



**City of Jacksonville, Florida
Downtown Investment Authority**

FINANCIAL STATEMENTS

September 30, 2023

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INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the City of Jacksonville, Florida Downtown Investment Authority (the “Agency”), a component unit of the City of Jacksonville, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Jacksonville, Florida Downtown Investment Authority, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Certain Matter

As described in Note 6 to the financial statements, the Agency’s financial statements have been restated for a prior period error. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 30-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

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

Jacksonville, Florida
June 28, 2024

City of Jacksonville, Florida Downtown Investment Authority Management's Discussion and Analysis

As management of the City of Jacksonville, Florida Downtown Investment Authority (the "Agency"), we offer readers of the Agency's financial statements this narrative overview of the financial activities of the Agency for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8.2 million.
- The Agency total net position increased \$14.8 million over the course of the year's operation primarily due to unspent project funds.
- The Agency's financial statements reported an ending fund balance of \$51.0 million, an increase of \$13.9 million compared to the prior year. This represents unspent funds which will be carried forward and used in subsequent years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Agency:

Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resource) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted. Over time, increases or decrease in net position may serve as useful indicators of whether the City's financial position is improving or deteriorating.

Fund financial statements.

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Agency's funds are governmental funds. The Agency has no proprietary funds or fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of resources, as well as on balances of nonspendable and spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

City of Jacksonville, Florida
Downtown Investment Authority
Management's Discussion and Analysis

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

The Agency maintains two individual governmental funds. Information is presented separately for the Northbank Downtown Area and Southside Area, both of which are considered to be major funds.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is a comparison between the Agency's adopted and final budget and actual financial results. The Agency adopts annual appropriated budgets for both major funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$8.2 million at the close of the most recent fiscal year, which is an increase of \$14.8 million.

The following table reflects the condensed statement of net position:

	2023	2022
Current and other assets	\$ 51,673,942	\$ 37,848,596
Long-term receivables	12,166,969	1,842,645
Lease receivables	551,832	528,912
Total assets	64,392,743	40,220,153
Deferred Outflows of Resources	61,159	71,122
Current and other liabilities	2,413,190	1,749,016
Long-term liabilities outstanding	41,215,775	42,881,921
Total liabilities	43,628,965	44,630,937
Deferred Inflows of Resources	12,644,142	2,287,667
Restricted Net Position	\$ 8,180,795	\$ (6,627,329)

The largest portion of the net position reflects the Agency's cash and cash equivalents and investments. These accounts reflect funds available for future projects.

**City of Jacksonville, Florida
Downtown Investment Authority
Management's Discussion and Analysis**

The following table shows condensed revenue and expense data:

	<u>2023</u>	<u>2022</u>
General revenues:		
Property taxes	\$ 18,380,914	\$ 15,282,622
Investment earnings	1,637,007	527,428
Miscellaneous	5,933,940	6,121,846
Transfers from (to) primary government, net	<u>25,618</u>	<u>27,477</u>
Total revenues	<u>25,977,479</u>	<u>21,959,373</u>
Program expenses:		
Economic environment	10,248,153	45,343,329
Interest and related costs on long- term debt	<u>921,202</u>	<u>420,298</u>
Total expenses	<u>11,169,355</u>	<u>45,763,627</u>
Change in net position	14,808,124	(23,804,254)
Net position - beginning restated	<u>(6,627,329)</u>	17,176,925
Net position - ending	<u>\$ 8,180,795</u>	<u>\$ (6,627,329)</u>

The Agency's net position increased \$14.8 million primarily from accumulation of resources for future projects.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Revenues (excluding transfers) for the Agency's activities increased \$4 million primarily from an increase in property taxes from higher property values.

Budgetary highlights.

During the fiscal year, the budgets for the major funds were amended after adoption. The primary differences between the original budget and the final amended budget are summarized as follows:

- Northbank Downtown Area – increases in economic environment expenditures of approximately \$15.5 million for new projects.
- Southside Area - increases in economic environment expenditures of approximately \$13.6 million for new projects.

CAPITAL ASSET AND DEBT ACTIVITY

Capital assets.

The Agency does not maintain the capital assets, including intangible right-to-use leased assets. Capital assets are transferred to funds maintained by the City of Jacksonville, Florida.

City of Jacksonville, Florida
Downtown Investment Authority
Management's Discussion and Analysis

Long-term debt.

At the end of the current fiscal year, the Agency had long-term debt outstanding of approximately \$43 million. This represents two bond payables, lease payable, as well as a loan to a fund maintained by the City of Jacksonville, Florida. Additional information regarding the Agency's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The consolidated City of Jacksonville is the most populated city in Florida based on the 2020 Census. It is anticipated that the city's population will grow significantly over the next few years reflecting the general economic recovery, Jacksonville's pro-business economic development policies, moderate tax burden, all-year outdoor climate, and in-migration of businesses from less desirable areas of the country.

