



**COMMUNITY REDEVELOPMENT AGENCY
ANNUAL REPORT: FY 2022-23**



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**Downtown Investment Authority of the City of Jacksonville
Community Redevelopment Agency
Annual Report: Fiscal Year 2022-23**

Introduction and Background

Required Report and Records

Pursuant to Chapter 163 of the Florida Statutes, each Community Redevelopment Agency (CRA) of the City of Jacksonville must file with the governing body on or before March 31st of each year, a report of its activity for the preceding fiscal year. The report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. Once completed, the FY CRA Annual Report is filed with the City Council and available for review in the office of the Downtown Investment Authority (DIA) and on the DIA website at (dia.coj.net/about).

CRA Process

The City of Jacksonville follows the process of creating Community Redevelopment Areas (CRA) as established in Florida Statute 163, Part III. The process for creating a CRA is well defined. It must detail the deficiencies in the area meeting the statutory definition of blight, provide a Community Redevelopment Plan (the “CRA Plan”) for eliminating the blight and establish a Tax Increment Financing District (TIF) as an ongoing revenue source to support the projects described in the Plan. Tax increment financing is a unique tool available to Florida cities and counties for redevelopment activities. It is used to leverage public funds to promote private sector activity in the targeted area. A broad overview of the process is outlined below.

1. **Finding of Necessity** – Blight is measured by meeting at least two of 15 criteria as defined in the statute and supported with government-maintained statistics or other studies.
2. **Community Redevelopment Agency Plan** – A master plan must be developed as the blueprint for solving the boundary area deficiencies. The CRA Plan will provide the guidelines for land acquisition, investment, development, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the CRA; zoning and planning changes, if any; land uses; maximum densities; building requirements, elementary schools in the area, housing, newly created office and retail, improved traffic, public transportation, public utilities, recreational and community facilities.

Examples of traditional projects include streetscapes and roadway improvements, building renovations, new building construction, flood control initiatives, water and sewer improvements, parking lots and garages, neighborhood parks, sidewalks and street tree plantings. The plan can also include redevelopment incentives such as grants and loans

for such things as façade improvements, sprinkler system upgrades, signs, and structural improvements. The redevelopment plan is a living document that can be updated to meet the changing needs within the Community Redevelopment Area; however, the boundaries of the area cannot be changed without starting the process from the beginning.

3. **Tax Increment Financing District (TIF)** -- A CRA is a dependent special district in which any county or city ad valorem tax revenues resulting from future increases in property values are set aside to support economic development projects within that district. These incremental tax revenues are commonly used to focus on economic development within a particular community that is in decline and funding sources for such revitalization are challenged. This is accomplished by establishing a Tax Increment Financing (TIF) district. If the type of improvement is listed in the adopted CRA Plan, TIF dollars may be used as a revenue source for such a project providing the project meets CRA Plan criteria.

Background

Pursuant to the provisions of Chapter 163, Part III, Florida Statutes, on June 28, 2012, the City Council declared the Downtown Investment Authority (the “DIA”) as the Community Redevelopment Agency (CRA) for the Combined Northbank, and the Southside CRAs, when it approved Ordinance 2012-364-E. The Ordinance also codified the determination that the DIA would be the redevelopment agency to implement the revitalization of the Community Redevelopment Area Plans for two active CRAs located in Downtown Jacksonville.

This action transfers the rights, powers, duties, privileges and immunities invested in the DIA acting as the CRA. The CRA as an agency exists until dissolved by action of the City Council. The DIA has direct oversight of redevelopment activities in both redevelopment areas. The DIA is governed by a nine (9) member Governing Board, whose members are selected, for four-year terms, in combination by the Mayor’s office — which selects five (5) DIA Board Members and the City Council — which selects four (4) DIA Board Members. The DIA Board typically meets on a monthly basis and all meetings are publicly noticed and open to the public and many also accommodate virtual attendance.

Business Investment and Development Plan (BID Plan) Update

As required by Section 55.108(7) of the ordinance Code, every five (5) years, the DIA Board shall review the BID Plan and either update the BID Plan in its entirety or update the business investment strategy element and the community redevelopment plan element of the BID Plan separately, at different times, subject to City Council approval. The Board shall also have the discretion to either adopt community redevelopment plans for Downtown in its entirety which such plans shall include both a Southside CRA and Northbank CRA, or to adopt separate plans at different times, subject to City Council approval.

In August 2020, the DIA issued an RFP seeking a consultant or consultant team to update the Downtown Design Guidelines, develop a Parks Master Plan, develop a Branding Plan and update the BID Plan and its elements.

On June 28, 2022, via Ordinance 2022-372-E, the City Council, as the Governing Body for the DIA CRAs, approved, updated and amended Community Redevelopment Plans for both the Northbank and Southside CRAs.

The Plans outline the following eight (8) goals for both CRAs:

Goal 1: Increase commercial office utilization, occupancy, and job growth to reinforce Downtown as the region's epicenter for business.

Goal 2: Increase rental and owner-occupied housing Downtown targeting diverse populations identified as seeking a more urban lifestyle.

Goal 3: Increase and diversify the number and type of retail, food and beverage, and entertainment establishments within Downtown.

Goal 4: Increase the vibrancy of Downtown for residents and visitors through arts, culture, history, sports, theater, events, parks, and attractions.

Goal 5: Improve the safety, accessibility, and wellness of Downtown Jacksonville and cleanliness and maintenance of public spaces for residents, workers, and visitors.

Goal 6: Improve the walkability/bike-ability of Downtown and pedestrian and bicycle connectivity between Downtown and adjacent neighborhoods and the St. John's River.

Goal 7: Capitalize on the aesthetic beauty of the St. Johns River, value its health and respect its natural force, and maximize interactive and recreational opportunities for residents and visitors to create waterfront experiences unique to Downtown Jacksonville.

Goal 8: Simplify and increase the efficiency of the approval process for Downtown development and improve departmental and agency coordination.

Community Redevelopment Area Plan Implementation

Each redevelopment area has its own CRA Plan, unique to each area with its specific needs and deficiencies, that has been adopted by the City Council through the legislative process. The purpose of the Plans is to identify policies, strategies and goals that will remedy the conditions of blight that have been determined to exist within the Community Redevelopment Area and clearly stated in the Finding of Necessity. The strategies in all plans include short-term and long-term capital improvements, economic development and planning projects aimed at stimulating growth, creating jobs, and expanding the tax base through the redevelopment of the Community Redevelopment Areas.

Tax Increment Finance (TIF) districts were established at the time the CRA Plans were adopted, pursuant to the Community Redevelopment Act (Florida Statutes 163.387). No TIF revenues may be expended unless those funds are expended in accordance with an adopted Community

Redevelopment Plan for the specific redevelopment area, in accordance with Florida Statutes and the Jacksonville Ordinance Code, and approved by the CRA Board.

The Community Redevelopment Area Plan (“CRA Plan) for the two (2) Downtown CRAs, the Northbank and Southside and the Business and Investment and Development Strategy Plan together constitute the “BID Plan”. The BID Plan identifies the projects and initiatives for the Northbank and Southside as well as identifies key attributes of Downtown’s physical character and demographics including population, income, current and planned land use, housing, parks and open space system, community facilities, proposed development projects, an overview of Downtown’s neighborhoods and districts, and historically significant structures.

The Northbank CRA Plan

Incentives, Programs, Capital Projects and Catalyst Projects

While the following incentives, programs, capital projects and catalyst projects do not include all of the efforts that the DIA and the City will undertake throughout the life of the Northbank CRA Plan, they do represent initial priorities identified through the comprehensive public and stakeholder outreach that were included in the CRA Plan.

Incentives

- Retail Enhancement Grant
- Facade Grant
- Sidewalk Enhancement Grant
- Parking Screening Grant
- Housing Incentive
- Commercial Office Incentive
- Targeted Hotel Incentive
- Mobility Fee Credit

Programs

- Artists Live/Work Implementation Strategy
- Northbank Banners
- Improved Wayfarer Signage
- Urban Art Program
- Historic Markers
- Expanded Free Public Access to Downtown Wi-Fi
- Park Once – Park Smart
- Neighborhood Streetscape Improvements
- K-12 School in Northbank CRA

Capital Projects

- LaVilla Heritage Trail and LaVilla Gateways (CRA)
- Northbank Riverwalk Extension (City) and Enhancements (CRA)
- Liberty Street Basin Marina (City)
- Redesign Metropolitan Park (City)

Capital Projects-Continued

- Shipyards West Development (CRA) and Park Replacement of Kids Kampus (City – as to Park replacement)
- Riverfront Plaza Park (City)
- McCoy’s Creek Riverfront Park (TBD)
- LaVilla Cultural Destination Parks (City)
- Restore Two-Way Street System; Forsyth & Adams (CRA); Monroe, Pearl and Julia (City)
- Liberty Street Improvements (CRA)
- Bay Street Improvements (City)
- Hogan Street Improvements – Emerald Trail Link (City)
- Beaver Street Road Diet (FDOT)
- Monroe Street LaVilla Road Diet (City)
- St. Johns River and Tributary Access; Marinas/Docks/Kayak Launches (City)
- Emerald Trail Model Mile (City)
- Shotgun Houses (CRA)

Catalyst Projects

- Lavilla Arts Gateway and Prime Osborn Site
- Snyder Memorial
- First Baptist Church Campus
- Sports and Entertainment Complex Surface Parking Lots
- Shipyards and Kids Kampus
- Riverfront Plaza East Development Pad and East Parking Lot

The Southside CRA Plan

Incentives, Programs, Capital Projects and Catalyst Projects

While the following incentives, programs, capital projects and catalyst projects do not represent all of the efforts that the DIA and the City will undertake throughout the life of the Southside CRA Plan, they do represent initial priorities identified through the comprehensive public and stakeholder outreach that were included in the CRA Plan.

