projected generationally from 2010 with Scale MP2018. The FRS tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The FRS disabled mortality tables for personnel other than special risk reasonably reflect the disabled annuitant mortality experience as of the measurement date.

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
CORRECTIONS OFFICERS RETIREMENT PLAN**

Valuation date	October 1, 2019
Methods and used assumptions to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, using 1.25% annual increases*
Remaining amortization period	All new bases amortized over 28 years, will be further reduced by one year each successive year
Asset valuation method	Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the fair value.
Actuarial assumptions:	
Investment rate of return	6.90%, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Projected salary increases	1.25% used for unfunded liability amounts based on a Florida Statutes requirement that the assumption may not exceed average annual growth for the preceding ten years; 2.50% is the Plan's long-term payroll inflation assumption.
Cost-of-living adjustments	The Plan provisions contain a 3.00% COLA.
Mortality:	
Pre-Retirement	FRS pre-retirement mortality tables for special risk personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018
Healthy annuitants	FRS healthy post-retirement mortality tables for special risk personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018.
Disabled annuitants	FRS disabled mortality tables for personnel other than special risk, with no set forward, projected generationally from 2010 with Scale MP2018.
	The FRS tables for special risk personnel, set forward 2 years, reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The FRS disabled mortality tables for special risk personnel reasonably reflect the disabled annuitant mortality experience as of the measurement date.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
NET PENSION LIABILITY – LAST 10 FISCAL YEARS

CITY OF JACKSONVILLE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

Fiscal Year	City's Proportional Share Percentage	City's Proportion of Net Pension Liability	City's Covered Payroll	City's Net Pension Liability as Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2019	49.23%	638,350	110,781	576.23%	60.54%
2018	47.35%	526,354	113,773	462.64%	65.23%
2017	46.37%	473,462	118,506	399.53%	63.71%
2016	47.61%	511,380	118,973	429.83%	63.00%
2015	48.78%	476,737	121,601	392.05%	64.03%
2014	49.72%	411,669	128,869	319.45%	69.06%
2013	49.72%	393,677	129,951	302.94%	68.64%

Prior year information is unavailable

FLORIDA STATE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

PENSION PLAN

Fiscal Year	City's Proportional Share Percentage	City's Proportion of Net Pension Liability	City's Covered Payroll	City's Net Pension Liability as Percentage of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2020	0.021%	9,101	2,065	440.73%	78.85%
2019	0.023%	7,844	1,897	413.49%	82.61%
2018	0.027%	8,023	2,043	392.71%	84.26%
2017	0.027%	8,097	2,048	395.36%	83.89%
2016	0.029%	7,197	2,072	347.35%	84.88%
2015	0.032%	4,076	2,175	187.40%	92.00%

Prior year information is unavailable

HEALTH INSURANCE SUBSIDY

Fiscal Year	City's Proportional Share Percentage	City's Proportion of Net Pension Liability	City's Covered Payroll	City's Net Pension Liability as Percentage of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2020	0.006%	767	2,065	37.14%	3.00%
2019	0.007%	790	1,897	41.64%	2.63%
2018	0.008%	842	2,043	41.21%	2.15%
2017	0.008%	876	2,048	42.77%	1.64%
2016	0.008%	947	2,072	45.70%	0.97%
2015	0.009%	939	2,175	43.17%	0.50%

Prior year information is unavailable

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – FOR LAST 10 FISCAL YEARS
POLICE AND FIRE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

FYE	Actuarially required City contribution	Contribution in relation to the actuarially determined contribution	Contribution deficiency (excess) *	Covered payroll	Contribution as a percentage of covered payroll
2020	140,293	140,293	-	174,186	84.54%
2019	135,264	135,264	-	174,125	77.68%
2018	135,648	135,691	(43)	162,004	83.76%
2017	165,772	177,788	(12,016)	149,490	118.93%
2016	154,540	154,540	-	135,600	113.97%
2015	153,604	153,936	(332)	132,735	115.97%
2014	142,433	149,159	(6,726)	134,521	110.88%
2013	99,997	122,580	(22,583)	130,972	93.59%
2012	73,729	70,599	3,130	133,611	52.84%
2011	77,065	75,903	1,162	148,968	50.95%

* Contribution deficiency (excess) is assigned to the City Budget Stabilization Account

Valuation date: October 1, 2019

Methods used to determine contribution rates:

Actuarial cost method:	Individual entry age
Amortization method:	Level Percent of Payroll, Closed
Remaining amortization period:	28 Years
Asset valuation method:	Market Value
Inflation:	2.5%
Salary increases:	10% in 2017 and 2018, 10.5% in 2019, then 3.5% per year in 2020 and forward
Investment rate of return:	7.00%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality :	RP-2000 combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality) with mortality improvements projected to all future years after 2000 using scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER – FOR LAST 10 FISCAL YEARS
POLICE AND FIRE PENSION FUND – SENIOR STAFF VOLUNTARY RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

Plan Year Ending September 30	Annual Required City Contribution	Employer Contributions	Contribution Deficiency/ (excess)*	Covered employee payroll	Contribution as a % of covered payroll
2020*	-	-	-	-	N/A
2019*	-	-	-	-	N/A
2018*	-	-	-	-	N/A
2017*	-	-	-	-	N/A
2016*	-	-	-	-	N/A
2015	-	-	-	307	0.00%
2014	28	7	21	298	2.41%
2013	28	248	(220)	290	85.59%
2012	523	117	406	355	33.09%
2011	142	101	41	484	20.87%

* No contribution amount was required because the Plan has no active employees since FY 2016

NOTES:

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

Methods used to determine contribution rates:

Actuarial cost method:	Individual entry age
Amortization method:	Aggregate method
Asset valuation method:	Market Value
Inflation:	2.5%
Investment rate of return:	7.0%, including inflation
Cost of living adjustments:	3.00%
Mortality Table in use:	50% RP2000 White Collar Annuitant and 50% RP2000 Blue Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 White Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for females

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST 10 FISCAL YEARS
POLICE AND FIRE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

	2019	2018	2017
Total pension liability			
Service Cost (BOY)	\$65,148	\$60,154	\$45,257
Interest on total pension liability	269,658	259,434	233,338
Changes in Benefit Terms	-	-	26,818
Experience deviations including buybacks	8,465	8,132	24,031
Changes of assumptions	-	-	232,927
Benefit payments, including refunds of member contributions	(189,126)	(184,257)	(171,277)
Net change in total pension liability	154,145	143,464	391,094
Total pension liability -- beginning	3,880,073	3,736,609	3,345,515
Total pension liability -- ending(a)	4,034,218	3,880,073	3,736,609
Fiduciary net position Contributions--employer			
Contributions--employer	110,528	115,691	184,526
Contributions--member	17,746	16,637	13,571
Net investment income	54,259	156,443	243,422
Benefit payments, including refunds of member contributions	(189,126)	(184,257)	(171,277)
Administrative expense	(2,117)	(2,138)	(2,174)
Distribution from Reserve Accounts	(55,731)	-	-
Chapter 175/185	12,756	11,791	10,875
Court Fines	702	776	759
Other	1,228	82	51
Net change in fiduciary net position	(49,755)	115,025	279,753
Fiduciary net position -- beginning	2,007,822	1,892,797	1,613,044
Fiduciary net position -- ending	1,958,067	2,007,822	1,892,797
less Reserve Accounts and Sr. Staff Assets	(59,262)	(126,819)	(127,638)
Total fiduciary net position -- ending(b)	1,898,805	1,881,003	1,765,159
City's fiduciary net pension liability--ending(a)-(b)	2,135,413	1,999,070	1,971,450
 Fiduciary net position as a percentage of the total pension liability	 47.07%	 48.48%	 47.24%
 Covered payroll	 \$174,125	 \$162,004	 \$149,490
 City's fiduciary net pension liability as a percentage of covered- employee payroll	 1226.37%	 1233.97%	 1318.78%