Assessed valuation has increased. The value of building permits has improved significantly indicating a recovery in housing and economic growth for the City. It is difficult to forecast the rate of economic improvement but we do anticipate continued improvement in assessed values in the near to mid-term future.

Unemployment continues to decline and MSA employment continues to increase; both very positive trends.

The Agency approved area budgets for FY 2023-2024. Tax increment revenue projections were based upon actual values from the Property Appraiser's Office. The Agency anticipates Tax Increment Financing (TIF) revenue growth in the coming years as perennial increases in property values continue and future redevelopment projects break ground.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Jacksonville, Florida Downtown Investment Authority's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Council Auditor's Office located at 117 West Duval Street, Suite 200, Jacksonville, Florida 32202.

City of Jacksonville, Florida
Downtown Investment Authority
Basic Financial Statements

City of Jacksonville, Florida
Downtown Investment Authority
Statement of Net Position

<i>September 30, 2023</i>	Governmental Activities
Assets	
Equity in cash and cash equivalents	\$ 2,387,309
Investments	49,286,633
Non-current assets	
Loans receivable, net	12,166,969
Lease receivable	551,832
Total assets	64,392,743
Deferred Outflows of Resources	
Deferred outflows on refunding	61,159
Total deferred outflows of resources	61,159
Liabilities	
Accounts payable	705,320
Deposits	2,500
Non-current liabilities	
Due within one year	
Bonds payable	1,050,600
Lease payable	92,259
Internal loans payable	562,511
Due in more than one year	
Bonds payable	30,449,110
Lease payable	3,205,350
Internal loans payable	7,353,779
Unamortized bond premiums	207,536
Total liabilities	43,628,965
Deferred Inflows of Resources	
Deferred inflow of leases	477,173
Deferred inflows of revenue	12,166,969
Total deferred inflows of resources	12,644,142
Net Position	
Restricted	8,180,795
Total net position	\$ 8,180,795

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

City of Jacksonville, Florida
Downtown Investment Authority
Statement of Activities

<i>For the year ended September 30, 2023</i>					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Economic environment	\$ 10,248,153	\$ -	\$ -	\$ -	\$ (10,248,153)
Interest and related costs on long-term debt	921,202	-	-	-	(921,202)
Total governmental activities	\$ 11,169,355	\$ -	\$ -	\$ -	\$ (11,169,355)
General revenues and transfers					
Taxes					
Property taxes					18,380,914
Investment earnings					1,637,007
Miscellaneous					2,674,432
Gain on sale of property					3,259,508
Transfers from primary government, net					25,618
Total general revenues					25,977,479
Change in net position					14,808,124
Net position, beginning of year, as restated					(6,627,329)
Net position, end of year					\$ 8,180,795

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

City of Jacksonville, Florida
Downtown Investment Authority
Balance Sheet – Governmental Funds

<i>September 30, 2023</i>	Northbank Downtown Area	Southside Area	Total Governmental Funds
Assets			
Equity in cash and cash equivalents	\$ 1,576,385	\$ 810,924	\$ 2,387,309
Investments	32,544,900	16,741,733	49,286,633
Receivables	551,832	-	551,832
Total assets	\$ 34,673,117	\$ 17,552,657	\$ 52,225,774
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	581,536	123,784	705,320
Deposits	2,500	-	2,500
Total liabilities	584,036	123,784	707,820
Deferred Inflows of Resources			
Leases	477,173	-	477,173
Total deferred inflows of resources	477,173	-	477,173
Fund balances			
Restricted	33,611,908	17,428,873	51,040,781
Total fund balances	33,611,908	17,428,873	51,040,781
Total liabilities, deferred inflows of resources, and fund balances	\$ 34,673,117	\$ 17,552,657	\$ 52,225,774

The accompanying notes are an integral part of these financial statements.

City of Jacksonville, Florida
Downtown Investment Authority
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2023

Total fund balances - governmental funds	\$ 51,040,781
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term assets, including loans receivable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Loans receivable	12,166,969

Deferred inflow of resources related to long term contracts are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.	(12,166,969)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(31,499,710)
Internal loans payable	(7,916,290)
Unamortized bond premiums	(207,536)
Leases payable	(3,297,609)

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:	
Deferred loss on refunding	61,159

Net position of governmental activities	\$ 8,180,795
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The accompanying notes are an integral part of these financial statements.

