



TABLE OF CONTENTS

Introduction and Background	3
Northbank CRA Plan – Incentives, Programs and Projects	
Southside CRA Plan - Incentives, Programs and Projects -	
CRA Agency Board	
Northbank Community Redevelopment Area	
Northbank CRA at a Glance	9
Northbank Project and Program Highlights	10
Northbank Tax Increment Revenues	
Northbank CRA Budget	
Southside Community Redevelopment Area	
Southside CRA at a Glance	23
Southside Project and Program Highlights	24
Southside Tax Increment Revenues	· 27
Southside CRA Budget	28
Summary of New Projects (By the Numbers)	29
Audited Financial Statements	Exhibit A

Downtown Investment Authority of the City of Jacksonville Community Redevelopment Agency Annual Report: Fiscal Year 2021-22

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 2021-22 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 via in-person or 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 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 Marketing and Promotion
- Northbank Banners
- Improved Wayfarer Signage
- Urban Art Program
- Enhanced Maintenance of Public Spaces
- 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)

Capital Projects-Continued

- Shipyards West Park (CRA) and Replacement of Kids Kampus (City – as to Park replacement; CRA – as to balance)
- Liberty Street Basin Marina (City)
- Redesign Metropolitan Park (City)
- 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 Launces (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 Marketing and Promotion
- 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 Southside 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 2021-22

<u>Administration:</u> All eight (8) positions authorized in the FY 2021-22 budget remained occupied at the close of the 2021-22 reporting period. An additional position authorized by the City Council in February of 2002 was unfilled. Current DIA Staff includes:

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, Communication and Marketing Specialist
Wanda James Crowley, Financial Analyst
Antonio Posey, Project Manager
Xzavier Chisholm, Administrative Assistant

Downtown Investment Authority Governing Board as of September 30, 2022

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	06/30/2023	
TODD FROATS	MAYOR	Banking/Finance Industry Representative	06/30/2022	•
CRAIG GIBBS	MAYOR	Business Interest in Southbank CRA	06/30/2020	•
W. BRAXTON GILLAM	MAYOR	Business Interest in Northbank CRA	06/30/2024	
CAROL WORSHAM	CITY COUNCIL	Urban Planner	06/30/2022	•
Vacant	MAYOR			
Vacant	CITY COUNCIL			
Vacant	MAYOR			

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



Carol Worsham Chair



Jim Citrano Vice Chair



Oliver Barakat



Todd Froats

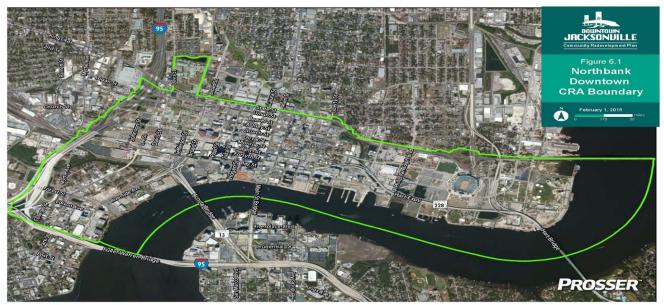


Craig Gibbs



W. Braxton Gillam

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	\$	805,165,720	\$	484,341,591
Incremental Increase	\$	590,529,297	\$	282,598,045
Fiscal 2021-22 TIF Revenue (Pending financial review and audit)	\$	6,418,938	\$	3,071,786

Northbank CRA Project and Program Highlights for 2021-22

Central National Bank (New Project)

The DIA Board approved an incentive package (legislation for which was approved by the City Council after



this reporting period) 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.

Home2 Suites by Hilton (New Project)

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, substantial completion of this project is expected by early 2025.



Fincantieri Marine Repair (New Project)

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 in legislation approved 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 (New Project)

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, substantial completion of this project is expected by the summer of 2024.

Furchgotts (New Project**)**



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 is anticipated in June of 2023.