Incentives

- Retail Enhancement Grant
- Parking Screening Grant
- Housing Incentive
- Commercial Office Incentive
- Targeted Hotel Incentive
- Mobility Fee Credit

Programs

- Southbank Banners
- Improved Wayfarer Signage
- Urban Art Program

Capital Projects

- Southbank Riverwalk Extension and Enhancements (CRA) and Overland Connector; Extension from San Marco Boulevard to Nira (City), River's Edge Extension (CRA)
- Acquisition and Development of New Southbank Neighborhood Parks (CRA)

Capital Projects-Continued

- Landmark Public Park System on the St. Johns River (City)/River's Edge (CRA)
- Complete Renovation of St. Johns River Park and Friendship Fountain (City)
- St. Johns Tributary Access; Enhancements, Amenities and Mooring Field (CRA)/ Additional Recreational Dock along Riverwalk (City)
- Flagler Avenue Shared Street (CRA)
- Cross Southside Connector (CRA)
- Neighborhood Streetscape Improvements (CRA)
- Southside Boat Ramp Restaurant (CRA)

Catalyst Projects

- River's Edge
- School Board Site

DIA Overview for 2022-23

Administration: Nine (9) of the twelve (12) positions authorized in the FY 2022-23 budget were occupied at the close of the 2022-23 reporting period. DIA Staff as of fiscal year end included:

Lori Boyer, Chief Executive Officer
Guy Parola, Operations Manager
Steve Kelley, Director of Downtown Real Estate and Development
John Crescimbeni, Contract and Regulatory Compliance Manager
Susan Kelly, Downtown Development Coordinator
Ina Mezini, Strategic Initiatives Coordinator
Wanda James Crowley, Financial Analyst
Ric Anderson, Communication and Marketing Specialist
Joseph Higginbotham, Downtown Parking Strategy Coordinator
Vacant, Administrative Assistant
Vacant, Project Manager
Vacant, Real Estate Manager

Downtown Investment Authority Governing Board as of September 30, 2023

Name	Appointed By	Appointment Criteria	Term Expiration	
OLIVER BARAKAT	CITY COUNCIL	Commercial Real Estate Experience	06/30/2023	◆
JAMES CITRANO	CITY COUNCIL	Business Interest in Northbank CRA	06/30/2027	
JOSHUA GARRISON	MAYOR	Business Management Experience	06/30/2026	
CRAIG GIBBS	MAYOR	Business Interest in Southbank CRA	06/30/2020	◆
W. BRAXTON GILLAM	MAYOR	Business Interest in Northbank CRA	06/30/2024	
JOE HASSAN	CITY COUNCIL	Representative of Southbank CRA	03/30/2024	
GEORGE SAOUD	MAYOR	Downtown Real Property Owner	06/30/2026	
CAROL WORSHAM	CITY COUNCIL	Urban Planner	06/30/2026	
Vacant	MAYOR			

◆ Board Members with expired terms holdover until a replacement has been confirmed by the City Council.



Jim Citrano
Chair



George Saoud
Vice Chair



Oliver Barakat



Joshua Garrison



Craig Gibbs



W. Braxton Gillam

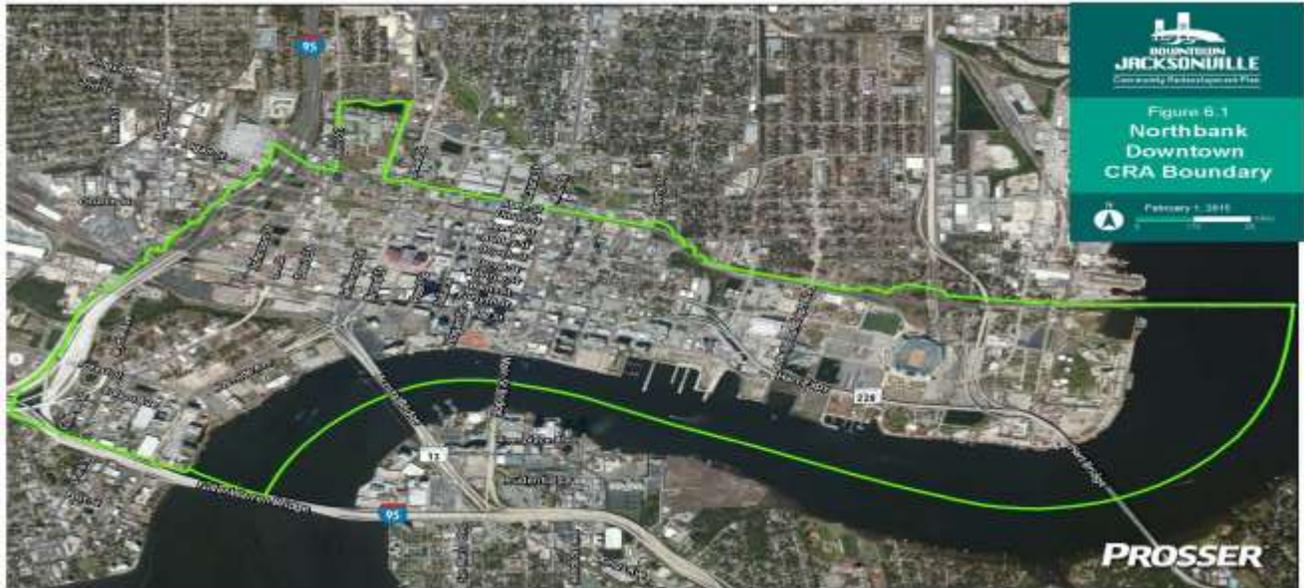


Joe Hassan



Carol Worsham

Northbank CRA



Northbank CRA at a Glance

	Northwest TID	Downtown East TID
CRA Base Year(s)	1981	1984
Base Year Taxable Assessment	\$ 214,636,423	\$ 201,743,546
Current Taxable Assessment	\$ 968,552,764	\$ 521,552,016
Incremental Increase	\$ 753,916,341	\$ 319,808,470
Fiscal 2022-23 TIF Revenue <i>(Pending financial review and audit)</i>	\$ 8,105,396	\$ 3,438,278

Northbank CRA Project and Program Highlights for FY 2022-23

Lofts at Cathedral (New Project)

In November 2022, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$1,029,100, a Code Compliance Renovations forgivable loan up to \$889,600, a Downtown Preservation and Revitalization Program deferred principal loan up to \$479,700 for the restoration and rehabilitation of the former YWCA Building (c. 1949), located at 325 East Duval Street and a \$625,000 affordable housing support loan from the Northbank CRA Loan Program. The project will include 120 residential units (including 57 affordable housing units and 27 workforce housing units). With an expected minimum capital investment of \$39 million, construction commenced in March 2023 and substantial completion of this project is expected in June 2024.



Greenleaf and Crosby Building (New Project)



In August 2023, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$1.9 million, a Code Compliance Renovations forgivable loan up to \$2 million and a Downtown Preservation and Revitalization Program deferred principal loan up to \$994,000, for the restoration and rehabilitation of the former Greenleaf and Crosby Building (c. 1949), located at 208 North Laura Street. The project will provide for the renovation of 44,000 square feet of office space and 11,000 square feet retail/restaurant space. With an expected minimum capital investment of \$16.8 million, substantial completion of this project is expected in March 2026.

Laura Street Trio (New Project)

In June 2023, the DIA Board approved an incentive package for the Laura Street Trio, a grouping of three formerly individual buildings; the two-story Florida National Bank (c. 1902/1906) that is flanked to the east by the 10-story Bisbee Building (c. 1909/1910), and to the north by the 11-story Florida Life Building (c. 1912) – all located at the northeast corner of North Laura Street and West Forsyth Street.

The incentive package included two Historic Preservation Restoration and Rehabilitation forgivable loans up to \$7.46 million (combined), two Code Compliance Renovations forgivable loans up to \$5.35 million (combined), two Downtown Preservation and Revitalization Program deferred principal loans up to \$3.2 million (combined) and a completion grant in the amount of \$12 million, for the restoration and rehabilitation of the Florida National Bank building and the Bisbee building. The incentive package also includes a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$2.84 million, a Code Compliance Renovations forgivable loan up to \$1.98 million, a Downtown Preservation and Revitalization Program deferred principal loan up to \$1.2 million and a completion grant in the amount of \$15 million, for the restoration and rehabilitation of the Florida Life Insurance building, and a twenty (20) year 75% Recaptured Enhanced Value (REV) Grant (up to \$4.67 million) of the incremental increase of the county portion of ad valorem taxes for new construction. The project, with an anticipated capital investment of more than \$178 million would create a minimum of 158 residential units, 56 hotel rooms and 11,600 square feet of retail/restaurant space. While not terminated as of fiscal year-end, the Developer advised that he was unable to secure private funding and move forward prior to September 30, 2023.



Home2 Suites by Hilton (Project Update)

In November 2021, the DIA Board approved an incentive for the construction of a six-story 100 room select-service hotel under the Home2 Suites flag of the Hilton brand with 2,000 square feet of retail and amenity space located in Brooklyn at 600 Park Street. The incentive (which was approved in legislation by the Jacksonville City Council) is a twenty (20) year 75% REV Grant (up to \$2.38 million) of the incremental increase of the county portion of ad valorem taxes. With an anticipated minimum capital investment of \$14.7 million, construction commenced on this project in July 2022, with substantial completion expected by April 2024.



Fincantieri Marine Repair (Project Update)

The DIA Board approved an incentive package for \$30 million in capital improvements to the Fincantieri riverfront ship repair and maintenance operations facility in Downtown located at 2060 East Adams Street. The incentive package (which was later approved in legislation by the Jacksonville City Council) includes a ten (10) year 50% REV Grant (up to \$2.38 million) of the incremental increase of the county portion of ad valorem taxes and a requirement to create ten (10) new permanent jobs (with an annual salary of at least \$59,146) by January 1, 2025.

323 East Bay Street (Project Update)

In January 2022, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$624,158, a Code Compliance Renovations forgivable loan up to \$414,050, a Downtown Preservation, Revitalization



Program deferred principal loan up to \$498,142 and a Food and Beverage Retail Enhancement Forgivable Loan up to \$271,850. The restoration and rehabilitation of the 15,750 square foot two-story structure and basement (c. 1907), located at 323 East Bay Street, will provide 10,400 square feet of shell space for tenancy to be leased to a related entity for a live music entertainment venue. With anticipated total

development costs of \$4.79 million, construction commenced in October 2022 and substantial completion of this project is expected in late summer 2024.