City of Jacksonville, Florida
Downtown Investment Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2023</i>	Northbank Downtown Area	Southside Area	Total Governmental Funds
Revenues			
Taxes	\$ 11,528,182	\$ 6,852,732	\$ 18,380,914
Interest	1,201,589	435,418	1,637,007
Payment in lieu of taxes	337,765	-	337,765
Miscellaneous revenue	2,336,667	-	2,336,667
Total revenues	15,404,203	7,288,150	22,692,353
Expenditures			
Current			
Economic environment			
Public investment expenditures	3,614,984	2,220,254	5,835,238
Other expenditures	3,973,768	452,243	4,426,011
Debt service			
Principal	641,177	207,000	848,177
Interest	754,777	166,425	921,202
Total expenditures	8,984,706	3,045,922	12,030,628
Excess (deficiency) of revenues over (under) expenditures	6,419,497	4,242,228	10,661,725
Other Financing Sources (Uses)			
Proceeds from sale of real property	3,259,508	-	3,259,508
Transfers from primary government	-	30,618	30,618
Transfers to primary government	(2,500)	(2,500)	(5,000)
Net other financing sources (uses)	3,257,008	28,118	3,285,126
Net change in fund balances	9,676,505	4,270,346	13,946,851
Fund balances, beginning of year	23,935,403	13,158,527	37,093,930
Fund balances, end of year	\$ 33,611,908	\$ 17,428,873	\$ 51,040,781

The accompanying notes are an integral part of these financial statements.

City of Jacksonville, Florida
Downtown Investment Authority
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, 2023

Net change in fund balances - total governmental funds	\$ 13,946,851
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report certain debt 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 premium	23,059
Amortization of loss on refunding	(9,963)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-term debt principal payments	848,177
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Change in net position of governmental activities	\$ 14,808,124
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The accompanying notes are an integral part of these financial statements.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The legal entity, Downtown Investment Authority, (formally Downtown East, Northside West and Southside) (the “Major Funds”) was created by ordinances of the City of Jacksonville (the “City”) to carry out community redevelopment within the City of Jacksonville under Chapter 163, Part 3, of the Florida Statutes. The Downtown Investment Authority Board sits as the board of the Northbank Downtown and Southside community redevelopment areas and approves the budgets. The Agency’s approved budgets are then submitted to the City of Jacksonville City Council so that they may be included in the City’s annual budget for adoption. The Agency is reported as a blended component unit of the City because of the existence of a financial benefit/burden relationship. Both Major Funds as well as three (3) other community redevelopment agencies are combined into the Tax Increment District Fund for financial reporting in the City’s annual comprehensive financial report. The Tax Increment District Fund receives a distribution of ad valorem tax revenue levied and collected in the City’s tax increment districts used to promote future commercial business development that expands property tax base values in the areas.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* are those which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

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

Fund Financial Statements

The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Agency reports the following major governmental funds:

The *Northbank Downtown Area Fund* is the operating fund for the Northwest USD1 B Tax Increment District and the Northeast USD1 C Tax Increment District. It accounts for all financial resources of these Tax Increment Districts.

The *Southside Area Fund* is the operating fund for the Southside USD1 A Tax Increment District. It accounts for all financial resources of this Tax Increment District.

Budgetary Information

The Agency has elected, as permitted by Section 2400: Budgetary Reporting of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances

Cash and cash equivalents

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance flow assumptions – Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Agency itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Agency's highest level of decision-making authority. The Agency's Boards is the highest level of decision-making authority for the Agency that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Agency for specific purposes but do not meet the criteria to be classified as committed. Fund Balance may be assigned through the following: 1) The Director of Finance is authorized by Agency's Boards to assign amounts for a specific purpose. 2) The Agency's Boards have 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 City's General Fund. 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. The Agency's Boards may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for fund balance not meeting criteria to be reported as nonspendable, restricted, committed, or assigned.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures/Expenses and Transfers

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Tax increment revenues – The primary source of revenues is tax increment funds (“TIF”) received from the City of Jacksonville, Florida. The revenue is computed by multiplying the various operating tax millage rates of each taxing district by the increased value of the properties within the areas’ boundaries over the base property value. The TIF revenues received from the City are reported as property tax.

Transfers to the primary government are due to transactions to the City for debt service costs and amounts remaining at the end of the fiscal year that were not encumbered or allocated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Property Tax Calendar

The Tax Collector remits collected taxes at least monthly to the City, which is then allocated to the Agency. The Agency recognizes property tax revenue as it is received from the Tax Collector (City) 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
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. As of July 1, 2023, derivative instruments that hedge the interest rate risk of taxable debt and use an IBOR as a reference rate are no longer eligible for hedge accounting. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this Statement.

The GASB has issued the following statements that will become effective in future years.

GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

GASB Statement No. 101, Compensated Absences, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Agency is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

A. Cash on Deposit

The Agency participates in the City's cash and investment pool. The "Equity in Cash and Cash Equivalents" consists of cash and investments owned by the Agency 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 Agency monthly based on the Agency's weighted average daily cash and investment balance.