***Prior years information is unavailable**

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST 10 FISCAL YEARS
POLICE AND FIRE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

2016	2015	2014	2013	2012*
\$44,087	\$46,663	\$47,915	\$46,109	\$47,570
217,546	210,943	203,577	195,520	190,344
-	(28,685)	-	-	-
3,566	24,831	22,671	(4,676)	(12,513)
97,813	24,514	-	5,333	227,333
(159,726)	(148,628)	(138,179)	(128,656)	(116,955)
203,286	129,638	135,984	113,630	335,779
3,142,229	3,012,590	2,876,606	2,762,977	2,427,198
3,345,515	3,142,228	\$3,012,590	\$2,876,606	\$2,762,977
157,494	154,665	150,520	121,822	72,643
12,831	12,062	11,584	10,754	11,611
154,313	(62,884)	147,333	169,202	181,653
(159,726)	(148,628)	(138,179)	(128,656)	(116,955)
(3,519)	(2,228)	(2,224)	(2,506)	(2,352)
-	-	-	-	-
10,681	10,578	10,110	9,667	9,276
833	921	881	758	770
122	327	142	1,187	55
173,029	(35,187)	180,167	182,229	156,702
1,437,777	-	1,292,930	1,110,737	954,036
1,613,044	(35,187)	1,473,097	1,292,966	1,110,737
(99,646)	(83,502)	(83,349)	(64,835)	(31,831)
1,513,398	(118,689)	1,389,748	1,228,131	1,078,907
1,832,117	3,260,917	1,622,842	1,648,475	1,684,070
45.24%	-3.78%	46.13%	42.69%	39.05%
\$135,600	\$132,735	\$134,521	\$130,972	\$133,611
1351.12%	2456.71%	1206.38%	1258.65%	1260.42%

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST 10 FISCAL YEARS
POLICE AND FIRE PENSION FUND - SENIOR STAFF VOLUNTARY RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(in thousands)

	2018	2016	2015
Total pension liability			
Service Cost (BOY)	\$ -	\$ -	\$ (57)
Interest on total pension liability	209	298	282
Changes in Benefit Terms	-	89	-
Experience deviations including buybacks	39	27	-
Changes of assumptions	-	149	154
Benefit payments, including refunds of member contributions	(257)	(286)	(109)
Net change in total pension liability	(9)	278	270
Total pension liability -- beginning	3,122	4,406	4,136
Total pension liability -- ending(a)	3,113	4,684	4,406
Fiduciary net position Contributions--employer			
Contributions--employer	-	-	-
Contributions--member	-	-	22
Net investment income	342	386	(167)
Benefit payments, including refunds of member contributions	(257)	(286)	(109)
Other	-	-	-
Net change in fiduciary net position	85	100	(254)
Fiduciary net position -- beginning	4,405	4,002	4,257
Fiduciary net position -- ending (b)	4,490	4,102	4,002
Net Pension Liability -- ending (a) - (b)	(1,377)	582	404
 Fiduciary net position as a percentage of the total pension liability	 144.23%	 87.57%	 90.83%
 Covered-employee payroll	 \$0.00	 \$0.00	 \$0.00
 City's fiduciary net pension liability as a percentage of covered- employee payroll	 N/A	 N/A	 N/A

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN – LAST 10 FISCAL YEARS
POLICE AND FIRE RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

(net of investment expense)

Fiscal Year Ended September 30	Police and Fire Retirement System
2020	7.98%
2019	2.96%
2018	10.00%
2017	14.27%
2016	10.00%
2015	-3.95%
2014	10.73%
2013	14.29%
2012	18.25%
2011	0.64%

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
SCHEDULE OF CITY CONTRIBUTIONS – LAST FOUR FISCAL YEARS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the Determined Contribution</u>	<u>Contribution Deficiency or (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2017	\$18,347,728	\$5,231,223	\$13,116,505	\$366,392,949	3.6%
2018	\$20,177,634	\$6,060,000	\$14,117,634	\$379,216,702	1.6%
2019	\$16,926,496	\$5,588,925	\$11,337,571	\$446,587,932	1.3%
2020	\$18,887,071	\$6,548,088	\$12,338,983	\$462,219,000	1.4%

Other: This schedule is presented for the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for the years for which information is available.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>
Total OPEB Liability				
Service cost	\$ 12,506,943	\$ 8,828,783	\$ 11,293,019	\$ 10,839,911
Interest	\$ 6,380,128	\$ 8,097,713	\$ 8,884,615	\$ 7,507,817
Changes of benefit terms	\$ -	\$ -	\$ -	\$ -
Differences between expected and actual experience	\$ -	\$ (10,029,066)	\$ -	\$ -
Changes in assumptions	\$ 18,199,748	\$ 41,622,149	\$ (30,714,455)	\$ (7,431,307)
Benefit payments	\$ (6,548,088)	\$ (5,588,925)	\$ (6,060,000)	\$ (5,231,223)
Net change in total OPEB liability	\$ 30,538,731	\$ 42,930,654	\$ (16,596,821)	\$ 5,685,198
Total OPEB liability - beginning	\$ 230,621,526	\$ 187,690,872	\$ 204,287,693	\$ 198,602,495
Total OPEB liability - ending (a)	\$ 261,160,257	\$ 230,621,526	\$ 187,690,872	\$ 204,287,693
Plan fiduciary net position				
Contributions - employer	\$ 6,548,088	\$ 5,588,925	\$ 6,060,000	\$ 5,231,223
Net investment income	\$ -	\$ -	\$ -	\$ -
Benefit payments	\$ (6,548,088)	\$ (5,588,925)	\$ (6,060,000)	\$ (5,231,223)
Administrative expense				
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -
City's net OPEB liability - ending (a) - (b)	\$ 261,160,257	\$ 230,621,526	\$ 187,690,872	\$ 204,287,693
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 462,219,000	\$ 446,587,932	\$ 379,216,702	\$ 366,392,949
City net OPEB liability as a percentage of covered employee payroll	56.5%	51.6%	49.5%	55.8%

Other: This schedule is presented for the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for the years for which information is available.