American Lions (Project Update)

Following a Notice of Disposition and request for proposals process for approximately one acre of city owned property located in Downtown on Independent drive and contiguous with the Main Street Bridge, in September 2022, the DIA Board approved an incentive package for the construction of a residential tower with 44 stories (including 3-4 floors of parking) of not less than 300 residential units, 31,000 square feet of retail space (including 200 feet fronting Independent Drive with not less than 7,5000 square feet of restaurant space capable of serving 100 patrons and with 150 feet of frontage facing the river), a Sky Garden Terrace of not less than 5,000 square feet of outdoor space, a landscaped staircase connecting the Sky Garden Terrace to a market rent Café, and a food and beverage venue accessible to the public located on the 7th floor or higher with an outdoor



bar and lounge. This project has an anticipated total development cost of \$166 million. Because of increased construction and equity costs, American Lions has been unable to reach an agreement on a term sheet with the DIA. As a result, this parcel will likely be the subject of a second Notice of Disposition.

MOSH (Museum of Science and History) (Project Update)



Following a Notice of Disposition for approximately 2.5 acres of city owned riverfront property located in Downtown, in September 2022, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) for the construction of a 75,000 to 130,000 square foot public museum in conjunction with a city infrastructure project that will

include a Riverwalk, an additional 2.5 acres of public park space, a 1.5 acre parcel surrounding and contiguous to the museum designed solely to screen or enhance the museum, and the extension of A. Philip Randolph Boulevard to the Riverwalk. The incentive package includes a forty (40) year ground lease with MOSH at \$1 per year, and reimbursement of up to \$800,000 for MOSH’s design of the Park Project. The redevelopment agreement was executed in May 2023 and MOSH diligently continues to work to achieve their \$40 million funding milestone. This project has an anticipated total development cost of \$85 million.



The Hardwick (Ford on Bay) (Project Update)

Following a Notice of Disposition and request for proposals process for city owned property located in Downtown at 330 East Bay Street (the former location of the Duval County Courthouse), in January 2022, the DIA Board authorized the DIA CEO to negotiate a term sheet for an incentive package with Carter Acquisitions that would include the construction of a residential tower with no fewer than 18 stories and a 4-6 story pedestal development from Bay Street to the river which together will include 332 residential units, 25,000 square feet of retail space (including 7,500 square feet of space accommodating up to two restaurants facing the marina and a rooftop bar and/or restaurant), 8,000 square feet of elevated plazas and 120 retail /marina parking spaces. This project has an anticipated minimum total development cost of \$150 million. Because of increased construction and equity costs, Carter Acquisitions has been unable to reach an agreement on a term sheet with the DIA. As a result, this parcel will likely be the subject of a second Notice of Disposition.

The Doro (Project Update)

In October 2020, the DIA Board approved an incentive package (that included a fifteen (15) year 65% REV grant (up to \$5.8 million) of the incremental increase of the county portion of ad valorem taxes. The mixed-use development, located at 102 and 108 A. Philip Randolph Boulevard, will consist of approximately 247 multi-family units and 9,000 square feet of retail space. With an anticipated minimum capital investment of \$50.3 million, substantial completion of this project is expected in early 2024.



Iguana Four Seasons Hotel and Office Building (Project Update)

In July 2021, following a Notice of Disposition, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included the conveyance of approximately 5.8 acres of land at the former Kids Kampus site for the construction of a five-star hotel (with no fewer than 170 rooms and 23 Class A condominiums, no less than 250 structured parking spaces, no less than 37,000



Four Seasons Hotel

square feet of retail space and no less than 9,500 square feet of flexible meeting space) and the construction of a Class A office building (with no fewer than 141,300 square feet of which no less than 90,000 square feet shall be leasable space, and no less than 9,000 square feet shall be retail space). The package also included a twenty (20) year 75% REV grant (up to \$47.7 million) of the incremental increase

of the county portion of ad valorem taxes on the hotel parcel, a hotel completion grant in the amount of \$25.8 million and a right of first offer to ground lease or purchase an additional parcel of approximately 4.9 acres.

With an anticipated additional \$86.5 million capital investment from the Developer for this project, in September 2022, the DIA Board approved amendments to the previously approved incentive package (which was later also approved in legislation by the City Council) that included a right for the Developer to purchase the office parcel, an increase in the minimum square footage of the office building to 157,000 square feet and a second twenty (20) year 75% REV grant (up to \$8.1 million) of the incremental increase of the county portion of ad valorem taxes on the office parcel.

With a new total anticipated capital investment of \$387.6 million, construction has commenced with substantial completion of the hotel and office building expected by June 30, 2026.



Office Building

Johnson Commons (Project Update)

Following a Notice of Disposition, in July 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included the sale of city-owned property in LaVilla for \$1 in exchange for the construction of 91 for-sale product town homes (Phase 1) and 10,000 square feet of stand-alone retail space or a mixed-use product of multi-family and retail with a minimum of 10,000



square feet of retail space on the ground floor (Phase 2). Upon the sale of each town home, the City shall receive fifty percent (50%) of the net sale price in excess of \$320,000. With an anticipated capital investment of \$16 million, this project is under construction but unlikely to achieve the required substantial completion date for the Phase 1 improvements in early 2024.

Union Terminal Warehouse (Project Update)

In May 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$4.25 million, a Code Compliance Renovations forgivable loan up to \$2.38 million and a Downtown Preservation and Revitalization Program deferred principal loan of \$1.66 million. The restoration and rehabilitation of the Union Terminal Warehouse (c. 1912), located at 700 Union Street and contiguous with the Northbank CRA boundary, will include 220 residential units, 38,000 square feet of retail space, and a rooftop terrace and community garden. With an anticipated total development cost of \$55.2 million, construction commenced in September 2022 and substantial completion is expected by late summer 2024.



One Riverside (Project Update)

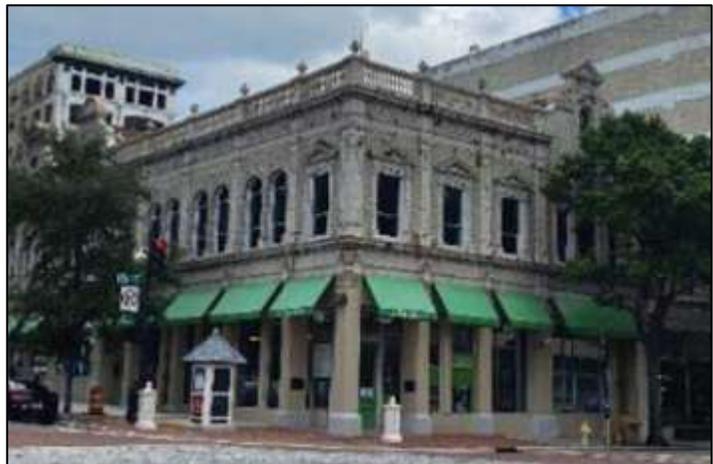


In August 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a twenty (20) year 75% REV grant (up to \$28.4 million) of the incremental increase of the county portion of ad valorem taxes, a project completion grant not to exceed \$1.7 million, a restaurant completion grant not to exceed \$750,000, dedication of city rights-of-way and a mobility fee credit. The mixed-use

development, located at 1 Riverside Avenue (the former site of the Florida Times Union), will be constructed in two (2) phases. Phase 1 will consist of not less than 265 multi-family units, 400 structured parking spaces and 35,330 square feet of commercial/retail (including a Whole Foods grocery store of not less than 22,000 square feet) and a 2,500 square foot riverfront restaurant. Phase 2 will consist of not less than 113 multi-family units, 180 structured parking spaces and 13,500 square feet of retail space (including not less than two restaurants facing McCoy’s Creek or the St. Johns River). The city also purchased a portion of the site for the purposes of restoring McCoy’s Creek and creating additional park space. Demolition of all the former Times Union buildings was completed in November 2022, and construction of the Phase 1 improvements commenced in August 2022. With an anticipated capital investment of \$164 million, the developer reports both the retail and residential components of the Phase 1 improvements are 44% complete with substantial completion expected by the fall of 2025.

Regions Bank (Project Update)

In July 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Downtown Preservation and Revitalization Program forgivable loan of \$900,000 and an Economic Development Grant in the amount of \$200,000. The restoration and rehabilitation of the old Bisbee Building (c. 1901), located at 51 West Bay Street, will consist of signage improvements and various restoration work



as reviewed and approved by the Jacksonville Historic Preservation Commission. The Economic Development Grant was disbursed in May 2023. Qualifying DPRP expenditures will be reimbursed at various percentages (as established by DPRP guidelines) following the completion of such work. With an anticipated capital investment of up to \$2.6 million, substantial completion of all improvements is required by no later than December 20, 2025.

Furchgott’s (Project Update)

In March 2022, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$2.85 million, a Code Compliance Renovations forgivable loan up to \$2.87 million, and a Downtown Preservation, Revitalization Program deferred principal loan up to \$1.43 million. The restoration and rehabilitation of the 65,000 square feet, six-story building, and former Furchgott’s department store (c. 1907), located at 128 West Adams Street, will provide 40 residential units and 3,870 square feet of commercial/retail space on the ground floor. With an anticipated total development cost of \$17.9 million, commencement of construction for this project was extended until December 15, 2023.



Ambassador Hotel (Project Update)



In December 2019, the DIA Board recommended a \$1.5 million Downtown Historic Preservation and Revitalization Trust Fund grant (which was later approved in legislation by the City Council) toward the \$18.5 million renovation of the former Ambassador Hotel (c. 1923), located at 420 North Julia Street. The renovation, pursuant to standards established by the Secretary of the Interior, will result in 100 hotel rooms, restaurant/lounge space, meeting space, fitness center, lobby workstation and outside courtyard. Interior demolition work on this project commenced in July 2021. After several performance schedule extensions, substantial completion was expected by June 30, 2023.