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 Agency's public deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", and are also 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.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

B. Investments and Investment Practices

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

Other than operating cash invested overnight through the City's zero balance sweep accounts, all invested cash is managed by third-party money managers. Performance benchmarks for the portfolio are established in the 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 2023 normal portfolio balance of \$1.73 billion, which is defined by Ordinance Code as the City's 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 Agency" category. As a result, the amounts reported as year-end compliance exposures exceed the portfolio balance at year end in aggregate.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Compliance Guideline Characteristics
As of September 30, 2023

Compliance Guideline	Sector Guideline Exposures			
	Exposure to Specific Guideline	Year end Exposure %	% of Normal Portfolio Balance	
			During Year	Maximum By Policy
Duration ¹	2.87	NA	2.95	5.00
Liquidity Requirements	\$ 10,070,643	23.2%	36.5%	100.0%
USG + Agencies	\$ 15,130,137	34.9%	41.5%	100.0%
US Govt (USG)	10,387,650	24.0%	29.1%	100.0%
Constraints				
Agencies	\$ 4,742,487	10.9%	13.0%	45.0%
MBS	3,910,656	9.0%	10.2%	35.0%
Agency MBS	2,617,142	6.0%	7.1%	35.0%
Non-Agency MBS	1,293,514	3.0%	3.1%	15.0%
Asset Backed Securities	1,508,654	3.5%	3.5%	7.5%
Corporates	8,546,942	19.7%	20.9%	60.0%
Corporates > 1 Year	6,066,798	14.0%	15.5%	40.0%
Municipal Bonds	328,395	0.8%	0.8%	10.0%
Bond Funds	9,085,955	21.0%	29.6%	85.0%
Money Market Funds	13,943,370	32.2%	42.8%	40.0%
Certificates of Deposits	-	0.0%	0.0%	20.0%
Repurchase agreements	-	0.0%	0.0%	20.0%
Rule 144a Securities	1,691,314	3.9%	3.9%	10.0%
Specialty Risk				
High Yield	\$ 515,124	1.2%	1.4%	9.0%
International	1,332,943	3.1%	3.1%	7.5%
International (non-hedged)	-	0.0%	0.0%	5.0%
Emerging Markets	19,689	0.0%	0.2%	5.0%
Duration > 8.5	749,891	1.7%	2.0%	7.5%
Normal Portfolio Balance	\$ 43,341,921			

¹Commingled Funds and Cash are excluded

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

C. 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.

Investment Type	Total Fair Value	Fair Value of Assets by Measurement Type		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Stock - Preferred	\$ 19,532	\$ -	\$ 19,532	\$ -
Registered Investment Companies	23,183,975	23,183,975	-	-
U. S. Government Securities	13,248,232	11,032,638	2,215,594	-
Corporate Debt Instruments	9,112,729	-	9,112,729	-
Common/Collective Trust	3,189,903	-	-	3,189,903
Other Investments	532,261	200,362	331,900	-
Total Investments	\$ 49,286,632	\$ 34,416,975	\$ 11,679,755	\$ 3,189,903

The City has the following recurring fair value measurements as of September 30, 2023:

- 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
Downtown Investment Authority
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. 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.

E. Credit Quality

The Operating 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. Overall portfolio credit quality reports are provided to illustrate the credit risk at fiscal-year end.

<u>Quality Breakdown Portfolio (%)</u>	
Aaa	10.0%
Aa1-Aa3	47.4%
A1-A3	11.5%
Baa1-Baa3	10.9%
Ba1-Ba3	1.1%
Other	6.8%
Commingled	12.3%
	<u>100.00%</u>

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 - mutual funds that are listed and valued as a whole, not individual holdings, as well as minor exposure to non-investment grade securities.

F. Custodial Credit Risk

The custodial relationship for investments are governed by written agreements that are executed by all parties and specifies that all securities owned and cash held by the City 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.

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

G. Foreign Currency

The Agency 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. At September 30, 2023, the Agency's exposure to foreign currency risk is approximately \$14,000, which represents 0.03% of the Agency's total investments.

H. Long-Term Debt and Liabilities

Special Revenue Bonds

On October 30, 2014, the City issued \$100,160,000 in Special Revenue Revenue Bonds with an interest rate of 5.00% to refund all or a portion of the Excise Taxes Revenue Bonds, Series 2005A and Excise Taxes Revenue Refunding Bonds, Series 2006A. \$3,427,000 of the Special Revenue and Refunding Bonds, Series 2014 ("SRB 2014 Bonds") relates to the Agency. The outstanding balance of the SRB 2014 Bonds is \$3,023,000 as of September 30, 2023.