Notes to Required Schedules:

- 1) The City does not accumulate assets in a trust to pay related benefits.
- 2) Significant changes in assumptions that affect trends in the amounts reported:
 - a) The discount rate was updated from 2.66% to 2.21%.
 - b) The Affordable Care Act Cadillac Tax (Excise Tax) is no longer valued as the bill repealing the Excise Tax was passed on December 20, 2019.
 - c) The retirement and termination rates were updated to the rates from the City of Jacksonville correctional Officer Retirement System Valuation as of October 1, 2018, the City of Jacksonville General Employee Retirement Plan Valuation as of October 1, 2018, and the City of Jacksonville Police and Fire Pension Fund Actuarial Valuation as of October 1, 2018.
 - d) The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Actuarial Assumptions and Methods:

- | | |
|-----------------------------------|--|
| 1) Measurement Date: | September 30, 2019 |
| 2) Discount Rate: | 2.66% - (BOY), 2.21% (EOY)—Bond Buyer 20-Bond GO Index |
| 3) Salary Increase Rate: | 3.5% per annum |
| 4) Valuation Date and Census Data | Valuation date of October 1, 2018 based on the census provided by the City as of September 2019 |
| 5) Marriage Rate | The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided |
| 6) Spouse Age | Spouse dates of birth were provided by the City. Where this information is missing, male spouses are assumed to be three years older than female spouses. |
| 7) Medicare Eligibility | All current and future retirees are assumed to be eligible for Medicare at age 65 |
| 8) Actuarial Cost Method | Entry Age Normal based on level percentage of projected salary |
| 9) Amortization Method | Experience/Assumptions gains and losses are amortized over a closed period of 12.4 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service) |
| 10) Plan Participation Percentage | That 60% of future pre 65 retirees will participate in the pre-65 medical plan and 15% (30% for those hired prior to 1/1/1987) continue upon Medicare eligibility. This assumes that a one-time irrevocable election to participate is made at retirement. |
| 11) Mortality Rates | Pub-2010 generational table scaled using MP-19 and applied on a gender specific basis. |

CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Actuarial Assumptions and Methods: (continued)

12) Health Care Cost Trend Rate

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the HCA Consulting trend study, and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

<u>Expense Type</u>	<u>Select</u>	<u>Ultimate</u>
Pre-Medicare Medical and Rx Benefits	6.5%	4.5%
Medicare Benefits	5.5%	4.5%
Stop Loss Fees	6.5%	4.5%
Administrative Fees	4.5%	4.5%

13) Per Capita Health Care Cost Trend Rate

Expected annual claim costs were developed using 24 months of historical claim experience December 2015. The age 60 and age 70 claim costs are as follows:

<u>Rate Tier</u>	<u>Age 60</u>	<u>Age 70 (Medicare)</u>	<u>(Non-Medicare)</u>
HMO 48	\$12,867	\$8,192	\$16,846
HDHP 65	\$10,142	\$5,741	\$13,239
PPO	\$15,435	\$9,179	\$20,212
Future Retirees	\$11,154	\$6,423	\$14,574

14) Non-Claim Expenses

Non-claim expenses are based on the current amounts charged per retired employee as of 2019. The amounts are provided in the table below and are trended at the levels shown in the “Health Care Cost Trend Rate” table in (12) above.

<u>Rate Tier</u>	<u>Age 60</u>
Administrative Fee	\$27.70
Stop Loss Fee	\$ 8.25

15) Plan Election Percentage

Future eligible retirees are assumed to elect coverage based on the following percentages:

<u>Rate Tier</u>	<u>Age 60</u>
HMO 48	79%
HDHP 65	4%
PPO	17%

16) Age Based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study.

**CITY OF JACKSONVILLE, FLORIDA
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Actuarial Assumptions and Methods: (continued)

17) Termination and Retirement Age

The rate of withdrawal for reasons other than death and retirement has been developed from the Florida Retirement System Actuarial Valuation as of July 1, 2018, City of Jacksonville Correctional Officer Retirement System Valuation as of October 1, 2018, the City of Jacksonville General Employees Retirement Plan Valuation as of October 1, 2018, and the City of Jacksonville Police & Fire Pension Fund Actuarial Valuation as of October 1, 2018. The annual termination probability is dependent on an employee's age, gender, and years of service.

Single Audit

CITY OF JACKSONVILLE, FLORIDA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

FEDERAL/STATE AGENCY, PASS-THROUGH ENTITY, FEDERAL PROGRAM/STATE PROJECT	CFDA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF AGRICULTURE</u>				
PASSED THROUGH STATED DEPARTMENT OF HEALTH:				
Child and Adult Care Food Program	10.558	102016-03	\$ 762,571	\$ -
PASSED THROUGH STATE DEPARTMENT OF EDUCATION:				
<i>Child Nutrition Cluster</i>				
Summer Food Service Program for Children	10.559	AD-0446-20	1,669	-
<i>Total Child Nutrition Cluster</i>			1,669	
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 764,240</u>	<u>\$ -</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
DIRECT PROGRAMS:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	*	8,680,472	\$ 1,916,736
<i>Total CDBG - Entitlement Grants Cluster</i>			\$ 8,680,472	\$ 1,916,736
Emergency Solutions Grant Program	14.231	*	412,932	397,805
Home Investment Partnerships Program	14.239	*	2,525,328	2,202,020
Housing Opportunities for Persons with Aids	14.241	*	2,391,286	2,306,834
Fair Housing Assistance Program-State & Local	14.401	*	96,824	-
PASSED THROUGH STATE DEPARTMENT OF ECONOMIC OPPORTUNITY:				
Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	HM004	4,586	\$ -
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 14,111,428</u>	<u>\$ 6,823,396</u>
<u>DEPARTMENT OF INTERIOR</u>				
PASSED THROUGH STATE DEPARTMENT OF ENVIRONMENTAL PROTECTION:				
Outdoor Recreation Acquisition, Development and Planning	15.916	*	\$ 92,696	\$ -
TOTAL DEPARTMENT OF INTERIOR			<u>\$ 92,696</u>	<u>\$ -</u>

CITY OF JACKSONVILLE, FLORIDA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

FEDERAL/STATE AGENCY, PASS-THROUGH ENTITY, FEDERAL PROGRAM/STATE PROJECT	CFDA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF JUSTICE</u>				
DIRECT PROGRAMS:				
Justice Systems Response to Families	16.021	7590-39	\$ 115,648	\$ -
Community-Based Violence Prevention Program	16.123	10167-03AMD7	506,072	-
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	2015-FW-AX-K002	91,822	-
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	601879-20/601878-20	49,781	-
Crime Victim Assistance/Discretionary Grants	16.582	2018-V3-GX-0007	129,349	-
State Criminal Alien Assistance Program	16.606	none	28,762	-
Bulletproof Vest Partnership Program	16.607	none	157,344	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2018MOBX0048	35,947	-
Innovations in Community-Based Crime Reduction	16.817	*	4,410	-
National Sexual Assault Kit Initiative	16.833	2016AKBXK008	84,788	-
PASSED THROUGH STATE DEPARTMENT OF LEGAL AFFAIRS- OFFICE OF ATTORNEY GENERAL:				
Crime Victim Assistance	16.575	Vic-00066	252,362	-
Crime Victim Assistance	16.575	VOCA-2019-Jacksonville Sheriff's Of-00339	208,449	-
PASSED THROUGH FLORIDA DEPARTMENT OF LAW ENFORCEMENT:				
Public Safety Partnership and Community Policing Grants	16.710	*	142,767	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0929	151,533	-
National Sexual Assault Kit Initiative	16.833	2015AKBXK017	126,395	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0023	181,852	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0025	110,468	-
TOTAL DEPARTMENT OF JUSTICE			<u>\$ 2,377,750</u>	<u>\$ -</u>
<u>DEPARTMENT OF LABOR</u>				
DIRECT PROGRAMS:				
Homeless Veterans Reintegration Program	17.805	HV-30882-17-60-5-12	\$ 3,251	\$ -
Homeless Veterans Reintegration Program	17.805	HV-32076-18-60-5-12	15,009	-
Homeless Veterans Reintegration Program	17.805	HV-33278-19-60-5-12	162,325	-
TOTAL DEPARTMENT OF LABOR			<u>\$ 180,585</u>	<u>\$ -</u>