Independent Life Building (Project Update)

In July 2020, the DIA Board recommended a \$3 million Downtown Historic Preservation and Revitalization Trust Fund grant (which was later approved in legislation by the City Council) toward the \$30 million renovation of the former Independent Life Building (c. 1955), located at 233 West Duval Street. The renovation, pursuant to standards established by the Secretary of the Interior, will result in 140 apartment units, a 21,000 square foot grocery store and 10,000 square feet of restaurant/lounge space. Interior demolition work on this project commenced in July 2021 and after several performance schedule extensions, substantial completion was expected by September 16, 2023.



Central National Bank (Project Update)

In July 2022, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a fifteen (15) year 50% REV Grant (up to \$2.67 million) of the incremental increase of the county portion of ad valorem taxes, a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$2.26 million, a Code Compliance Renovations forgivable loan up to \$2.3 million, a Downtown Preservation, Revitalization Program deferred principal loan up to \$1.25 million and a Parking Garage Grant in the amount of \$1.85 million. The restoration and rehabilitation of the Central National Bank Building (c. 1957) and new construction, located Downtown along West Duval Street between North Julia Street and North Pearl Street, will yield 132 residential units, 5,500 square feet of commercial/retail space and a 450-space structured parking garage. This project has an anticipated capital investment of \$48.9 million. Commencement of construction for this project was extended until November 24, 2023.



USS Orleck (Project Update)

In January 2020, the DIA Board authorized the negotiation of a Development Agreement and License Agreement (which was later approved in legislation by the City Council) with the Jacksonville Historic Naval Ship Association (JHNSA) for the relocation of the USS Orleck (DD-886) to Downtown



Jacksonville as a floating ship museum at the former Shipyards site. The project includes a ticket booth, museum gift shop and restrooms. Because of the future development potential of the Shipyards site, this project was designed with consideration to portability and subject to a ninety-day relocation notice provision. The USS Orleck arrived in Jacksonville on March 26, 2022 and temporarily berthed along Water Street. In January 2023, the DIA Board authorized the negotiation of an updated Development Agreement and two updated License Agreements (which were later approved in legislation by the City Council). Pursuant to the updated agreements, JHNSA completed mooring improvements at Pier 1 (former Shipyards site) and the city completed an extension of Catherine Street and the provision of temporary utilities and a gangway. On April 3, 2023, the USS Orleck relocated to its permanent home, opening to the public on May 26, and reported more than 6,200 visitors by July 31.

Florida Baptist Convention Building (Project Completed) ✓



In January 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$2.37 million, a Code Compliance Renovations forgivable loan up to \$1.9 million and a Downtown Preservation and Revitalization Program deferred principal loan of \$1.07 million. The restoration and rehabilitation of the former five-story Baptist Convention Building (c. 1924), located at 218 West Church Street, will include 24 residential units and 5,330 square feet of restaurant/retail space located on the ground floor and basement. Along with the Federal Reserve Bank Building project listed below, the combined projects have an anticipated capital investment of \$18.5 million. Renovation work commenced in August 2021 and substantial completion of this project was achieved in March 2023.

Federal Reserve Bank Building (Project Completed) ✓

In January 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$1.22 million, a Code Compliance Renovations forgivable loan up to \$1.37 million and a Downtown Preservation and Revitalization Program deferred principal loan of \$653,474. The restoration and rehabilitation of the former Federal Reserve Bank Building (c. 1923), located at 424 North Hogan Street, will include two (2) restaurant spaces totaling 7,400 square feet and 9,000 square feet of event space. Along with the Baptist Convention Building project listed above, the combined projects have an anticipated capital investment of \$18.5 million. Renovation work commenced in November 2021 and substantial completion of this project was achieved in April 2023.



Hardwicks Bar (Project Completed) ✓

In April 2022, the DIA Board approved a forgivable five (5) year FAB-REP loan in the amount of \$100,000 for Hardwicks Bar (tenant) and Shoppes of Lakeside, LLC (landlord) towards a \$596,156 build out of a pub located Downtown at 100 East Adams Street, as well as a Sidewalk Enhancement Grant up to \$15,000 and a Façade Grant up to \$30,784. Hardwicks Bar achieved substantial completion and is scheduled to open on October 2, 2023.



Jacksonville Childrens Chorus *(New Project and Project Completed)* ✓

In November 2022, the DIA Board approved a forgivable five (5) year no-interest loan in the amount of \$175,000 for Jacksonville Childrens Chorus to offset expenses related to leasehold improvements, fixtures and equipment at their new location on the ground level of the VyStar parking garage. The loan was disbursed in July 2023 shortly after Jacksonville Childrens Chorus moved into their new home at 62 North Main Street.

Riverfront Plaza Park and Site Design *(Project Completed)* ✓



In January 2021, a two-phase design competition for Riverfront Plaza (to be located on the former site of the Jacksonville Landing) was conducted through the City’s Procurement Division. P-01-21 was issued and the three most qualified respondents were selected in March. Designs of the public park and its interface with the adjacent private development pads were prepared by Perkins & Will, Agency Landscape and Planning, and Olin Partnership. After extensive public input, including a public presentation of the proposals from each team, the Perkins & Will team was selected to complete the park design. Final plans for the park were completed and construction commenced in July 2023. The park will include a destination playground, a large flexible lawn space, a beer garden under a new pedestrian ramp from the Main Street Bridge, and a future park pavilion/restaurant space.

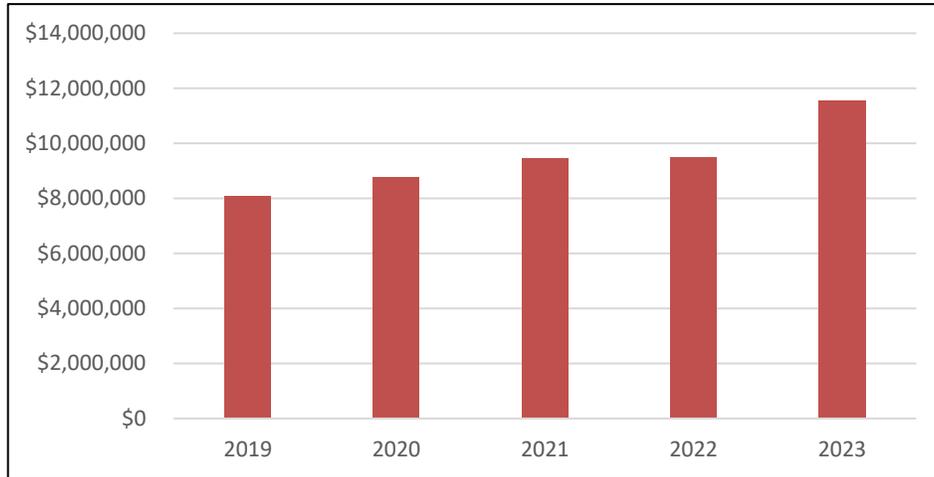
Porter Mansion *(Project Completed)* ✓

In August 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$277,186, a Code Compliance Renovations forgivable loan up to \$258,479 and a Downtown Preservation and Revitalization Program deferred principal loan up to \$133,916. The restoration and rehabilitation of the former Porter Mansion (c. 1902), located at 510 North Hogan Street, includes 10,000 square feet of office space and 4,300 square feet of shell restaurant space. The project, which commenced construction in July 2021 achieved substantial completion in November 2022 with a total capital investment of \$3.7 million.

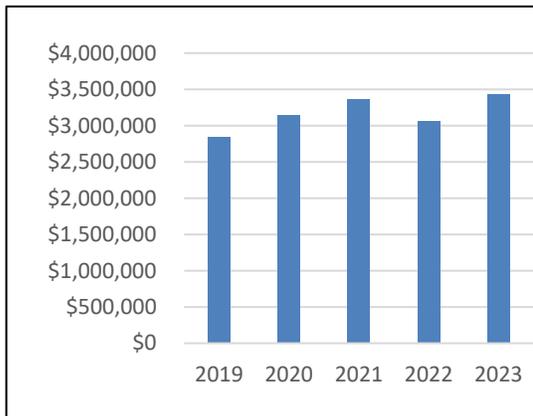


Northbank CRA Tax Increment Revenues

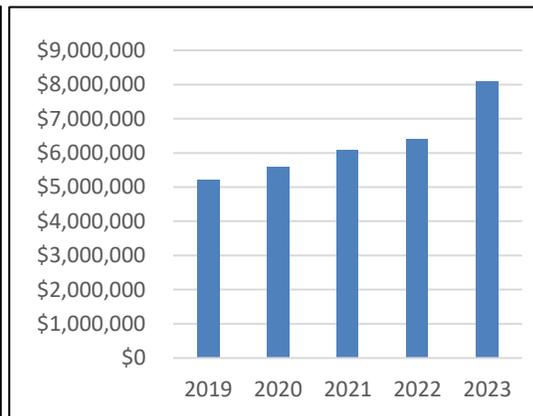
COMBINED TAX INCREMENT DISTRICT (TID) AD VALOREM REVENUES



DOWNTOWN EAST TID



DOWNTOWN NORTHWEST TID



Northbank CRA Tax Increment Revenues by Tax Increment District (FY2019-23)

Year	Total Revenue	East	Northwest
2019	\$8,055,246	\$2,849,806	\$5,205,440
2020	\$8,762,118	\$3,142,573	\$5,619,545
2021	\$9,438,274	\$3,357,257	\$6,081,017
2022	\$9,490,724	\$3,071,786	\$6,418,938
2023	\$11,543,674	\$3,438,278	\$8,105,396