On April 19, 2022, the City closed on the sale of \$28.68 million Taxable Special Revenue Bonds, Series 2022B. The 2022B bonds have a true interest cost of 2.82%, an average coupon rate of 2.77% with no mandatory sinking schedule and a maturity date of October 1, 2041. The proceeds of the 2022B bonds were used to refinance outstanding debt and finance the construction of certain capital equipment and improvements for parking garages owned and operated by Metropolitan Parking Solutions, LLC. The issuance provided net proceeds of \$155.04 million, which is inclusive of underwriter's discount and cost of issuance totaling \$1.00 million. The refunding of the Taxable Transportation Refunding Revenue Bonds, Series 2020 resulted in net PV savings of \$20.99 million and a decrease in aggregate debt service in the amount of \$35.14 million. The outstanding balance of the 2022B bonds is \$28,476,710.

The following is a summary of governmental notes payable for the year ended September 30, 2023:

<i>Year ending</i> <i>September 30,</i>	Governmental Activities			
	Special Revenue Bond, Series 2014		Special Revenue Bond, Series 2022B	
	Principal	Interest	Principal	Interest
2024	217,000	156,325	833,600	782,957
2025	228,000	145,725	1,214,300	754,594
2026	240,000	134,600	1,247,900	720,492
2027	252,000	122,900	1,282,500	685,446
2028	265,000	110,600	1,318,000	649,429
2029-2033	1,821,000	324,100	7,158,200	2,217,181
2034-2038	-	10,000	8,206,100	1,832,852
2039-2042	-	-	7,216,110	647,763
Total	3,023,000	1,004,250	28,476,710	8,290,715
Current portion	(217,000)	(156,325)	(833,600)	(782,957)
Payable after one year	\$ 2,806,000	\$ 847,925	\$ 27,643,110	\$ 7,507,758

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

<i>Year ending September 30,</i>	Governmental Activities			
	Internal Loans Payable		Total	
	Principal	Interest	Principal	Interest
2024	562,511	237,489	\$ 1,613,111	\$ 1,176,771
2025	579,387	220,613	2,021,687	1,120,932
2026	596,768	203,232	2,084,668	1,058,324
2027	614,671	185,329	2,149,171	993,675
2028	633,111	166,889	2,216,111	926,918
2029-2033	3,462,113	537,887	12,441,313	3,079,168
2034-2038	1,467,728	65,385	9,673,828	1,908,237
2039-2042	-	-	7,216,110	647,763
Total	7,916,290	1,616,824	39,415,999	10,911,789
Current portion	(562,511)	(237,489)	(1,613,111)	(1,176,771)
Payable after one year	\$ 7,353,779	\$ 1,379,335	\$ 37,802,888	\$ 9,735,018

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable					
Special Revenue Bond, Series 2014	\$ 3,230,000	\$ -	\$ (207,000)	\$ 3,023,000	\$ 217,000
Special Revenue Bond, Series 2022B	28,476,710	-	-	28,476,710	833,600
Loans payable	8,462,417	-	(546,127)	7,916,290	562,511
Lease Liability	3,392,659	-	(95,050)	3,297,609	92,259
Other debt related amounts					
Issuance premiums	230,595	-	(23,059)	207,536	-
Governmental activity long-term liabilities	\$ 43,792,381	\$ -	\$ (871,236)	\$ 42,921,145	\$ 1,705,370

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 3: RISK MANAGEMENT

The Agency is party to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Agency’s insurance is managed through the City’s Risk Management Division which administers a self-insured public liability (general liability and automobile liability) program (the “Program”). The City manages and reports on the Program’s self insurance fund in the City’s separately issued financial statements. The Program is a combination of self-insurance, coupled with certain layers of excess coverage to mitigate aberrant and substantial unexpected losses.

The Program does transfer some of the Agency’s risk through the purchase of insurance for its other exposures. The Program maintains watercraft, wharfingers liability, out of state automobile liability, aviation, terrorism, 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 sub limits, policy aggregates (where applicable), terms, conditions, and exclusions as noted in the policies. Additional details on the Program can be found in the City’s separately issued financial statements.

The Agency may be named as a party in legal proceedings which occur in the normal course of operations. The Agency is covered by the City’s self-insurance Program as described above. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Agency, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Agency or results of activities.

Note 4: LEASES

Lessor Leases

The City is a Lessor for various noncancellable long-term leases of buildings, land, and infrastructures. Lease terms for the leases vary from 36 to 132 months. The discount rate used for the calculation of the lease receivable varies depending on the length of the leases and ranged from 0.276% to 0.936%.

As of September 30, 2023, the DIA lease receivable is valued at \$552 thousand and deferred inflow of resources associated with the leases that will be recognized as revenue over the term of the leases are \$477 thousand.