Hardwicks Bar (*New Project***)**

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 is expected to be completed in March of 2024.



American Lions (New Project)

Following a Notice of Disposition and request for proposals process for approximately one acre of city owned property located in Downtown Independent drive and contiguous with the Main Street Bridge, (a portion of the site formerly occupied by the Jacksonville Landing), 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. The incentive package (legislation for which will be presented later to the City Council for approval) includes a twenty (20) year 75% REV Grant (up to \$28.5 million) of the incremental increase of the county portion of ad valorem taxes, conveyance of city land valued at \$3.48 million, and a completion grant up to \$2.5 million. This project has an anticipated total development cost of \$166 million.

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



Following a Notice of Disposition for approximately 2.5 acres of city owned riverfront property located in Downtown (on a portion of Lot X within the Shipyards on East Bay Street), the DIA Board approved an incentive package 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 (legislation for which will be presented later to the City Council for approval) 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. This project has an anticipated total development cost of \$85 million.



The Hardwick (Ford on Bay) (New Project)

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), the DIA Board approved an incentive package for 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. The incentive package (legislation for which will be presented later to the City Council for approval) includes a twenty (20) year 75% REV Grant (up to \$26.7 million) of the incremental increase of the county portion of ad valorem taxes, conveyance of city land valued at \$4.6 million, and a completion grant up to \$9.6 million. This project has an anticipated minimum total development cost of \$150 million.

Sidewalk Enhancement Grants (*New Projects***)**

In December of 2021, the DIA Board approved a stand-alone Sidewalk Enhancement Grant Program to help encourage outdoor dining and place making. In addition to the Sidewalk Enhancement Grants referenced elsewhere in this report, the following grants were also approved; Bellwether, 117 West Forsyth Street, up to \$1,312; Honeyz Plates, 47 West Adams Street, up to \$960; D & G Deli, 233 East Bay Street, up to \$4,400; Underbelly, 113 East Bay Street, up to \$4,300.

The Doro (Project Update)

In October of 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 on track to be completed by the fall of 2023.

Regions Bank (Project Update)

In July of 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. Qualifying expenditures will be reimbursed at various percentages as established by DPRP guidelines. With an anticipated capital investment of up to \$2.6 million, substantial completion of all improvements is expected by June of 2025.

Florida Baptist Convention Building (Project Update)



In January of 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 of 2021 and substantial completion of this project is expected by the summer of 2023.

Federal Reserve Bank Building (*Project Update***)**

In January of 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. Renovations are scheduled to begin in November of 2021 and substantial completion of this project is expected by the summer of 2023.

Kids Kampus (*Project Update***)**

Following a Notice of Disposition, in 2021 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 Kids Kampus 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 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 and a right of first offer to ground lease or purchase an additional parcel of approximately 4.9 acres. With an anticipated capital investment of \$301 million, construction has commenced with substantial completion of the hotel and office building expected by December 2025.



Johnson Commons (*Project Update***)**

Following a Notice of Disposition, in July of 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 multifamily 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 and is expected to achieve substantial completion of the Phase 1 improvements by early 2024.

Union Terminal Warehouse (*Project Update***)**

In May of 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 of 2022 and substantial completion is expected by or before late summer of 2024.



Vista Brooklyn 2 (Project Update)

In January of 2021, the DIA Board approved a second incentive package for this project (which was later approved in legislation by the City Council) that included a (10) year 12.5% REV grant (up to \$1.55 million) of the incremental increase of the county portion of ad valorem taxes. To further promote the occupancy of 12,685 square feet of new ground floor retail space at the project located at 200 Riverside Avenue, the REV Grant incentive requires the developer to subsidize new tenants, in an amount equal to at least \$100 per square foot (in the form of rent abatement or construction build-out allowance) and to achieve a retail use occupancy rate of at least sixty percent (60%). Substantial completion of this project was achieved in December of 2021 and as of September 30, 2022, of the available 12,685 square feet, 5,540 was leased.