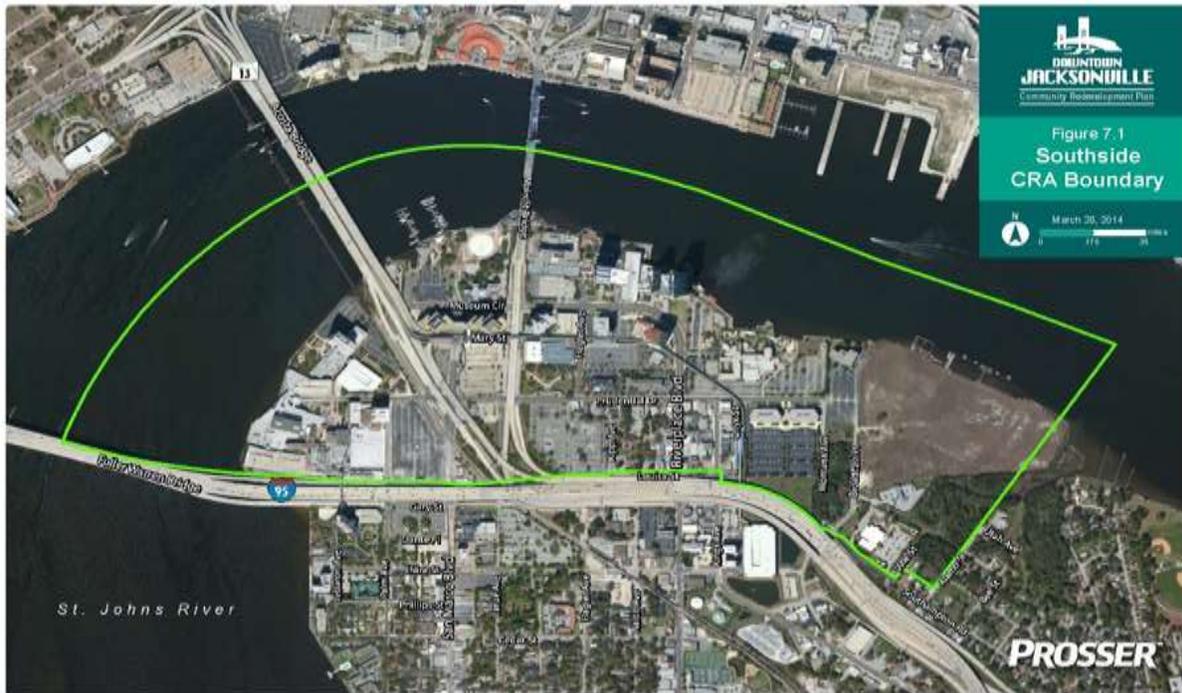
Northbank CRA – Downtown East AND West Combined TID Budgets

**DOWNTOWN NORTHBANK CRA TRUST
FUND 10801**

REVENUES	FY23 Proposed
Property Taxes – Northeast USD1-C	3,428,278
Property Taxes - Northwest USD1-B	8,105,396
Interest Income	214,148
Sports Complex Garage	375,000
Adams Street Garage	350,000
Courthouse Garage	225,999
Churchwell Lofts Lease	18,800
Debt Repayment (Lynch/11E)	12,767,366
Debt Repayment (Carling Loan)	<u>506,487</u>
Total Revenues:	<u>26,000,475</u>

EXPENDITURES	FY23 Proposed
Administrative Expenditures	
Supervision Allocation	946,027
Annual Independent Audit	<u>2,500</u>
Total Administrative Expenditures:	948,527
Financial Obligations	
Recaptured Enhanced Value (REV) Grants	
Hallmark/220 Riverside (Leg: 2012-270)	414,160
Pope & Land/Brooklyn (Leg: 2012-703 amend 2013-288)	416,175
Lofts at Jefferson Station (DIA Resolution 2017-10-05)	71,777
Vista Brooklyn – 200 Riverside (Leg: 2017-101 amend 2021-311)	729,283
Park View Plaza (Leg: 2015-037)	135,457
Lofts at Brooklyn (DIA Resolution 2018-09-01)	142,573
MPS Downtown Garages	
Miscellaneous Insurance	188,356
Debt Service-Debt Leasehold Improvements (Leg: 2022-137)	242,267
Debt Service-Debt Defeasance (Leg: 2022-137)	1,743,362
Sports Complex Garage	300,000
Adams Street Garage	200,000
Courthouse Garage	350,000
Lynch Building Loan Repayment	<u>8,153,779</u>
Total Financial Obligations:	13,087,189
Plan Authorized Expenditures	
Capital Projects	
Two Way Conversion – Forsyth & Adams	1,300,000
Riverwalk Enhancements and Signage	25,000
Waterfront Activation	50,000
Screening Grant	300,000
Professional Services	100,000
Marketing	200,000
Downtown Development Loan	200,000
Banner II Project	30,000
Parks and Programming	1,000,000
Northbank Enhanced Maintenance	500,000
Commercial Revitalization Program	500,000
Small Scale Residential Incentive	225,000
Park Acquisition and Capital Improvements	1,270,295
Neighborhood Streetscape Improvements	500,000
Shipyards West Park	250,000
Liberty Street Improvements	100,000
Unallocated Plan Authorized Expenditures	<u>5,414,464</u>
Total Plan Authorized Expenditures:	<u>11,964,759</u>
Total Expenditures:	<u>26,000,475</u>

Southside CRA



Southside CRA at a Glance

CRA Base Year	1980
Base Year Taxable Assessment	\$ 89,127,781
Current Taxable Assessment	\$ 724,961,736
Incremental Increase	\$ 635,833,955
Fiscal 2022-23 TIF Revenue <i>(Pending financial review and audit)</i>	\$ 6,835,886

Southside CRA Project and Program Highlights for FY 2022-23

River City Brewing Company (Project Update)

In November 2020, following a Notice of Disposition, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a twenty (20) year 75% REV grant (up to \$13 million) of the incremental increase of the county portion of ad valorem taxes, an infrastructure grant up to \$500,000, a restaurant completion grant up to \$500,000 and a land swap. The mixed-use development, located at 835 Museum Circle, will consist of approximately 325 Class A multi-family units, 500 structured parking spaces, 1,800 square feet of restaurant space, a new marina with a 1,000 square foot Ship's Store, and improvements to the Riverwalk. The city completed the land swap and the developer completed demolition of the existing structures in August 2022. With an anticipated capital investment of \$85 million, substantial completion of this project was expected by no later than the spring of 2025. (Note: Because of a failure by the developer to commence construction pursuant to the agreed upon Performance Schedule, on January 11, 2023, the DIA terminated the incentive agreement, but not the right to develop. The developer has since submitted a new design for the project and continues to work with the DIA on a replacement incentive package for approval by both the DIA Board and City Council.)





Rivers Edge (Project Update)

In April 2018, the DIA Board recommended an incentive package (which was later approved in legislation by the City Council) for Rivers Edge (formerly known as The District) to redevelop the 30-acre former JEA site located on downtown's Southbank. With a proposed capital expenditure of \$280 million, Rivers Edge will include 950 residential units, 147 hotel rooms, 200,000 square feet of office space, 134,000 square feet of retail space, a 125-slip marina and the donation of four parcels of land (totaling at least 4 acres) to the city for use as public parks. The incentive package included a twenty (20) year 75% Recaptured Enhanced Value (REV) grant (up to \$56 million) of the incremental increase in the county portion of ad valorem taxes and a commitment by the CRA to spend \$23 million on the development of the parks, extending the Riverwalk, a new water-taxi stop and the extensions of Prudential Drive, Broadcast Place and Riverside Drive. Following a change of ownership in September of 2020, construction of the Rivers Edge project commenced in June of 2021. In May 2023, the DIA Board recommended extensions to the project performance schedule and an increase in the amount of the REV grant (also approved in legislation by the City Council). As of September 30, 2023, three of four sections of the riverfront bulkhead were complete and all underground utilities and the first course of pavement had been installed.

In May 2023, and based on new anticipated capital expenditures of \$693 million, the DIA Board recommended an amendment to the current redevelopment agreement (which was later approved in legislation by the City Council) increasing the twenty (20) year 75% REV Grant amount up to \$97.9 million and extending the required completion dates for CRA infrastructure improvements and CDD infrastructure improvements to December 31, 2024, and December 31, 2025, respectively.

Artea (Project Update)

In February 2022, the DIA Board approved an incentive package that included a fifteen (15) year 55% REV grant (up to \$6.3 million) of the incremental increase of the county portion of ad valorem taxes. Located along Broadcast Place, the project will consist of approximately 325 multi-family units, a 415-space structured parking garage and 7,100 square feet of amenity space. With an anticipated capital investment of \$70.7 million, construction commenced on November 28, 2022, and has an anticipated completion date by the fall of 2024.



1001 Kings Avenue (Project Completed) ✓

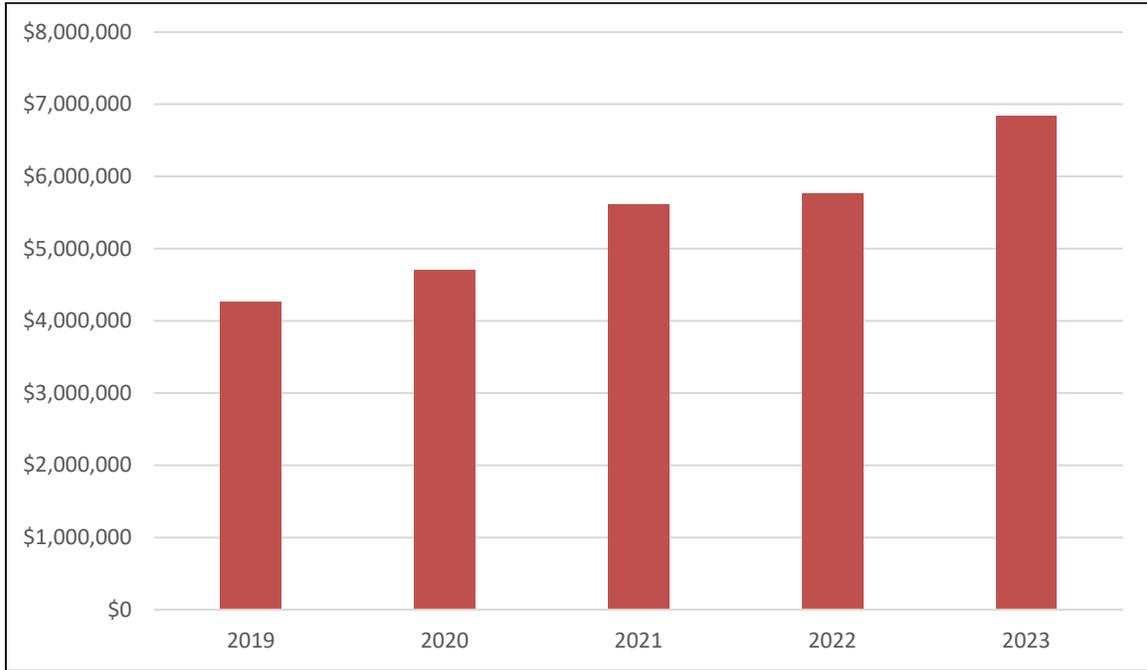


In April 2022, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a Historic Preservation Restoration and Rehabilitation forgivable loan up to \$257,200, a Code Compliance Renovations forgivable loan up to \$728,200 and a Downtown Preservation, Revitalization Program deferred principal loan up to \$246,360. The restoration and rehabilitation of the approximately 12,000 square foot three-story former South Jacksonville City Hall (c. 1921), located at 1001 Kings Avenue, will provide 8,000

square feet of office space to Industry West (a widely known expert in home and commercial furnishings) and 4,000 square feet of shell space for an additional tenant or tenants. With a total development cost of \$5 million, substantial completion of this project was achieved on January 5, 2023.