Future principal and interest related to the City’s lease receivables are estimated as follows:

<i>Year ending</i> <i>September 30,</i>	Governmental Activities		
	Lease Receivable		
	Principal	Interest	Total
2024	79,348	8,349	87,697
2025	77,510	7,239	84,749
2026	88,926	5,840	94,766
2027	92,733	4,314	97,047
2028	80,946	2,800	83,746
2029–2032	132,369	3,391	135,760
Total	551,832	31,933	583,765

City of Jacksonville, Florida
Downtown Investment Authority
Notes to Financial Statements

Note 4: LEASES (Continued)

Lessee Leases

The DIA is a Lessee for a leases for a land improvement. Lease terms for the lease are 356 months. The discount rate used for the calculation of the lease liability varies depending on the length of the lease and is 1.751%.

As of September 30, 2023, the DIAs right-to-use capital assets are \$3.3 million included in governmental activities. Future principal and interest payment requirements related to the DIA's lease liability recorded in Governmental Activities at September 30, 2023 are as follows:

<i>Year ending</i> <i>September 30,</i>	Governmental Activities		
	Lease Amortization		
	Principal	Interest	Total
2024	92,259	57,741	150,000
2025	93,874	56,126	150,000
2026	95,518	54,482	150,000
2027	97,191	52,809	150,000
2028	98,892	51,108	150,000
2029-2033	521,050	228,950	750,000
2034-2038	568,294	181,706	750,000
2039-2043	619,821	130,179	750,000
2044-2048	676,021	73,979	750,000
2049-2051	434,689	15,311	450,000
Total	3,297,609	902,391	4,200,000
Current portion	(92,259)	(57,741)	(150,000)
Payable after one year	\$ 3,205,350	\$ 844,650	\$ 4,050,000

NOTE 5: COMMITMENTS AND CONTINGENCIES

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
Downtown Investment Authority
Notes to Financial Statements

NOTE 5: COMMITMENTS AND CONTINGENCIES (Continued)

Following City Council approval of a mediated settlement agreement to litigation filed in 2020, the DIA took over full operation control of the three Metropolitan Parking Solutions (MPS) garages on April 22, 2022. Related outcomes include:

- The City borrowed \$28,476,710.
- The City paid off all outstanding MPS bonds.
- MPS executed Amended and Restated Loan Agreements totaling \$94,848,654 (the 2005 Master Note balance in the amount of \$12,895,000, plus the 2005A Master Note balance in the amount of \$14,860,000, plus all Subordinate Master Notes – the “Development Note” - totaling \$67,093,654) with an interest rate of 1.9% per annum.
- MPS and the Agency executed a lease agreement which requires the Agency to pay annual rent for all three garages in the total amount of \$150,000, contribute \$25,000 annually to the Capital Reserve Fund, and provide MPS with a \$2.5 million annual note offset to the Amended and Restated Loan Agreements (less any amount paid for annual rent and contributed to the Capital Reserve Fund). The note offset is applied in the following order: first, equally to the accrued but unpaid interest on the Master Notes; second, equally to the unpaid principal of the Master Notes; thirdly, equally to accrued but unpaid interest on the Development Note, and lastly, equally, to the unpaid principal of the Development Note.

The Agency has contractual commitments totaling approximately \$8.7 million at September 30, 2023.

NOTE 5: RESTATEMENT OF BEGINNING NET POSITION

Correcting entries resulted in a restatement of beginning net position of \$(386,245).

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Jacksonville, Florida
Downtown Investment Authority
Budgetary Comparison Schedule – Northbank Downtown Area

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 11,543,674	\$ 11,528,182	\$ 11,528,182	\$ -
Interest	214,148	834,042	1,201,589	367,547
Payment in lieu of taxes	506,487	506,487	337,765	(168,722)
Miscellaneous revenue	13,736,166	1,851,695	2,336,667	484,972
Total revenues	26,000,475	14,720,406	15,404,203	683,797
Expenditures				
Current				
Economic environment	24,012,346	39,530,507	8,343,529	31,186,978
Debt Service				
Principal	1,725,400	1,225,629	641,177	584,452
Interest	260,229	760,000	754,777	5,223
Total expenditures	25,997,975	41,516,136	8,984,706	31,776,653
Excess (deficiency) of revenues over (under) expenditures	2,500	(26,795,730)	6,419,497	33,215,227
Other Financing Sources (Uses)				
Proceeds from sale of real property	-	3,259,508	3,259,508	-
Transfers to primary government	(2,500)	(40,000)	(2,500)	37,500
Total other financing sources (uses)	(2,500)	3,219,508	3,257,008	37,500
Net change in fund balance	-	(23,576,222)	9,676,505	33,252,727
Fund balance, beginning of the year	23,935,403	23,935,403	23,935,403	-
Fund balance, end of year	\$ 23,935,403	\$ 359,181	\$ 33,611,908	\$ 33,252,727

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

The accompanying notes to required supplementary information are an integral part of this schedule.