Metropolitan Parking Solutions Litigation (Project Update)

In March of 2004, the city entered into an agreement with Metropolitan Parking Solutions, LLC (MPS) to build and operate three parking garages in the Downtown Core. The agreement required the city to reimburse MPS (on a semi-annual basis) for all operating losses (including debt service and a guaranteed rate of return on their capital investment) in the form of a Development Loan. Since opening in 2006-07, the garages have continuously operated at a significant loss resulting in the largest annual financial obligation for the Northbank CRA. In June of 2020, following the DIA's withholding of a portion of requested semi-annual reimbursements because of a lack of documentation, MPS filed litigation against the city and the DIA. In March of 2021, the DIA Board authorized the DIA Chief Executive Officer to take all steps necessary to adequately represent the interest of the DIA, city and taxpayers, including participating in mediation and filing legislation (later approved by the City Council) to purchase the garages in the event the Court finds MPS in default of the agreement. In May of 2021, DIA staff began confidential mediation sessions with MPS. The parties entered into a Mediated Settlement Agreement in February of 2022 and the DIA took over full operational control (but not ownership) of the garages effective April 22, 2022. For the period of May 1, 2022, through September 30, 2022, net revenues increased by more than \$300,000 (or 56.3%) as compared to the same five-month period from the prior year. Similarly, net expenses (not including debt service) decreased by more than \$340,000 (or 41%) as compared to the same five-month period from the prior year.

Lofts at Cathedral (*Project Update***)**

In July of 2021, the DIA Board approved an incentive package (legislation for which was approved by the City Council after this reporting period) that included a \$625,000 loan from the Northbank CRA Loan Program for the construction of 120 residential units (including 57 affordable housing units and 27 workforce housing units). Located at 325 East Duval Street, this project is expected to have a minimum capital investment of \$28.7 million.



One Riverside (New Project)

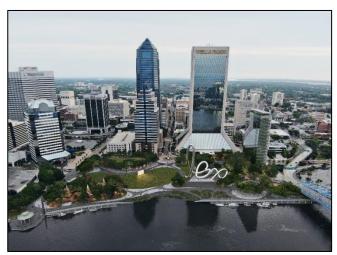
In August of 2021, the DIA Board approved an incentive package (which was later approved in legislation by the City Council) that included a twenty (20) year 75% REV grant (up to \$28.4 million) of the incremental increase of the county portion of ad valorem taxes, a project completion grant not to exceed \$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 multifamily units, 400 structured parking spaces and 35,330 square feet of commercial/retail (including a 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 nearly complete in September of 2022, and commencement of construction for the Phase 1 improvements occurred in August 2022. With an anticipated capital investment of \$164 million, substantial completion of the Phase 1 improvements for this project is expected by the fall of 2025.

Riverfront Plaza Design Competition (Project Update**)**

In January 2021, a two-phase 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 adjacent with the 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 design was selected and is now under contract to complete the park design. 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. Final plans for the park are expected to be completed by early 2023.

USS Orleck (Project Update**)**

In January of 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 will include a ticket booth, museum gift shop and restrooms. Because of the future development potential of the Shipyards site, this project will be 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 is currently berthed along Water Street. (Note: After this reporting period, legislation adopting a new development agreement and two new license agreements was approved by the City Council.)

Ambassador Hotel (*Project Update***)**

In December of 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



\$30 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 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 of 2021 and after a performance schedule extension, substantial completion is expected by December 2022. (Note: Additional extensions through March 31, 2023)

were approved by the DIA Board for this development agreement after the close of this reporting period.)

Independent Life Building (*Project Update***)**

In July of 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 of 2021 and substantial completion is expected by July of 2023.