Southside CRA Tax Increment Revenues

REVENUE



Southside CRA Tax Increment Revenues (FY2019-23)

Year	Revenue
2019	\$4,261,007
2020	\$4,707,693
2021	\$5,618,309
2022	\$5,762,069
2023	\$6,835,886

Southside CRA – TID Budget

**DOWNTOWN SOUTHBANK CRA TRUST
FUND 10802**

REVENUES	FY23 Proposed
Property Taxes	6,835,886
Interest Income	<u>172,370</u>
Total Revenues:	<u>7,008,256</u>

EXPENDITURES	FY23 Proposed
Administrative Expenditures	
Supervision Allocation	335,593
Annual Independent Audit	<u>2,500</u>
Total Administrative Expenditures:	338,093
Financial Obligations	
Recaptured Enhanced Value (REV) Grants	
Strand (Leg: 2001-1329 amend: 2022-755 & 2006-1131)	519,518
Home Street Apartments (DIA Resolution 2017-08-03)	196,194
Southbank Apartment Ventures (Leg: 2018-658)	283,267
The District/JEA Southside Gen Station Public Infrastructure Improvements	3,750,000
Debt Service Interest – Strand Bonds 2014 Special Rev	149,687
Debt Service Principal – Strand Bonds 2014 Special Rev	<u>217,000</u>
Total Financial Obligations:	5,116,426
Plan Authorized Expenditures	
Capital Projects	
Riverwalk Enhancements and Signage	5,000
Retail Enhancement	300,000
Urban Art	25,000
Professional Services	100,000
Parks and Programming	100,000
Commercial Revitalization Program	250,000
Small Scale Residential Incentive	25,000
Parking and Screening Grant	75,000
Banner and Arms	5,000
Advertising and Marketing	75,000
Downtown Maintenance	75,000
Park Acquisition and Capital Improvements	150,000
Unallocated Plan Authorized Expenditures	368,737
Total Plan Authorized Expenditures:	<u>1,553,737</u>
Total Expenditures:	<u>7,008,256</u>

Summary of New Project Incentives Approved: FY 2022-23 By the Numbers

As required by the business investment strategy element of the Community Redevelopment Plan in the BID Plan, the DIA Board always evaluates new projects with consideration to achieving the goals and objectives established by the Plan (categories of which are listed on pages 6-7 of this report).

For new project incentives approved by the DIA Board during this reporting period (which may also require City Council and/or Downtown Development Review Board approval), many are outlined in the Project and Program Highlights for both the Northbank CRA and the Southside CRA (beginning on pages 10 and 26 respectively in this report), the following statistics are applicable towards achieving those established goals and objectives:

10	New Projects Approved
\$664.5 million	New Anticipated or Required Capital Investment
307	New Residential Units Approved
113,338 sq ft	New Restaurant/Retail Space Approved
11,000 sq ft	New Office Space Approved
56	New Hotel Rooms Approved
Up to \$48.1 million	New REV Grants Approved
Up to \$14.5 million	New Code Compliance Renovations Forgivable Loans Approved
Up to \$15.6 million	New Historic Preservation and Rehabilitation Forgivable Loans Approved
\$7.7 million	New Downtown Preservation and Revitalization Loans Approved
\$271,885	New "Other" Loans Approved
\$27 million	New "Other" Grants Approve

Downtown Investment Authority Performance Measures FY 2022-23

The DIA Focuses on tracking outcomes, benefits and changes of Downtown in relation to the BID Strategy. Tracking such indicators provides a better understanding of the relative economic vitality of Downtown Jacksonville. The following Performance Measures enable the DIA to assess the economic development conditions and improvements in Downtown, along with suggested targets for overall improvement by 2030.

Downtown Economic Indicator	2021 22 Performance	6/30/23 Performance	Positive or Negative change over period	2030 Target
Employment	56,000	53,600	-2,400	62,343
Multi-Family Residents	6,830	*7,495 End of 2022	+865	13,000
Multi-Family Housing Units	4,314	4,619	+305	8,140
Office Space Vacancy	CBRE 25.7%	CBRE 25.8%	+ 0.10%	
	CoStar 11.7%	CoStar 11.70%	No Change	9.50%
Number of Vacant Storefronts	51	41	-10	10
Number of Restaurants/Bars	97	107	+11	197
Number of Full-Service Grocers	2	2	No Change	4
Tax Value	\$1,975,602,021	\$2,492,443,475	+\$626,841,454	\$2,778,402,030
Hotel Occupancy	64.60%	63.00%	-1.60%	75%
ADR	\$113.50	\$139.04	+\$25.54	\$250.00
Annual Overnight Guests	850,865	814,926	-35,939	1,200,000
Number of Daily Downtown Visitors	44,889	49,648	+4,759	75,000
Inactive COJ Assets By Acreage*	153	116.51****	-36.5	91.8 (converted)
Inactive DIA Assets By Acreage**	108.8***	72.31****	-36.5	N/A
Positive or Negative change over period	Change since the previously reported number			

* Performance Measure for all COJ assets Downtown. This is what the BID Plan measures currently.

** Performance Measure for only DIA assets. This narrows down all COJ assets to show DIA performance over assets it controls.

*** Includes Shipyards West property, acreage 23.58 inclusive of submerged lands; includes Ford on Bay; includes Shipyards East, acreage 21.7; includes Prime Osborn Center property, acreage 18.8; excludes all of former landing site.

**** Excludes Shipyards West, acreage 23.58; excludes MOSH and surrounding park and partnership parcels, acreage 7.5; excludes Iguana right of first offer parcel, 5.41 acres

Exhibit A

Audited Financial Statements: FY 2022-23

City of Jacksonville Audited Financial Statements for Fiscal Year Ended September 30, 2023

Pursuant to Chapter 163 of the Florida Statutes, this annual report must be accompanied by the most recent complete audit report of the Redevelopment Trust Fund. As of March 31, 2024, the Audited Financial Statements for fiscal year ended September 30, 2023, were not yet completed by the City of Jacksonville's outside auditor. As a result, the following pages are the Audited Financial Statements for fiscal year ended September 30, 2022.

When the Audited Financial Statements for fiscal year ended September 30, 2023 are completed, they will be available for review on the DIA website at (www.dia.coj.net/about).

Reading these reports online will require Adobe Acrobat Reader. If you do not have Adobe Acrobat Reader, you may download the necessary software from www.adobe.com . (Please note these may be large files and take several minutes to download.)





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

FINANCIAL STATEMENTS

September 30, 2022

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INDEPENDENT AUDITORS' 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, 2022, 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, 2022, 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 Auditors' 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 Certain Matters

Change in Accounting Principle

As described in Note 4 to the financial statements, the Agency adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Restatements

As described in Note 6 to the financial statements, the Agency's financial statements have been restated for prior period errors. 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.

Auditors' 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 3-6 and 25-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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
September 28, 2023

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, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred inflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25.8 million (net position).
- The Agency total net position increased \$8.2 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 \$37.1 million, an increase of \$7.4 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 \$25.8 million at the close of the most recent fiscal year, which is an increase of \$8.2 million.

The following table reflects the condensed statement of net position:

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 38,234,841	\$ 31,576,734
Long-term receivables	1,842,645	1,714,500
Leases	528,912	-
Total assets	<u>40,606,398</u>	<u>33,291,234</u>
Deferred Outflows of Resources	71,122	81,102
Current and other liabilities	1,749,016	1,421,374
Long-term liabilities outstanding	42,881,921	12,673,292
Total liabilities	<u>44,630,937</u>	<u>14,094,666</u>
Deferred Inflows of Resources	2,287,667	1,714,500
Restricted Net Position	<u>\$ (6,241,084)</u>	<u>\$ 17,563,170</u>

The largest portion of the net position reflects the Agency’s cash and cash equivalents and investments. This reflects funds available for future projects.

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

The following tables shows condensed revenue and expense data:

	<u>2022</u>	<u>2021</u>
General revenues:		
Property taxes	\$ 15,282,622	\$ 15,055,331
Investment earnings	527,428	748,680
Miscellaneous	6,121,846	783,017
Transfers from (to) primary government, net	<u>27,477</u>	<u>1,105,039</u>
Total revenues	<u>21,959,373</u>	<u>17,692,067</u>
Program expenses:		
Economic environment	45,343,329	8,890,652
Interest and related costs on long- term debt	<u>420,298</u>	<u>460,122</u>
Total expenses	<u>45,763,627</u>	<u>9,350,774</u>
Change in net position	<u>(23,804,254)</u>	<u>8,341,293</u>
Net position - beginning restated	<u>17,563,170</u>	<u>9,221,877</u>
Net position - ending	<u>\$ (6,241,084)</u>	<u>\$ 17,563,170</u>

The Agency's net position decreased \$23.8 million primarily from issuance of debt, project expenses, and purchase of capital assets held by the City.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Revenues (excluding transfers) for the Agency's activities increased \$4.2 million primarily from settlement received.

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 \$33,000,000, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets.

The Agency does not maintain the capital assets. Capital assets are transferred to funds maintained by the City of Jacksonville, Florida.

Long-term debt.