City of Jacksonville, Florida
Downtown Investment Authority
Budgetary Comparison Schedule – Southside Area

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,835,886	\$ 6,852,732	\$ 6,852,732	\$ -
Interest	172,370	604,793	435,418	(169,375)
Total revenues	7,008,256	7,457,525	7,288,150	(169,375)
Expenditures				
Current				
Economic environment	6,639,069	20,246,865	2,672,497	17,574,368
Debt Service				
Principal	217,000	217,000	207,000	10,000
Interest	149,687	149,687	166,425	(16,738)
Total expenditures	7,005,756	20,613,552	3,045,922	17,567,630
Excess (deficiency) of revenues over (under) expenditures	2,500	(13,156,027)	4,242,228	17,398,255
Other Financing Sources (Uses)				
Transfers from primary government	-	-	30,618	30,618
Transfers to primary government	(2,500)	(2,500)	(2,500)	-
Total other financing sources (uses)	(2,500)	(2,500)	28,118	30,618
Net change in fund balance	-	(13,158,527)	4,270,346	17,428,873
Fund balance, beginning of the year	13,158,527	13,158,527	13,158,527	-
Fund balance, end of year	\$ 13,158,527	\$ -	\$ 17,428,873	\$ 17,428,873

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

The accompanying notes to required supplementary information are an integral part of this schedule.

City of Jacksonville, Florida
Downtown Investment Authority
Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION

The Agency follows the City's budget development procedures in establishing the budgetary data reflected in the financial statements as follows:

- a) The City of Jacksonville, Florida ("City") adopts its budget in accordance with Chapters 129 and 200, Florida Statutes, the City Charter and Municipal Ordinance Code.
 - a. The City 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.
 - b. 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 Agency presents a Budgetary Comparison Schedule as Required Supplementary Information for each major special revenue fund with a legally adopted budget. The Agency 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 Agency adopts annual budgets for each community redevelopment area. The Agency reports Budgetary Comparisons for its 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, 2023. Project or program budgets, which may not coincide with the Agency's fiscal year, or which may exceed a single annual period, are adopted by separate ordinance for most Special Revenue Funds
- c) Level of Budgetary Control – The Agency complies with the City's level of budgetary control as outlined below. Expenditures may not exceed appropriations and are controlled in the following manner:
 - a. The budget is adopted by ordinance which sets the legal level of control at the fund level by department.
 - b. 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.
 - c. The City, additionally, adopted a Municipal Ordinance Code Policy that provides transfer authority to the Mayor, without City Council approval, within an individual fund if the total transferred funds for a specific purpose, project or issue is under \$500,000 during the fiscal year. These transfers are reported to the Finance Committee on a quarterly basis.

City of Jacksonville, Florida
Downtown Investment Authority
Budgetary Notes to Required Supplementary Information

Note 1: BUDGETARY INFORMATION (Continued)

- d) Supplemental Appropriations - The Agency 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 Agency 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 2023 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 Agency.
- g) The Agency'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.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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

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 and each major fund of the City of Jacksonville, Florida Downtown Investment Authority (the “Agency”), a component unit of the City of Jacksonville, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing 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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying schedule of findings. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Rigg & Ingram, L.L.C.

Jacksonville, Florida

June 28, 2024

City of Jacksonville, Florida
Downtown Investment Authority
Schedule of Findings

2023-001 ACCOUNTING SYSTEM IMPLEMENTATION

Condition: During the audit we found that financial records for many 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 in the following areas:

- Cash in Escrow and with Fiscal Agents
- Accounts Receivable and Due from Independent Agencies and Other Governments
- Revenues
- Capital Assets
- Accounts Payable and Accrued Liabilities
- Beginning Fund Balance

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 identified during the audit.

Recommendation: Continue to enhance the understanding and user abilities of the accounting system through further training and consultation with software providers. Ensure that sub-ledgers reconcile accurately to the general ledger and that the fiscal year end cutoff procedures are fully implemented and documented.

Management Response: See management's response to findings in the accompanying Corrective Action Plan on pages 42 and 43.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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 and each major fund, of the City of Jacksonville, Florida Downtown Investment Authority (the "Agency") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Reports on examinations 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, which are dated June 28, 2024, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Prior year finding 2022-001 is repeated as 2023-001, and this finding was also reported in the second preceding audit report as finding 2021-001. No other prior year findings were repeated in the current year.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Agency is disclosed in the footnotes. The Agency has no component units.