CITY OF JACKSONVILLE, FLORIDA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

FEDERAL/STATE AGENCY, PASS-THROUGH ENTITY, FEDERAL PROGRAM/STATE PROJECT	CFDA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF TRANSPORTATION</u>				
PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION:				
<i>Highway & Planning Construction Cluster</i>				
Highway Planning and Construction	20.205	*	\$ 299,258	\$ -
Highway Planning and Construction	20.205		327,145	
Highway Planning and Construction	20.205	AN810	552,762	-
Highway Planning and Construction	20.205	AS213	332,532	-
Highway Planning and Construction	20.205	G1802	1,399	-
Highway Planning and Construction	20.205	G1H12	610,901	-
<i>Total Highway & Planning Construction Cluster</i>			2,123,997	-
State and Community Highway Safety	20.600	G1Q37	30,248	-
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 2,154,245	\$ -
<u>DEPARTMENT OF TREASURY</u>				
DIRECT PROGRAMS:				
Coronavirus Relief Fund	21.019	*	\$ 96,438,875	\$ 22,343,400
TOTAL DEPARTMENT OF TREASURY			\$ 96,438,875	\$ 22,343,400
<u>FEDERAL OFFICE OF LIBRARY SERVICES</u>				
PASSED THROUGH STATE DEPARTMENT OF STATE:				
Grants to States	45.310	*	\$ 27,712	\$ -
TOTAL FEDERAL OFFICE OF LIBRARY SERVICES			\$ 27,712	\$ -

CITY OF JACKSONVILLE, FLORIDA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

FEDERAL/STATE AGENCY, PASS-THROUGH ENTITY, FEDERAL PROGRAM/STATE PROJECT	CFDA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
DIRECT PROGRAMS:				
Air Pollution Control Program Support	66.001	*	\$ 286,489	\$ -
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	*	50,157	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and	66.818	93619	1,276	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>\$ 337,922</u>	<u>\$ -</u>
<u>DEPARTMENT OF EDUCATION</u>				
PASSED THROUGH FLORIDA DEPARTMENT OF EDUCATION:				
Twenty-First Century Community Learning Centers	84.287	16F-2449B-9PCC1	\$ 6,352	\$ -
Twenty-First Century Community Learning Centers	84.287	n/a	57,354	-
Twenty-First Century Community Learning Centers	84.287	n/a	367,025	-
Twenty-First Century Community Learning Centers	84.287	DCPS	128,220	-
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 558,951</u>	<u>\$ -</u>
<u>ELECTION ASSISTANCE COMMISSION</u>				
PASSED THROUGH FLORIDA DEPARTMENT OF STATE				
Help America Vote Act Requirements Payments	90.401	5H79TI023850-03	\$ 135,399	\$ -
TOTAL ELECTION ASSISTANCE COMMISSION			<u>\$ 135,399</u>	<u>\$ -</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
DIRECT PROGRAMS:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	9458-09	\$ 487,478	\$ 487,478
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	*	488,121	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SP080288-01	308,878	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	9458-11	810,878	-
Paralysis Resource Center	93.325	*	25,000	-
HIV Emergency Relief Project Grants	93.914	H89HA00039	2,295,546	2,097,149
HIV Emergency Relief Project Grants	93.914	H89HA00039	2,653,383	2,380,203
HIV Emergency Relief Project Grants	93.914	H9AHA36937	10,731	5,703
Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B	93.686	UT8HA33942	1,629	311

CITY OF JACKSONVILLE, FLORIDA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

FEDERAL/STATE AGENCY, PASS-THROUGH ENTITY, FEDERAL PROGRAM/STATE PROJECT	CFDA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>				
PASSED THROUGH DEPARTMENT OF ELDER AFFAIRS:				
<i>Aging Cluster</i>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive	93.044	A019CJ-JSSP	236,774	-
Special Programs for the Aging, Title III, Part C, Nutrition				
Services	93.045	*	1,434,226	-
<i>Total Aging Cluster</i>			1,671,000	-
Nutrition Services Incentive Program	93.053	*	206,112	
Total Nutrition Services Incentive Program			206,112	
Low-Income Home Energy Assistance	93.568	PO18-COJ	4,327	-
Low-Income Home Energy Assistance	93.568	PO19-COJ	157,968	-
PASSED THROUGH STATED OF FLORIDA, DEPARTMENT OF HEALTH:				
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families	93.558	70195-20	25,665	
Temporary Assistance for Needy Families	93.558	8722-17	1,075,249	797,894
<i>Total TANF Cluster</i>			1,100,914	797,894
PASSED THROUGH STATE OF FLORIDA, DEPARTMENT OF REVENUE:				
Child Support Enforcement	93.563	COC16	906,472	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 11,128,435.72	5,768,738
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
DIRECT PROGRAMS:				
<i>Foster Grandparent/Senior Companion Cluster</i>				
Foster Grandparent Program	94.011	18FSFLO02	\$ 335,712	\$ -
<i>Total Foster Grandparent</i>			335,712	
PASSED THROUGH DEPARTMENT OF ELDER AFFAIRS:				
Senior Companion Program	94.016	B54E91	2,531	-
<i>Total Companion Program</i>			2,531	-
Total Foster Grandparent/Senior Companion Cluster			338,243	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 338,243	\$ -
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
PASSED THROUGH DIVISION OF EMERGENCY MANAGEMENT:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	13-DB-73-04-26-01-570	\$ 1,329,286	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	17-PA-U5-04-26-01-085	6,155,632	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-00-04-26-01-024	52,735,545	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-00-04-26-01-026	\$ 351,123	-
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			\$ 60,571,585	\$ -

CITY OF JACKSONVILLE, FLORIDA
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2020

FEDERAL/STATE AGENCY, PASS-THROUGH ENTITY, FEDERAL PROGRAM/STATE PROJECT	CFDA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
DIRECT PROGRAMS:				
Port Security Grant Program	97.056	EMW-2017-PU-00084	\$ 38,481	\$ -
Port Security Grant Program	97.056	EMW-2017-PU-00160	324,250	-
Port Security Grant Program	97.056	EMW-2018-PU-00120	12,420	-
Port Security Grant Program	97.056	EMW-2019-PU-00128	13,963	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00417	4,884,241	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2018-FH-00180	1,594,395	-
Homeland Security Biowatch Program	97.091	DHS-20-OHA-091	189,702	-
Homeland Security Biowatch Program	97.091	DHS-21-OHA-091	41,994	-
PASSED THROUGH DIVISION OF EMERGENCY MANAGEMENT:				
Hazard Mitigation Grant	97.039	FEMA-DR-4283-85-R	1,257,967	-
Hazard Mitigation Grant	97.039	FEMA-DR-4337-005-R	32,280	-
Hazard Mitigation Grant	97.039	FEMA-DR-4337-025-R	3,300	-
Hazard Mitigation Grant	97.039	FEMA-DR-4337-029-R	2,681	-
Hazard Mitigation Grant	97.039	FEMA-DR-4337-036-R	4,679	-
Emergency Management Performance Grants	97.042	G0017	138,842	-
Homeland Security Grant Program	97.067	19DS01042602325	292,317	-
Homeland Security Grant Program	97.067	R0051	18,889	-
PASSED THROUGH STATE DEPARTMENT OF FINANCIAL SERVICES:				
Homeland Security Grant Program	97.067	18-DS-X1-04-26-01-287	28,479	-
Homeland Security Grant Program	97.067	19-DS-01-04-26-01-239	22,881	-
Homeland Security Grant Program	97.067	19-DS-01-04-26-01-240	36,796	-
Homeland Security Grant Program	97.067	R0044	1,317	-
Homeland Security Grant Program	97.067	R0048	5,680	-
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 8,945,554</u>	<u>-</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			<u>198,163,621</u>	<u>34,935,534</u>