Riverfront Parks Activation Study (Project Completed)



Recognizing that any comprehensive program and strategy for Downton's parks must include Riverfront Parks and the Riverwalk, in April 2021, the DIA Board authorized the expenditure of \$60,000 to help underwrite the Jessie Ball DuPont Fund's study on activation of our Riverfront Parks. The Activation Plan for Jacksonville's Downtown Riverfront was completed in August of 2022 and will provide the DIA and the city with a useful tool to help create an active, vibrant downtown riverfront.

FIS Headquarters (Project Completed)





In August of 2019, the DIA Board recommended an incentive package (which was later approved in legislation by the City Council) to induce the construction of a new 376,000 square foot corporate headquarters for FIS in the Brooklyn area of the Northbank CRA. This project will result in the retention of 1,216 jobs, the creation of 500 new jobs and capital investment of approximately \$145 million for the construction of the new office building and associated facilities located at 347 Riverside Avenue. The incentive package includes a twenty (20) year 75% REV grant (up to \$23.4 million) of the incremental increase in the county portion of ad valorem taxes and a \$3.5 million closing grant. This project commenced construction in August of 2020

and is expected to achieve substantial completion in October of 2022.

Ryan Companies/JEA Headquarters Disposition (Project Completed)



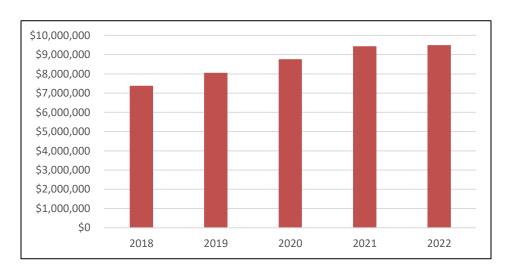
Pursuant to a public bid process in 2019, JEA selected a proposal submitted by the Ryan Companies for the construction and leaseback of its new 152,000 square foot corporate headquarters located at 225 North Pearl Street. Ryan Companies submitted an unsolicited proposal to the DIA for acquisition of a city owned block for a purchase price in excess of appraised value. The DIA opened a thirty (30) day Notice of Disposition process and ultimately the DIA Board



authorized the sale of the property to Ryan Companies for \$2.6 million. The sale closed in June of 2020, construction commenced in October of 2020 and is expected to achieve substantial completion in October of 2022.

Northbank CRA Tax Increment Revenues

COMBINED TAX INCREMENT DISTRCT (TID) AD VALOREM REVENUES



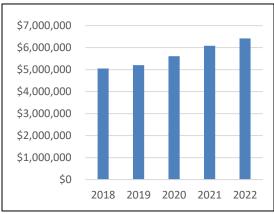
DOWNTOWN EAST TID

\$4,000,000 \$3,500,000 \$3,000,000 \$2,500,000 \$1,500,000 \$1,000,000 \$500,000

2018 2019 2020 2021 2022

\$0

DOWNTOWN NORTHWEST TID



Northbank CRA Tax Increment Revenues by Tax Increment District (FY2018-2022)

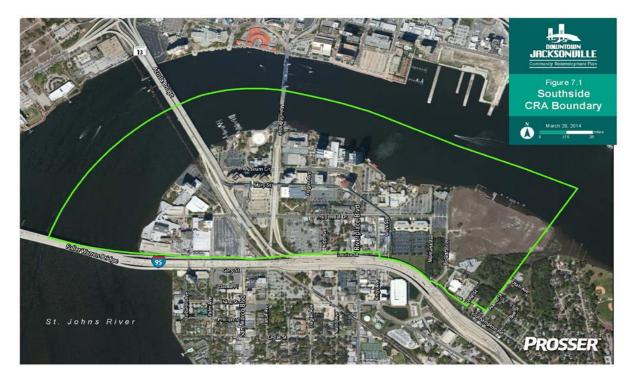
Year	Total Revenue	East	Northwest
2018	\$7,383,266	\$2,336,145	\$5,047,121
2019	\$8,055,246	\$2,849,806	\$5,205,440
2020	\$8,762,118	\$3,142,573	\$5,619,545
2021	\$9,438,274	\$3,357,257	\$6,081,017
2022	\$9,490,724	\$3,071,786	\$6,418,938