Financial Condition and Management

Section 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 Agency 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 Agency 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 Agency as of September 30, 2023. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 9.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$34,675.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as 0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - Courthouse Garage Elevator Repairs - \$172,345
 - Capital Improvements: Arena, Sports Complex, and Courthouse Garages - \$775,753
 - Forsyth and Adams Streets: One Way to Two Way Conversion - \$33,385
 - Friendship Fountain Capital Project: Projection System - \$247,622
 - LaVilla Heritage Trail & Gateway Entrances- \$88,710
 - Northbank Waterfront Capital Enhancements - \$73,257
 - Riverfront Plaza Projection & Sound Capital Project - \$530,145
 - Riverside Art Walk Turf Capital Project - \$85,060
 - Shipyards West Development Design - \$397,143
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as shown on pages 30 and 31 of this report - \$20,973,103 expenditures under the original adopted budget

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, the Agency's Board Members, and applicable management, and appropriate audit agencies, 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
June 28, 2024



Carr, Riggs & Ingram, LLC
7411 Fullerton Street
Suite 300
Jacksonville, FL 32256

904.356.6023
904.353.5836 (fax)
CRLcpa.com

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 Downtown Investment Authority (the “Agency”) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of the Agency is responsible for the Agency’s compliance with the specified requirements. Our responsibility is to express an opinion on the Agency’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Agency complied, in all material respects, with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

This report is intended solely for the information and use of management, the Agency’s Board, 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
June 28, 2024



**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH SECTIONS 163.387(6) and 163.387(7),
FLORIDA STATUTES**

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

We have examined the City of Jacksonville, Florida Downtown Investment Authority’s (the “Agency”) compliance with Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Policies*, during the year ended September 30, 2023. Management of the Agency is responsible for the Agency’s compliance with the specified requirements. Our responsibility is to express an opinion on the Agency’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Agency complied, in all material respects, with Sections 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Policies* during the year ended September 30, 2023.

This report is intended solely for the information and use of management, the Agency’s Board, 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
June 28, 2024



A NEW DAY.

City of Jacksonville, Florida

Donna Deegan, Mayor

Finance Department - General Accounting Division
117 West Duval Street, Suite 375
Jacksonville, FL 32202
(904) 255-5261
www.jacksonville.gov

June 28, 2024

Below are corrective action plans for Audit Findings 2023-001.

Part II – Financial Statement Findings

2023-001 ACCOUNTING SYSTEM IMPLEMENTATION

Condition: During the audit we found that financial records for many 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 in the following areas:

- Cash in Escrow and with Fiscal Agents
- Accounts Receivable and Due from Independent Agencies and Other Governments
- Revenues
- Capital Assets
- Accounts Payable and Accrued Liabilities
- Beginning Fund Balance

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 identified during the audit.

Recommendation: Continue to enhance the understanding and user abilities of the accounting system through further training and consultation with software providers. Ensure that sub-ledgers reconcile accurately to the general ledger and that the fiscal year end cutoff procedures are fully implemented and documented.

Action Plan: The City of Jacksonville has made and continues to make extensive improvements to our ability to maintain up-to-date and accurate financial records since the simultaneous impacts in March 2020 of our ERP system conversion and the COVID-19 pandemic shut down. This year, for the first time since going live with our new system, we are submitting both our ACFR and our Single Audit by the June 30, 2024 statutory deadline.

We maintained our monthly and annual close processes on time throughout the fiscal year. We implemented and documented new processes designed to yield proper and timely fiscal year-end cutoff procedures and reconcile sub-ledgers accurately to the general ledger. We developed new procedures and financial reports to extract the financial information required by our auditors. Our bank balances were reconciled accurately and in a timely manner to an amount that matches the general ledger to bank statements.

We continued to enhance our understanding of and capabilities within our ERP system. In late 2023, we launched two overarching stabilization and optimization projects with Oracle Consulting Services (OCS), with twin objectives of not only finding solutions to system implementation and configuration issues that have plagued us since going live, but also tackling other system changes and enhancements which will help us work more effectively and efficiently. The City has also established an ERP Center of Excellence (COE) to further establish, document and govern best practices in supporting and extending the useful life of our significant ERP investment.

Our ERP Training Manager continued to increase collaboration citywide, addressing training needs and creating multimedia content on user roles and responsibilities, with updated documentation of standard operating procedures (SOPs) and live and online, on-demand webinars on how to successfully accomplish a variety of departmental tasks in the ERP System. In addition to the new work with OCS, we continue to work with Oracle Managed Care Solutions (MCS) to implement the regular quarterly Oracle “patches” and address system issues promptly as they arise.

We also note that the City had a change in leadership in 2023 which brought increased energy and focus to resolving our system implementation challenges including engaging directly with the highest levels of Oracle leadership. This change in Administration brought three additional certified public accountants (CPAs) to the Finance Department in the key positions of Chief Financial Officer, Chief of Technology Services, and Treasurer.

The procedural and operational improvements made by the City since embarking on the challenging journey of converting to a new modern ERP system have been part of an extensive effort to bring the City fully into the technology of the 21st Century. This massive effort will pay dividends for years to come in the areas of transparency, timeliness and quality of financial reporting.

Contact Names responsible for the plan – Marcia Saulo

Anticipated completion date of the plan – September 30, 2024