CITY OF JACKSONVILLE FLORIDA
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED SEPTEMBER 30, 2020

STATE AGENCY	CSFA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>EXECUTIVE OFFICE OF GOVERNOR</u>				
DIRECT PROGRAMS:				
Military Base Protection	31.044	S00135	\$ 500,000	\$ -
Military Base Protection	31.044	S0029	102,538	-
Military Base Protection	31.044	S0060	300,000	-
Military Base Protection	31.044	S00111	370,000	-
Emergency Management Programs	31.063	A0020	95,269	-
Emergency Management Projects	31.067	11CP-11-04-26-02	60,400	-
TOTAL EXECUTIVE OFFICE OF GOVERNOR			<u>\$ 1,428,207</u>	<u>\$ -</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
DIRECT PROGRAMS:				
Local Government Cleanup Contracting	37.024	GC-892	\$ 1,116,242	\$ -
TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION			<u>\$ 1,116,242</u>	<u>\$ -</u>
<u>DEPARTMENT OF ECONOMIC OPPORTUNITY</u>				
DIRECT PROGRAMS:				
Local Economic Development Initiatives	40.012	*	\$ 282,800	\$ -
Economic Development Partnership	40.040	DRG S00152	74,000	-
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043	*	2,869,364	-
TOTAL DEPARTMENT OF ECONOMIC OPPORTUNITY			<u>\$ 3,226,165</u>	<u>\$ -</u>
<u>FLORIDA HOUSING FINANCE CORPORATON</u>				
DIRECT PROGRAMS:				
State Housing Initiatives Partnership Program (SHIP)	40.901	HFC01	\$ 3,504,977	\$ 3,319,056
TOTAL FLORIDA HOUSING FINANCE CORPORATION			<u>\$ 3,504,977</u>	<u>\$ 3,319,056</u>

CITY OF JACKSONVILLE FLORIDA
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED SEPTEMBER 30, 2020

STATE AGENCY	CSFA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</u>				
DIRECT PROGRAMS:				
Mosquito Control	42.003	13071	\$ 47,310	\$ -
TOTAL DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES			\$ 47,310	\$ -
<u>DEPARTMENT OF STATE AND SECRETARY OF STATE</u>				
DIRECT PROGRAMS:				
Cultural Facilities Grant Program	45.014	*	\$ 39,467	\$ -
State Aid to Libraries	45.030	15-ST-24	7,973	-
State Aid to Libraries	45.030	17-ST-22	88,384	-
State Aid to Libraries	45.030	18-ST-22	616,809	-
State Aid to Libraries	45.030	19-ST-22	221,800	-
TOTAL DEPARTMENT OF STATE AND SECRETARY OF STATE			\$ 974,433	\$ -
<u>DEPARTMENT OF EDUCATION AND COMMISSIONER OF EDUCATION</u>				
DIRECT PROGRAMS:				
Coach Aaron Feis Guardian Program	48.140	90210	\$ 12,725	\$ -
TOTAL DEPARTMENT OF EDUCATION AND COMMISSIONER OF EDUCATION			\$ 12,725	\$ -
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>				
DIRECT PROGRAMS:				
Florida Forever Act	52.002	*	\$ 18,035	\$ -
TOTAL DEPARTMENT OF COMMUNITY AFFAIRS			\$ 18,035	\$ -
<u>DEPARTMENT OF TRANSPORTATION</u>				
DIRECT PROGRAMS:				
State Highway Project Reimbursement	55.023	AR320	\$ 291,716	\$ -
Local Transportation Projects	55.039	G1524	27,468	-
Local Transportation Projects	55.039	G1526	741,243	-
Local Transportation Projects	55.039	G1G35	7,995	-
Local Transportation Projects	55.039	GA150	80,614	-
City of Jacksonville Pedestrian Amenities	55.041	GOW51	7,584	-
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 1,156,620	\$ -

CITY OF JACKSONVILLE FLORIDA
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED SEPTEMBER 30, 2020

STATE AGENCY	CSFA NUMBER	CONTRACT/ GRANT NUMBER	EXPENDITURES	TRANSFER TO SUB RECIPIENT
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>				
DIRECT PROGRAMS:				
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	JHZ58	\$ 68,436	\$ 68,401
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	JHZ58	269,020	255,493
TOTAL DEPARTMENT OF CHILDREN AND FAMILIES			<u>337,456</u>	<u>\$ 323,894</u>
<u>DEPARTMENT OF HEALTH</u>				
DIRECT PROGRAMS:				
County Grant Awards	64.005	C8016	\$ 88,326	\$ -
TOTAL DEPARTMENT OF HEALTH			<u>88,326</u>	<u>\$ -</u>
<u>DEPARTMENT OF ELDER AFFAIRS</u>				
DIRECT PROGRAMS:				
Respite for Elders Living in Everyday Families (RELIEF)	65.006	R019-JSSP	\$ 108,553	\$ -
TOTAL DEPARTMENT OF ELDER AFFAIRS			<u>\$ 108,553</u>	<u>\$ -</u>
<u>DEPARTMENT OF LAW ENFORCEMENT</u>				
DIRECT PROGRAMS:				
Criminal Justice Training	71.001	D0058	\$ 203,852	\$ -
TOTAL DEPARTMENT OF LAW ENFORCEMENT			<u>\$ 203,852</u>	<u>\$ -</u>
<u>DEPARTMENT OF REVENUE</u>				
DIRECT PROGRAMS:				
Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training	73.016	*	\$ 2,000,004	\$ -
TOTAL DEPARTMENT OF REVENUE			<u>2,000,004</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 14,222,907</u>	<u>3,642,950</u>

* not available

**Notes to Schedule of
Expenditures of Federal Awards
And State Financial Assistance**

City of Jacksonville, Florida
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year end September 30, 2020

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance includes certain federal and state grant activity of the City of Jacksonville, Florida (the “City”) for the year ended September 30, 2020. The schedules do not include the federal and state grant activity of the City’s discretely presented component units the JEA, Jacksonville Port Authority, and the Jacksonville Transportation Authority, which received approximately \$15.2 million, and \$64.9 million, respectively. Federal and state grant activity for the discretely presented component units is reported on separately. Because the Schedules present only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position or cash flows of the City. The City’s reporting entity is defined in Note 1 of the City’s basic financial statements.