Northbank CRA – Downtown East AND West Combined TID Budgets

DOWNTOWN NORTHBANK CRA TRUST FUND 10801

REVENUES	FY22 Proposed
D T N	0.074.700
Property Taxes - Northeast USD1-C	3,071,786
Property Taxes - Northwest USD1-B	6,418,938
Interest Income	76,584
Transfer from Fund Balance (PY Interest Income)	235,000
Debt Repayment (Lynch /11E)	595,247
Debt Repayment (Carling Loan)	506,487
Total Revenues:	10,904,042
EXPENDITURES	FY22 Proposed
	·
Administrative Expenditures	774 507
Supervision Allocation	771,567
Annual Independent Audit	2,500
Total Administrative Expenditures:	774,067
Financial Obligations	
Recaptured Enhanced Value (REV) grants	
Hallmark / 220 Riverside (leg: 2012-270)	397,533
Pope & Land / Brooklyn (leg: 2012-703 amend: 2013-288)	386,823
Lofts at Jefferson Station (DIA resolution 2017-10-05)	72,217
MPS Subsidy Downtown Garages	5,200,000
Lynch Building Loan Repayment	800,000
Total Financial Obligations:	6,856,573
Plan Authorized Expenditures	
Capital Projects	
Two Way Conversion - Forsyth & Adams	1,200,000
Historic Shotgun House Rehabilitation	250,000
Event Contribution	100,000
Urban Art	500,000
Subsidies and Contributions to Private Organizations	50,000
Parks and Programing	400,000
Professional Services	250,000
Marketing	200,000
Unallocated Plan Authorized Expenditures	323,402
Total Plan Authorized Expenditures:	3,273,402
Total Expenditures:	10,904,042

Southside CRA







Southside CRA at a Glance

CRA Base Year	1980
Base Year Taxable Assessment	\$ 89,127,781
Current Taxable Assessment	\$ 619,226,435
Incremental Increase	\$ 530,098,654
Fiscal 2021-22 TIF Revenue	\$ 5,762,069
(Pending financial review and audit)	

Southside CRA Project and Program Highlights for 2021-22

Artea (New Project)

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, commencement of construction is anticipated by early 2023.

1001 Kings Avenue (New Project)



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 structure (c. 1921), located at 1001 Kings Avenue, will provide 8,000 square feet of office space to Industry West (a high-end

furniture retailer) and 4,000 square feet of shell space for an additional tenant or tenants. With an anticipated total development cost of \$5.1 million, substantial completion of this project is expected by November of 2022.

River City Brewing Company (*Project Update***)**

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 of 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: After this reporting period, and because of a failure by the developer to commence construction pursuant to the agreed upon Performance Schedule, the DIA terminated the incentive agreement, but not the right to develop. The developer has since submitted a new design for the project.)



Rivers Edge (Project Update**)**

In April of 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 includes 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 City 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. As of September 30, 2022, sections of the riverfront bulkhead were nearly-complete and construction of upland improvements had commenced.



Southbank Ventures Apartments Project (*Project Completed***)**



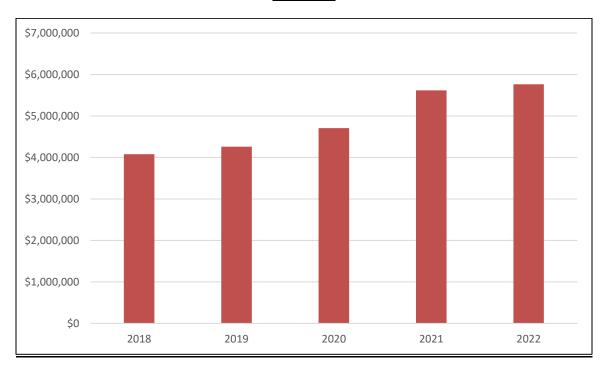
In January of 2017, the DIA Board recommended (which was later approved in legislation by the City



Council) a fifteen (15) year 75% REV grant (up to \$7.8 million) of the incremental increase in the county portion of ad valorem taxes for the development of an approximately 300 unit market rate, multi-family development at 0 Prudential Drive. The start of this project was delayed in order to resolve a pending lawsuit (regarding the development proposal) brought by neighboring landowners. Construction commenced in February of 2020. With a proposed capital expenditure of \$37 million, substantial completion of this project was achieved in March of 2022.