At the end of the current fiscal year, the Agency had long-term debt outstanding of \$43 million. This represents two bond payables, lease payable, as well as a loan to a fund maintained by the City of

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

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 BUDGET

The consolidated City of Jacksonville is the most populated city in Florida based on the 2010 Census. It is anticipated that the city's population will grow significantly over the next few years reflecting the general economic recovery, 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 2022-2023. 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, 2022</i>	Governmental Activities
Assets	
Equity in cash and cash equivalents	\$ 890,457
Investments	36,803,254
Receivables	541,130
Non-current assets	
Loans receivable, net	1,842,645
Lease receivable	528,912
Total assets	40,606,398
Deferred Outflows of Resources	
Deferred outflows on refunding	71,122
Liabilities	
Accounts payable	695,889
Non-current liabilities	
Due within one year	
Bonds payable	207,000
Lease payable	300,000
Internal loans payable	546,127
Due in more than one year	
Bonds payable	31,499,710
Lease payable	3,235,326
Internal loans payable	7,916,290
Unamortized bond premiums	230,595
Total liabilities	44,630,937
Deferred Inflows of Resources	
Deferred inflow of leases	445,022
Deferred inflows of revenue	1,842,645
Total deferred inflows of resources	2,287,667
Net Position	
Restricted	(6,241,084)
Total net position	\$ (6,241,084)

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Economic environment	\$ 45,343,329	\$ -	\$ -	\$ -	\$ (45,343,329)
Interest and related costs					
on long-term debt	420,298	-	-	-	(420,298)
Total governmental activities	\$ 45,763,627	\$ -	\$ -	\$ -	\$ (45,763,627)
General revenues and transfers					
Taxes					
Property taxes					15,282,622
Investment earnings					527,428
Miscellaneous					6,121,846
Transfers from primary government, net					27,477
Total general revenues					21,959,373
Change in net position					(23,804,254)
Net position, beginning of year, as restated					17,563,170
Net position, end of year					\$ (6,241,084)

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, 2022</i>	Northbank Downtown Area	Southside Area	Total Governmental Funds
Assets			
Equity in cash and cash equivalents	\$ 576,831	\$ 313,626	\$ 890,457
Investments	23,840,860	12,962,394	36,803,254
Receivables	541,130	-	541,130
Total assets	\$ 24,958,821	\$ 13,276,020	\$ 38,234,841
Liabilities			
Liabilities			
Accounts payable	578,396	117,493	695,889
Total liabilities	578,396	117,493	695,889
Deferred Inflow of Resources			
Leases	445,022	-	445,022
Total deferred inflow of resources	445,022	-	445,022
Fund balances			
Restricted	23,935,403	13,158,527	37,093,930
Total fund balances	23,935,403	13,158,527	37,093,930
Total liabilities and fund balances	\$ 24,958,821	\$ 13,276,020	\$ 38,234,841

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, 2022

Total fund balances - governmental funds \$ 37,093,930

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	1,842,645
Lease receivable	528,912

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.

(1,842,645)

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

Bonds payable	(31,706,710)
Internal loans payable	(8,462,417)
Unamortized bond premiums	(230,595)

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:

Leases payable	(3,535,326)
Deferred loss on refunding	71,122

Net position of governmental activities \$ (6,241,084)

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, 2022</i>	Northbank Downtown Area	Southside Area	Total Governmental Funds
Revenues			
Taxes	\$ 9,513,666	\$ 5,768,956	\$ 15,282,622
Interest	461,162	66,266	527,428
Payment in lieu of taxes	332,683	-	332,683
Miscellaneous revenue	5,789,163	-	5,789,163
Total revenues	16,096,674	5,835,222	21,931,896
Expenditures			
Current			
Economic environment			
Public investment expenditures	38,083,113	4,658,746	42,741,859
Other expenditures	2,101,218	513,365	2,614,583
Debt service			
Principal	530,221	197,000	727,221
Interest	253,873	166,425	420,298
Total expenditures	40,968,425	5,535,536	46,503,961
Excess (deficiency) of revenues over (under) expenditures	(24,871,751)	299,686	(24,572,065)
Other Financing Sources (Uses)			
Long term debt issued	28,476,710	-	28,476,710
Leases	3,535,326	-	3,535,326
Transfers from primary government	-	29,977	29,977
Transfers to primary government	(2,500)	-	(2,500)
Net other financing sources (uses)	32,009,536	29,977	32,039,513
Net change in fund balances	7,137,785	329,663	7,467,448
Fund balances, beginning of year, as restated	16,797,618	12,828,864	29,626,482
Fund balances, end of year	\$ 23,935,403	\$ 13,158,527	\$ 37,093,930

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, 2022

Net change in fund balances - total governmental funds	\$ 7,467,448
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Amounts reported for governmental activities in the statement of activities are different because:

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

Amortization of bond premium	23,060
Amortization - loss on refunding	(9,947)

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 issued	(28,476,710)
Long-term debt principal payments	727,221
Long-term lease issued	(3,535,326)

Change in net position of governmental activities	\$ (23,804,254)
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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.

Additionally, the Agency reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

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

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.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity

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.

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 GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, September 30, 2022 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. |

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Investments" on the Government Wide Financial Statements, consists of cash and investments owned by each Major Fund and defined as resources that can be liquidated without delay or penalty. Cash and investments held separately where contractual arrangements and bond covenants require such arrangements, are classified as "restricted assets". Investment earnings are allocated to the individual funds monthly based on the funds' weighted average daily cash and investment balance.

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 covered by federal depository insurance. For amounts in excess of such federal depository insurance the Act provides that all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor is liable for any loss thereof. Any losses to public depositors are covered by applicable deposit insurance, sales of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

B. Investments and Investment Practices

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.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Other than operating cash invested overnight through the City's zero balance sweep accounts, all invested cash is managed by third-party money managers. Performance benchmarks for the Portfolio are established in the Investment Policy and performance benchmarks for each of the specific third party managers are established by the Investment Committee. The Policy defines the Average Duration and Compliance Categories for investments. Compliance Category limits are stated as a percentage of the Fiscal Year 2020 Normal Portfolio Balance of \$1.37 billion, which is defined by Ordinance as the average total portfolio balance for the proceeding twelve months. Performance and compliance reports are prepared for the Investment Committee monthly. The City employs an independent investment custodian who takes direction from the money managers and independently settles all trades. The custodian provides performance and compliance reporting at both the portfolio level and by individual manager.

The following schedule reports portfolio compliance at year end, as well as the maximum exposure for each compliance category during the year. Certain compliance categories include assets also measured in another compliance category, i.e. "US Government" issued treasury bonds are also appropriately included in the "US Government plus 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

Compliance Guideline Characteristics
As of September 30, 2022

Compliance Guideline	Sector Guideline Exposures			
	Exposure to Specific Guideline	Year end Exposure %	% of Normal Portfolio Balance	
			During Year	Maximum By Policy
Duration ¹	2.72	NA	3.31	5.00
Liquidity Requirements	\$ 9,025,976	27.4%	54.1%	100.0%
USG + Agencies	\$ 11,605,693	35.2%	52.1%	100.0%
US Govt (USG)	7,810,408	23.7%	35.9%	100.0%
Constraints				
Agencies	\$ 3,795,285	11.5%	16.2%	45.0%
MBS	2,862,207	8.7%	12.5%	35.0%
Agency MBS	2,105,770	6.4%	9.2%	35.0%
Non-Agency MBS	756,436	2.3%	3.3%	15.0%
Asset Backed Securities	617,100	1.9%	2.6%	7.5%
Corporates	5,578,643	16.9%	25.4%	60.0%
Corporates > 1 Year	4,236,372	12.9%	20.3%	40.0%
Municipal Bonds	139,333	0.4%	0.8%	10.0%
Bond Funds	10,085,990	30.6%	41.8%	85.0%
Money Market Funds	9,767,244	29.6%	38.7%	40.0%
Certificates of Deposits	-	0.0%	0.0%	20.0%
Repurchase agreements	-	0.0%	0.0%	20.0%
Rule 144a Securities	896,737	2.7%	4.3%	10.0%
Specialty Risk				
High Yield	\$ 612,406	1.9%	3.8%	9.0%
International	728,270	2.2%	3.7%	7.5%
International (non-hedged)	-	0.0%	0.0%	5.0%
Emerging Markets	39,846	10.0%	0.4%	5.0%
Duration > 8.5	550,234	1.7%	2.7%	7.5%
Normal Portfolio Balance	\$ 32,964,738			

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	\$ 15,352	\$ -	\$ 15,352	\$ -
Registered Investment Companies	19,171,647	19,171,647	-	-
U. S. Government Securities	8,810,527	6,594,712	2,215,815	-
Corporate Debt Instruments	5,946,057	-	5,946,057	-
Common/Collective Trust	2,551,202	-	-	2,551,202
Other Investments	308,469	147,434	161,035	-
Total Investments	\$ 36,803,254	\$ 25,913,793	\$ 8,338,259	\$ 2,551,202

The City has the following recurring fair value measurements as of September 30, 2021:

- 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, as referenced in Section 1.B.

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 noninvestment grade securities. This is reported and monitored monthly by the Investment Committee and staff. Credit Quality reports are provided on the overall portfolios to illustrate the credit risk at fiscal-year end.

<u>Quality Breakdown Portfolio (%)</u>	
Aaa	50.2%
Aa1-Aa3	6.3%
A1-A3	9.2%
Baa1-Baa3	10.9%
Ba1-Ba3	1.6%
Other	9.8%
Commingled	12.0%
	<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 - they predominantly represent mutual funds that are listed and valued as a whole, not individual holdings, as well as minor exposure to non-investment grade securities.

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Foreign Currency

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

	Exposure	Percentage
U.S. Dollar	\$ 36,808,486	100.01%
Canadian Dollar	1,999	0.01%
Australian Dollar	406	0.00%
Euro Currency Unit	(4,146)	-0.01%
Polish Zloty	17	0.00%
British Pound	(3,508)	-0.01%
Total	\$ 36,803,254	100%

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 \$3,427,000 as of September 30, 2021.