Note 2. Basis of Accounting

The schedules are presented using the modified accrual basis of accounting for grants which are accounted for in governmental funds and on the accrual basis of accounting for grants which are accounted for in proprietary funds. Such expenditures are recognized following the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in these schedules is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.500, Rules of the Auditor General. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Program Clusters

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. Accordingly, federal programs and related CFDA numbers reported within the schedule of expenditures include the Child Nutrition Cluster 10.559, CDBG-Entitlement Cluster 14.218, Highway Planning & Construction Cluster 20.205, Aging Cluster 93.044, 93.045, and 93.053, TANF Cluster 93.558, and the Foster Grandparent/Senior Companion Cluster 94.011 and 94.016.

Note 4. Indirect Cost

The City has not elected to use the 10% de minimis indirect cost rate.

Note 5. FEMA Expenditures

Expenditures for CDFA No. 97.036 Disaster Grants – Public Assistance, include \$5,935,989 expended in the prior fiscal year that had not been obligated (approved) by the Federal Emergency Management Agency as of September 30, 2020.



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of JEA, which represents approximately 83%, 80%, and 86%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of Jacksonville Transportation Authority which represents approximately 6%, 7%, and 9%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of Jacksonville Port Authority, which represents approximately 10%, 12%, and 5%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for JEA, Jacksonville Transportation Authority and Jacksonville Port Authority, is based solely 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 from material misstatement.

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

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

Opinions

In our opinion, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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 other postemployment benefits and pension schedules 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of expenditures of federal awards and expenditures of state financial assistance, which are required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the

Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of expenditures of federal awards and expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the reports of the other auditors, the schedules of expenditures of federal awards and expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 30, 2021

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities the business-type activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2021. Our report includes a reference to other auditors who audited the financial statements of JEA, Jacksonville Transportation Authority and Jacksonville Port Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may

exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 30, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Jacksonville, Florida's (the "City") compliance with the types of compliance requirements described in the Office of Management and Budget ("OMB") *Compliance Supplement* and the requirements described in the Florida Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and state financial assistance projects for the year ended September 30, 2020. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying *Schedule of Findings and Questioned Costs*.

The City's basic financial statements include the operations of Jacksonville Transportation Authority and Jacksonville Port Authority, for which any federal or state grant activity is not included in the schedules of federal awards and state financial assistance. Our audit, described below, did not include the operations of JEA, Jacksonville Transportation Authority and Jacksonville Port Authority which received federal awards and state financial assistance of approximately \$5.7 million, \$43.3 million and \$49.0 million, respectively, because the component units engaged other auditors to perform an audit in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state laws, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above

that could have a direct and material effect on a major federal program or state project occurred. An audit involves examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and each of its major state projects for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-003 and 2020-004 that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to

the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 30, 2021

**Schedule of Findings and Questioned Costs
For the Fiscal year ended September 30, 2020**

Part I – Summary of Auditors’ Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal and State Awards:

- | | |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs/projects | Unmodified |
| 3. Internal control over major programs/projects: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) and Chapter 10.557, Rules of the Auditor General? | Yes |
| 4. Identification of major programs/projects: | |

Federal Programs	Federal CFDA Number
CARES Act - Coronavirus Relief Fund	21.019
Temporary Assistance for Needy Families Cluster	93.558
HIV Emergency Relief Project Grants - (Ryan White HIV/AIDS Program Part A)	93.914

State Projects	State CFSA Number
Military Base Protection	31.044
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043
State Housing Initiatives Partnership Program (SHIP)	40.901
Local Transportation Projects	55.039

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between type A and type B federal programs: | \$3,000,000 |
| 6. Dollar threshold used to distinguish between type A and type B state projects: | \$750,000 |
| 7. Auditee qualified as low risk auditee under 2 CFR 200.520? | No |

**Schedule of Findings and Questioned Costs
For the Fiscal year ended September 30, 2020**

Part II – Financial Statement Findings

2020-001 ACCOUNTING SYSTEM IMPLEMENTATION

Condition: During the audit we found that financial records for most classes of transactions and account balances were not accurately completed on a timely basis. Financial reports were not in place to extract the financial information required and the financial information provided to us required material correcting entries to be made.

Criteria: Section 218.33, Florida Statutes, requires that local government entities follow uniform accounting practices and procedures including the use of proper accounting and fiscal management, which includes establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported.

Cause: The new accounting system was not designed and implemented effectively such that it was not functioning sufficiently to maintain up-to-date and accurate financial records for most classes of transactions and account balances.

Effect: Multiple material errors were found and the audit was not able to be completed by the state's initial deadline.

Recommendation: Enhance the understanding and user abilities of the accounting system through further training and consultation with software providers. Also, bring monthly close processes up to date and ensure that sub-ledgers reconcile accurately to the general ledger.

Management Response: The City's new enterprise-wide financial system **1Cloud** went "live" on February 29, 2020, after months of implementation planning and training. Even with best efforts in ideal circumstances, it is not uncommon for financial system implementations to experience challenges with data conversion, set up, and training (i.e., ensuring employees know how to perform their functions within the new system). These issues were expected. However, within weeks of implementation, the COVID-19 pandemic struck, forcing most City employees to work from home.

The added uncertainty about individual health and the inability for City employees (both on the implementation team and at-large) to work in close proximity to one another at a critical time during the implementation process, and also being diverted to designing, implementing, and reporting on COVID-19 relief programs, served to significantly complicate matters and delayed effective implementation and functioning of sub-ledgers, monthly close processing, and financial reporting.

We are now utilizing the consulting team within Oracle, the provider of 1Cloud, to continue to work through various functionalities that are not yet completely suited to our needs. Progress with Oracle is yielding positive results. We continue to enhance our understanding of and user abilities in the system through further training and consultation. We have already completed a deep dive into the monthly close process to ensure all sub-ledgers reconcile accurately to the general ledger. As we prepare for the FY '21 ACFR, we are committed to bringing new levels of efficiency, accuracy, timeliness, and transparency to local government financial reporting.

**Schedule of Findings and Questioned Costs
For the Fiscal year ended September 30, 2020**

2020-002 BANK RECONCILIATIONS

Condition: During the audit we found that the bank reconciliation was not accurately completed and there were transactions which had already cleared the bank but were not properly recorded in the general ledger or the bank reconciliation.

Criteria: Section 218.33, Florida Statutes, requires that local government entities follow uniform accounting practices and procedures including the use of proper accounting and fiscal management, which includes establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported.

Cause: The Treasury division was not able to complete the bank reconciliation in a timely and accurate manner due to general weaknesses in the system implementation and did not make appropriate entries or communicate errors to the Accounting division to account for transactions which had been processed and were identified when performing the bank reconciliation.

Effect: Material errors were identified between the bank reconciliation and related general ledger accounts.

Recommendation: The Treasury division, Accounting division, and finance managers throughout the City should collaborate better to ensure the bank balances are being reconciled accurately and in a timely manner to an amount that matches the general ledger to bank statements.

Management Response: As detailed above in our response to Finding 2020-001, the City faced unexpected challenges beyond the normal financial system implementation difficulties. Effective implementation of the Cash Management module and the bank reconciliation process were not immune to these challenges. As we experienced problems closing months in the accounting system in a timely manner following conversion, which were compounded by COVID-19 protective measures, the companion reconciliations of the bank statements were likewise negatively impacted. Treasury and Accounting will continue ramping up collaboration with each other and finance managers in other City departments to ensure the balances in Cash Management and the General Ledger and related sub-ledgers match and are properly reconciled. As we are now catching up on closing fiscal months to bring them current, we will be reconciling the bank statements to match the accounting statements in a more timely and accurate way. We have also reclassified two positions within the department to boost the Treasury division's staffing and capabilities in this area.