Southside CRA Tax Increment Revenues

REVENUE



Southside CRA Tax Increment Revenues (FY2018-22)

Year	Revenue			
2018	\$4,078,987			
2019	\$4,261,007			
2020	\$4,707,693			
2021	\$5,618,309			
2022	\$5,762,069			

Southside CRA – TID Budget

DOWNTOWN SOUTHBANK CRA TRUST FUND 10802

REVENUES	FY22 Proposed
Dranarty Tayon	F 762 060
Property Taxes Interest Income	5,762,069 69,520
Transfer from Fund Balance (PY Interest Income)	150,000
Total Revenues:	5,891.589
Total Revenues.	3,091.309
EXPENDITURES	FY22 Proposed
EXI ENDITORES	1 122 1 10p03eu
Administrative Expenditures	
Supervision Allocation	312,753
Annual Independent Audit	2,500
Total Administrative Expenditures:	315,253
Financial Obligations	
Financial Obligations Recaptured Enhanced Value (REV) grants	
Strand (leg: 2001-1139 amend: 2002-755 & 2006-1131	508,750
Peninsula (leg: 2001-1133 amend: 2002-733 & 2000-1131	67,023
SunGard (DIA resolution 2017-10-05)	72,217
Home Street Apartments (DIA Resolution 2017-08-03)	174,790
JEA Southside Gen Station Public Infrastructure Improvements	3,000,000
One Call Commercial Revitalization Grant	100,000
Debt Service Interest – Strand Bonds 2014 Special REV	160,061
Debt Service Principal – Strand Bonds 2014 Special REV	207,000
Total Financial Obligations:	4,232,373
Plan Authorized Expenditures	
Capital Projects	
Southbank Parking Project	550,000
Event Contribution	25,000
Subsidies and Contributions to Private Organizations	25,000
Parks and Programing	200,000
Professional Services	200,000
Unallocated Plan Authorized Expenditures	323,402
Total Plan Authorized Expenditures:	1,433,963
Total Expenditures:	5,981,589

Summary of New Projects Approved: 2021-22 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 projects approved by the DIA Board during this reporting period, many of which are outlined in the Project and Program Highlights for both the Northbank CRA and the Southside CRA (beginning on pages 10 and 24 respectively in this report), the following statistics are applicable towards achieving those established goals and objectives:

16 **New Projects Approved** 576.7 million New Anticipated or Required Capital Investment 1,139 **New Residential Units Approved** 88,339 sq ft New Restaurant/Retail Space Approved 3,905 sq ft New Office Space Approved 10,400 sq ft New Event/Conference Space Approved 106 New Hotel Rooms Approved 855 **New Structured Parking Spaces Approved** 70,000-130,00 sq. ft. **New Museum Space** Up to \$68.7 million **New REV Grants Approved** Up to \$6.3 million New Code Compliance Renovations Forgivable Loans Approved Up to \$5.9 million New Historic Preservation and Rehabilitation Forgivable Loans Approved \$3.4 million New Downtown Preservation and Revitalization Loans Approved \$1.6 million New "Other" Loans Approved \$14.5 million New "Other" Grants Approve Up to \$48,000 New Façade Grants Approved \$30,000 New Sidewalk Enhancement Grants Approved

Exhibit A Audited Financial Statements: 2021-22

City of Jacksonville Audited Financial Statements for Fiscal Year Ended September 30, 2022

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, 2023, the Audited Financial Statements for fiscal year ended September 30, 2022, 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, 2021.