The following is a summary of governmental notes payable for the year ended September 30, 2022:

<i>Year ending</i> <i>September 30,</i>	Governmental Activities			
	Special Revenue Bond, Series 2014		Special Revenue Bond, Series 2022B	
	Principal	Interest	Principal	Interest
2023	207,000	166,425	-	754,777
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
2028-2032	1,686,000	405,150	6,965,300	2,866,611
2033-2037	400,000	39,550	7,984,900	1,832,852
2038-2042	-	-	8,948,210	647,763
Total	3,230,000	1,170,675	28,476,710	9,045,492
Current portion	(207,000)	(166,425)	-	(754,777)
Payable after				
one year	\$ 3,023,000	\$ 1,004,250	\$ 28,476,710	\$ 8,290,715

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

<i>Year ending</i> <i>September 30,</i>	Governmental Activities			
	Internal Loans Payable		Total	
	Principal	Interest	Principal	Interest
2023	546,127	253,873	\$ 753,127	\$ 420,298
2024	562,511	237,489	779,511	393,814
2025	579,387	220,613	807,387	366,338
2026	596,768	203,232	836,768	337,832
2027	614,671	166,889	866,671	289,789
2028–2032	3,361,275	638,725	5,047,275	1,043,875
2033-2037	2,201,678	131,435	2,601,678	170,985
2038-2042	-	-	-	-
Total	8,462,417	1,852,256	11,692,417	3,022,931
Current portion	(546,127)	(253,873)	(753,127)	(420,298)
Payable after one year	\$ 7,916,290	\$ 1,598,383	\$ 10,939,290	\$ 2,602,633

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, 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	\$ 3,427,000	\$ -	\$ (197,000)	\$ 3,230,000	\$ 207,000
Special Revenue Bond, Series 2022B	-	28,476,710	-	28,476,710	-
Loans payable	8,992,638	-	(530,221)	8,462,417	546,127
Other debt related amounts					
Issuance premiums	253,655	-	(23,060)	230,595	-
Total notes from direct borrowings	12,673,293	28,476,710	(750,281)	40,399,722	753,127
Governmental activity long-term liabilities	\$ 12,673,293	\$ 28,476,710	\$ (750,281)	\$ 40,399,722	\$ 753,127

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

Note 3: RISK MANAGEMENT

Litigation

During the ordinary course of its operation, the Agency is party to various claims, legal actions, and complaints. 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

The City financial statements reflect the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources. For addition information, refer to the disclosures below.

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 respective leases and ranged from 0.276% to 0.936%.

As of September 30, 2022, the DIA lease receivable is valued at \$529 thousand and deferred inflow of resources associated with the leases that will be recognized as revenue over the term of the leases are \$445 thousand.

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

<i>Year ending September 30,</i>	Governmental Activities		
	Lease Receivable		
	Principal	Interest	Total
2023	\$ 79,542	\$ 6,783	\$ 86,325
2024	67,411	5,971	73,382
2025	59,077	5,185	64,262
2026	61,246	4,381	65,627
2027	63,481	3,550	67,031
2028–2032	198,155	6,083	204,238
Total	528,912	31,953	560,865
Current portion	(79,542)	(6,783)	(86,325)
Due beyond one year	\$ 449,370	\$ 25,170	\$ 474,540

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 respective lease and is 1.7510%.

As of September 30, 2022, the DIAs right-to-use capital assets are \$3.5 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, 2022 are as follows:

<i>Year ending September 30,</i>	Governmental Activities		
	Lease Amortization		
	Principal	Interest	Total
2023	\$ 237,716	\$ 62,284	\$ 300,000
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
2028–2032	512,084	237,916	750,000
2033–2037	558,515	191,485	750,000
2038–2042	609,155	140,845	750,000
2043–2047	664,387	85,613	750,000
2048–2051	574,627	25,373	600,000
Total	3,535,326	964,674	4,500,000
Current portion	(237,716)	(62,284)	(300,000)
Payable after one year	\$ 3,297,610	\$ 902,390	\$ 4,200,000

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.

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:

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

NOTE 5: COMMITMENTS AND CONTINGENCIES (Continued)

- The City borrowed \$28,476,710.46.
- The City paid off all outstanding MPS bonds.
- MPS executed Amended and Restated Loan Agreements totaling \$94,848,653.90 (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 \$67,093,653.90) with an interest rate of 1.9% per annum.
- MPS and the DIA executed a lease agreement which requires the DIA to pay annual rent for all three garages in the total amount of \$150,000.00, contribute \$25,000.00 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.

NOTE 6: RESTATEMENTS

Correcting entries resulted in a restatement of beginning net position and fund balances of \$487,140.

**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, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 9,490,724	\$ 9,490,724	\$ 9,513,666	\$ 22,942
Interest	76,584	76,584	461,162	384,578
Miscellaneous revenue	1,101,734	7,000,832	6,121,846	(878,986)
Total revenues	10,669,042	16,568,140	16,096,674	(471,466)
Expenditures				
Category				
Economic environment	10,117,448	60,102,716	40,438,204	19,664,512
Debt service	784,094	784,094	530,221	253,873
Total expenditures	10,901,542	60,886,810	40,968,425	19,918,385
Other Financing Sources (Uses)				
Long term debt issued	-	28,476,710	28,476,710	-
Leases	-	-	3,535,326	3,535,326
Transfers in	-	-	-	-
Transfers out	(2,500)	(40,000)	(2,500)	37,500
Total other financing sources (uses)	(2,500)	28,436,710	32,009,536	37,500
Net change in fund balance	(235,000)	(15,881,960)	7,137,785	(20,352,351)
Fund balance, beginning of the year	16,797,618	16,797,618	16,797,618	-
Fund balance, end of year	\$ 16,562,618	\$ 915,658	\$ 23,935,403	\$ (20,352,351)

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, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 5,762,069	\$ 5,768,956	\$ 5,768,956	\$ -
Interest	69,520	69,520	66,266	(3,254)
Total revenues	5,831,589	5,838,476	5,835,222	(3,254)
Expenditures				
Category				
Economic environment	5,248,603	5,248,603	5,172,111	76,492
Debt service	363,425	363,425	363,425	-
Total expenditures	5,612,028	5,612,028	5,535,536	76,492
Other Financing Sources (Uses)				
Transfers in	-	-	29,977	29,977
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	29,977	29,977
Net change in fund balance	219,561	226,448	329,663	(49,769)
Fund balance, beginning of the year	12,828,864	12,828,864	12,828,864	-
Fund balance, end of year	\$ 13,048,425	\$ 13,055,312	\$ 13,158,527	\$ (49,769)

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, 2022. 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 2022 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 AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities 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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 28, 2023.

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 below as items 2022-001 and 2022-002 that we consider to be material weaknesses.

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 require the auditors 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, Riggs & Ingram, L.L.C.

Jacksonville, Florida
September 28, 2023

City of Jacksonville, Florida
Downtown Investment Authority
Schedule of Findings

2022-001 ACCOUNTING SYSTEM IMPLEMENTATION

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

- Equity in Pooled Cash and Investments
- 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 found and the audit was not able to be completed by the state's initial deadline.

Recommendation: Continue to enhance the understanding and user abilities of the accounting system through further training and consultation with software providers. Also, bring monthly and annual close processes up to date and 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: 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 before the end of the following fiscal year. We are proud of the progress we have made in replacing a system that was multiple decades old, especially since it is not unusual for large organizations to struggle for years with major systems conversions even without a nationwide health crisis.

We appreciate the acknowledgement by our auditors that we have enhanced our understanding of and abilities within our ERP system. In the past year, the addition of our ERP Training Manager has resulted in increased collaboration citywide, addressing training needs and creating multimedia content on user roles and responsibilities. Monthly and annual close processes remain on time, with updated

City of Jacksonville, Florida
Downtown Investment Authority
Schedule of Findings

documentation of standard operating procedures (SOPs). We continue to work with both Oracle Consulting Services (OCS) and Oracle Managed Care Solutions (MCS) to address system issues promptly as they arise and to ensure all subledgers are used and configured properly to reconcile accurately to the general ledger.

2022-002 BANK RECONCILIATIONS

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

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

Cause: The bank reconciliation was not able to be completed in a timely and accurate manner due to general weaknesses in the system implementation.

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

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

Management Response: We agree that weaknesses in the original system implementation continue to impact the bank reconciliation process. Weekly cash reconciliation meetings between Treasury and Accounting which commenced in May 2022 have continued, and monthly meetings with Treasury, Accounting and ITD were initiated to address other cash management issues. Marked improvements in the cash reconciliation process have occurred and we expect continued improvements as internal controls continue to strengthen around the subledgers and module integration. Additionally, we plan to implement a new control around reconciling the tax collector ledger to the general ledger to ensure the related cash balances are accurate.

These procedural and operational improvements made by the City since embarking on the challenging journey of converting to a new modern ERP system are efforts which will pay dividends for years to come in the areas of transparency, timeliness and quality of financial reporting.



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INDEPENDENT AUDITORS' 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, 2022, and have issued our report thereon dated September 28, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated September 28, 2023, 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.

Prior year findings 2021-001 and 2021-002 are repeated as 2022-001 and 2022-002, respectively, and both findings were also reported in the second preceding audit report as findings 2020-001, and 2020-002, respectively.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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, 2022. 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 \$33,448.
- 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:
 - Forsyth and Adams Streets - \$772,830
 - Historic Shotgun Houses Rehabilitation - \$188,075
 - LaVilla Heritage Trail - \$0
 - Park Acquisition and Capital Improvements - \$0
 - Rivers Edge Riverwalk, Public Parks & Infrastructure - \$4,619,721
 - Shipyards West - \$0
 - Southbank Riverwalk and Boat Ramp Parking - \$0
 - Underground Storage Tank Relocation - \$58,363
- 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 page 20 of this report - \$30,320,756 expenditures over 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.

Carri Riggs & Ingram, L.L.C.

Jacksonville, Florida
September 28, 2023



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INDEPENDENT ACCOUNTANTS' 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, 2022. 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, 2022.

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, LLC

Jacksonville, Florida
September 28, 2023



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**INDEPENDENT ACCOUNTANTS' 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, 2022. Management of the Agency is responsible for Agency's compliance with the specified requirements. Our responsibility is to express an opinion on 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, 2022.

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, LLC

Jacksonville, Florida
September 28, 2023