**Schedule of Findings and Questioned Costs
For the Fiscal year ended September 30, 2020**

Part III – Findings and Questioned Costs – Federal Programs

2020-003 – Temporary Assistance for Needy Families (previously reported as 2018-003 and 2019-001)

CFDA Number 93.558

Contract Number HF152002 2020

Passed Through State of Florida, Department of Children and Families

Passed Through Ounce of Prevention Fund of Florida and Healthy Families Florida

Questioned costs – none.

Criteria: 2 CFR 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards, including the requirements for beneficiary eligibility contained in 45 CFR Parts 260 through 265.

Condition: Eligibility controls were not being performed throughout the full year.

Cause: The program is rebuilding after turnover in providers and the necessary hiring and training of new Family Support Workers.

Effect: Individuals who are not eligible to receive the services funded by this grant may incorrectly be served.

Recommendation: We recommend that Healthy Families Jacksonville reintroduce the control which was partially in effect during the year and ensure that it is performed consistently each month.

Views of responsible officials: We agree with the recommendation and the controls are now in place and results are expected to be much improved in FY2020 reporting and compliance. The current monitoring process by the KHA Quality & Compliance Supervisor is an internal policy and is not required by the grant. This policy states that at least one file for each Family Support Worker will be reviewed quarterly to review compliance on items that include eligibility. Because of an insufficient level of performance by the sub-recipient, there was an emphasis last year on creating on conducting an Efficacy Study of the program and on creating an RFP. These tasks took priority during some time periods as they were necessary to ensure continued quality improvement for the program.

**Schedule of Findings and Questioned Costs
For the Fiscal year ended September 30, 2020**

2020-004 – Temporary Assistance for Needy Families (previously reported as 2018-004 and 2019-002)

CFDA Number 93.558

Contract Number HF152002 2019 and HF152002 2020

Passed Through State of Florida, Department of Children and Families

Passed Through Ounce of Prevention Fund of Florida and Healthy Families Florida

Questioned costs – none.

Criteria: 2 CFR 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards, including the requirements for Maintenance of Effort contained in 45 CFR Parts 260 through 265. Healthy Families Jacksonville is responsible for maintaining controls over the Level of Effort compliance requirement.

Condition: Maintenance of Effort monitoring controls over Healthy Families Jacksonville could not be evidenced.

Cause: The program is rebuilding after turnover in providers and the necessary hiring and training of new Family Support Workers.

Effect: Families may not be receiving the services that Healthy Families Florida has contracted with Healthy Families Jacksonville to provide.

Recommendation: We recommend that Healthy Families Jacksonville continue to work closely with the Healthy Families Florida Director to make decisions necessary to bring the level of program services into compliance.

Views of responsible officials: We agree with the recommendation continue to improve the monitoring and the implementation of improved processes. The current monitoring process by the KHA Quality & Compliance Supervisor is an internal policy and is not required by the grant. This policy states that at least one file for each Family Support Worker will be reviewed quarterly to review compliance on all contract and model related items. Because of an insufficient level of performance by the sub-recipient, there was an emphasis last year on creating on conducting an Efficacy Study of the program and on creating an RFP. These tasks took priority during some time periods as they were necessary to ensure continued quality improvement for the program.

Part IV – Findings and Questioned Costs – State Projects

There were no findings related to state projects.

**Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2020**

2019-001 – Temporary Assistance for Needy Families Controls Over Eligibility (initially occurred in 2018) – Not Corrected, repeated as 2020-003. At the beginning of 2019, the sub-recipient was placed on a corrective action plan regarding their contract with KHA. Because of this plan, the Quality and Compliance Supervisor was advised to focus on technical assistance specific to supporting the sub-recipient with program improvements. The improvements were monitored through data in the Healthy Families Florida Performance Management System and through ongoing meetings with the Program Manager. With this focus, the review of files as a control over eligibility and level of effort was not able to be completed in accordance with the original plan but was determined to be what was needed by the program for maximum performance.

2019-002 – Temporary Assistance for Needy Families Controls Over Level of Effort (initially occurred in 2018) – Not Corrected, repeated as 2020-004. At the beginning of 2019, the sub-recipient was placed on a corrective action plan regarding their contract with KHA. Because of this plan, the Quality and Compliance Supervisor was advised to focus on technical assistance specific to supporting the sub-recipient with program improvements. The improvements were monitored through data in the Healthy Families Florida Performance Management System and through ongoing meetings with the Program Manager. With this focus, the review of files as a control over eligibility and level of effort was not able to be completed in accordance with the original plan but was determined to be what was needed by the program for maximum performance.



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ONE CITY. ONE JACKSONVILLE.

December 30, 2021

Below are corrective action plans for Audit Findings 2020-001, 2020-002, 2020-003 and 2020-004.

Part II – Financial Statement Findings

2020-001 Accounting System Implementation

Criteria: Section 218.33, Florida Statutes, requires that local government entities follow uniform accounting practices and procedures including the use of proper accounting and fiscal management, which includes establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported.

Condition: During the audit we found that financial records for most classes of transactions and account balances were not accurately completed on a timely basis. Financial reports were not in place to extract the financial information required and the financial information provided to us required material correcting entries to be made.

Cause: The new accounting system was not designed and implemented effectively such that it was not functioning sufficiently to maintain up-to-date and accurate financial records for most classes of transactions and account balances.

Effect: Multiple material errors were found and the audit was not able to be completed by the state's initial deadline.

Recommendation: Enhance the understanding and user abilities of the accounting system through further training and consultation with software providers. Also, bring monthly close processes up to date and ensure that sub-ledgers reconcile accurately to the general ledger.

Action Plan: The City's new enterprise-wide financial system 1Cloud went "live" on February 29, 2020, after months of implementation planning and training. Even with best efforts in ideal circumstances, it is not uncommon for financial system implementations to experience challenges with data conversion, set up, and training (i.e., ensuring employees know how to perform their functions within the new system). These issues were expected. However, within weeks of implementation, the COVID-19 pandemic struck, forcing most City employees to work from home.

The added uncertainty about individual health and the inability for City employees (both on the implementation team and at-large) to work in close proximity to one another at a critical time during the implementation process, and also being diverted to designing, implementing, and reporting on COVID-19 relief programs,

served to significantly complicate matters and delayed effective implementation and functioning of sub-ledgers, monthly close processing, and financial reporting.

We are now utilizing the consulting team within Oracle, the provider of 1Cloud, to continue to work through various functionalities that are not yet completely suited to our needs. Progress with Oracle is yielding positive results. We continue to enhance our understanding of and user abilities in the system through further training and consultation. We have already completed a deep dive into the monthly close process to ensure all sub-ledgers reconcile accurately to the general ledger. As we prepare for the FY '21 ACFR, we are committed to bringing new levels of efficiency, accuracy, timeliness, and transparency to local government financial reporting.

Contact Names Responsible for the plan - Patrick “Joey” Greive and Marcia Saulo

Anticipated completion date of the plan - September 20, 2022

2020-002 Bank Reconciliations

Criteria: Section 218.33, Florida Statutes, requires that local government entities follow uniform accounting practices and procedures including the use of proper accounting and fiscal management, which includes establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met and ensuring that management and financial information is reliable and properly reported.

Condition: During the audit we found that the bank reconciliation was not accurately completed and there were transactions which had already cleared the bank but were not properly recorded in the general ledger or the bank reconciliation.

Cause: The Treasury division was not able to complete the bank reconciliation in a timely and accurate manner due to general weaknesses in the system implementation and did not make appropriate entries or communicate errors to the Accounting division to account for transactions which had been processed and were identified when performing the bank reconciliation.

Effect: Material errors were identified between the bank reconciliation and related general ledger accounts.

Recommendation: The Treasury division, Accounting division, and finance managers throughout the City should collaborate better to ensure the bank balances are being reconciled accurately and in a timely manner to an amount that matches the general ledger to bank statements.

Action Plan: As detailed above in our response to Finding 2020-001, the City faced unexpected challenges beyond the normal financial system implementation difficulties. Effective implementation of the Cash Management module and the bank reconciliation process were not immune to these challenges. As we experienced problems closing months in the accounting system in a timely manner following conversion, which were compounded by COVID-19 protective measures, the companion reconciliations of the bank statements were likewise negatively impacted. Treasury and Accounting will continue ramping up collaboration with each other and finance managers in other City departments to ensure the balances in Cash Management and the General Ledger and related subledgers match and are properly reconciled. As we are now catching up on closing fiscal months to bring them current, we will be reconciling the bank statements to match the accounting statements in a more timely and accurate way. We have also reclassified two positions within the department to boost the Treasury division’s staffing and capabilities in this area.

Contact Names Responsible for the plan - Patrick “Joey” Greive, Randall Barnes and Marcia Saulo

Anticipated completion date of the plan - September 20, 2022

Part III – Findings and Questioned Costs – Federal Programs

2020-003 – Temporary Assistance for Needy Families (previously reported as 2018-003 and 2019-001) CFDA Number 93.558

Contract Number HF152002 2019 and HF152002 2020

Passed Through State of Florida, Department of Children and Families

Passed Through Ounce of Prevention Fund of Florida and Healthy Families Florida

Questioned costs – none.

Criteria: 2 CFR 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards, including the requirements for beneficiary eligibility contained in 45 CFR Parts 260 through 265.

Condition: Eligibility controls were not being performed throughout the full year.

Cause: The program is rebuilding after turnover in providers and the necessary hiring and training of new Family Support Workers.

Effect: Individuals who are not eligible to receive the services funded by this grant may incorrectly be served.

Recommendation: We recommend that Healthy Families Jacksonville reintroduce the control which was partially in effect during the year and ensure that it is performed consistently each month.

Action Plan – The current monitoring process by the KHA Quality & Compliance Supervisor is an internal policy and is not required by the grant. This policy states that at least one file for each Family Support Worker will be reviewed quarterly to review compliance on items that include eligibility. Because of an insufficient level of performance by the sub-recipient, there was an emphasis last year on creating on conducting an Efficacy Study of the program and on creating an RFP. These tasks took priority during some time periods as they were necessary to ensure continued quality improvement for the program.

An RFP was released, and a new sub-recipient has been identified that will begin providing services on 7/1/20. The KHA Quality & Compliance Supervisor and the KHA Director of Special Needs will develop an updated QA policy regarding review of program controls and will document these actions on a monthly basis.

Contact Names Responsible for the plan - Mary Nash and Jerelyn Allen

Anticipated completion date of the plan - July 1, 2020

2020-004 – Temporary Assistance for Needy Families (previously reported as 2018-004 and 2019-002) CFDA Number 93.558

Contract Number HF152002 2019 and HF152002 2020

Passed Through State of Florida, Department of Children and Families

Passed Through Ounce of Prevention Fund of Florida and Healthy Families Florida

Questioned costs – none.

Criteria: 2 CFR 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards, including the requirements for Maintenance of Effort contained in 45 CFR Parts 260 through

265. Healthy Families Jacksonville is responsible for maintaining controls over the Level of Effort compliance requirement.

Condition: Maintenance of Effort monitoring controls over Healthy Families Jacksonville could not be evidenced.

Cause: The program is rebuilding after turnover in providers and the necessary hiring and training of new Family Support Workers.

Effect: Families may not be receiving the services that Healthy Families Florida has contracted with Healthy Families Jacksonville to provide.

Recommendation: We recommend that Healthy Families Jacksonville continue to work closely with the Healthy Families Florida Director to make decisions necessary to bring the level of program services into compliance.

Action Plan – The current monitoring process by the KHA Quality & Compliance Supervisor is an internal policy and is not required by the grant. This policy states that at least one file for each Family Support Worker will be reviewed quarterly to review compliance on all contract and model related items. Because of an insufficient level of performance by the sub-recipient, there was an emphasis last year on creating on conducting an Efficacy Study of the program and on creating an RFP. These tasks took priority during some time periods as they were necessary to ensure continued quality improvement for the program.

An RFP was released, and a new sub-recipient has been identified that will begin providing services on 7/1/20. The KHA Quality & Compliance Supervisor and the KHA Director of Special Needs will develop an updated QA policy regarding review of program controls and will document these actions on a monthly basis.

Contact Names Responsible for the plan - Mary Nash and Jerelyn Allen

Anticipated completion date of the plan - July 1, 2020

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and members of the City Council
City of Jacksonville, Florida

Report on the Financial Statements

We have audited the 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 fiscal year ended September 30, 2020, which collectively comprise the City's basic financial statements and have issued our report thereon date December 30, 2021. Our report on the basic financial statements included reference to the reports of other auditors. This management letter does not include the findings and recommendations of the other auditors that are reported on separately by those auditors.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our report includes a reference to other auditors who audited the financial statements of JEA, Jacksonville Transportation Authority and Jacksonville Port Authority, discretely presented component units of the City.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Reports on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings and questioned costs that accompanies this letter. Prior year findings 2019-001 and 2019-002 are repeated as 2020-003 and 2020-004, respectively.

Official Title and Legal Authority

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 in the notes to the financial statements.

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and members of the City Council
City of Jacksonville, Florida

We have examined the City of Jacksonville, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC

Jacksonville, Florida
December 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES

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

We have examined the City of Jacksonville, Florida's (the "City") compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC

Jacksonville, Florida
December 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES

To the Honorable Mayor and members of the City Council
City of Jacksonville, Florida

We have examined the City of Jacksonville, Florida's (the "City") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
December 30, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

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

We have examined the City of Jacksonville, Florida's (the "City") compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees*, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support Payments; Fees*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC

Jacksonville, Florida
December 30, 2021



City of Jacksonville, Florida

Lenny Curry, Mayor

Finance and Administration Department
General Accounting Division
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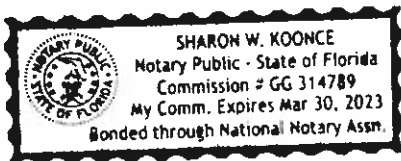
TO: Sherrill F. Norman, CPA
State of Florida Auditor General

FROM: Patrick "Joey" Greive
Chief Financial Officer

DATE: 12/21/21

SUBJECT: Audit Report

This memo is to certify that the Jacksonville, Florida Code of Ordinances has, to the best of my knowledge, complied with the restrictions of Section 163.31801, Florida Statutes.



Sharon W. Koonce 12-21-21

The foregoing instrument was acknowledged before me this 21st day of December, 2021, by Patrick "Joey" Greive, who is personally known to me.