When the Audited Financial Statements for fiscal year ended September 30, 2022 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, 2021

REPORT	Page
FINANCIAL SECTION Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements Government-wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13
Required Supplementary Information Budgetary Comparison Schedules	25
Budgetary Notes to Required Supplementary Information	27
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	29
Independent Auditors' Management Letter	34
Independent Accountants' Report on Compliance with Local Government Investment Policies	37
Independent Accountants' Report on Compliance with Redevelopment Trust Fund	38



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INDEPENDENT AUDITORS' REPORT

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

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") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, 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, 2021, 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.

Other Matters

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 30, 2022, 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

Can, Rigge & Ingram, L.L.C.

Jacksonville, Florida September 30, 2022

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, 2021.

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 \$17.1 million (net position).
- The Agency total net position increased \$8.3 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 \$29.7 million, an increase of \$7.7 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 \$17.1 million at the close of the most recent fiscal year, which is an increase of \$8.3 million.

The following table reflects the condensed statement of net position:

	2021		2020	
Current and other assets Long-term receivables	\$	31,089,594 1,714,500	\$ 22,198,148 32,515,083	
Total assets		32,804,094	54,713,231	
Deferred Outflows of Resources		81,102	91,049	
Current and other liabilities		1,421,374	 201,330	
Long-term liabilities outstanding		12,673,292	13,353,130	
Total liabilities		14,094,666	13,554,460	
Deferred Inflows of Resources		1,714,500	32,515,083	
Restricted Net Position	\$	17,076,030	\$ 8,734,737	

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:

	2021	2020		
General revenues:				
Property taxes	\$ 15,055,331	\$	13,496,850	
Investment earnings	748,680		1,101,823	
Miscellaneous	783,017		759,257	
Transfers from (to) primary				
government, net	1,105,039		2,874,855	
Total revenues	17,692,067		18,232,785	
Program expenses:				
Economic environment	8,890,652		10,798,572	
Interest and related costs on long-				
term debt	460,122		464,269	
Total expenses	9,350,774		11,262,841	
Change in net position	8,341,293		6,969,944	
Net position - beginning	 8,734,737		1,764,793	
Net position - ending	\$ 17,076,030	\$	8,734,737	

The Agency's net position increased \$8.3 million primarily from excess revenues over expenses.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Revenues (excluding transfers) for the Agency's activities increased \$1.2 million primarily from an increase in property taxes.

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, and transfers-in of approximately \$12,236,000 and \$3,398,000, respectively.
- Southside Area increases in interest income and transfers-in and economic environment of approximately \$10,653,000, and \$560,000, 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 \$12.7 million. This represents one bond payable as well as a loan to a fund maintained by the City of Jacksonville, Florida.

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

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 2021-2022. 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

September 30, 2021	Governmental Activities
Assets	
Equity in cash and cash equivalents	\$ 1,673,788
Investments	29,415,806
Non-current assets	
Due in more than one year	
Loans receivable, net	1,714,500
Total assets	32,804,094
Deferred Outflows of Resources	
Deferred outflows on refunding	81,102
Total deferred outflows of	
resources	81,102
Liabilities	
Accounts payable	1,421,374
Non-current liabilities	
Due within one year	
Bonds payable	197,000
Internal loans payable	530,221
Due in more than one year	
Bonds payable	3,230,000
Internal loans payable	8,462,416
Unamortized bond premiums	253,655
Total liabilities	14,094,666
Deferred Inflows of Resources	
Deferred inflows of revenue	1,714,500
Net Position	
Restricted	17,076,030
Total net position	\$ 17,076,030

City of Jacksonville, Florida Downtown Investment Authority Statement of Activities

For the year ended september 30, 2021 Charges for Operating Capital Services Grants and Grants and Grants and Governmental activities Economic environment and related costs on long-term debt Total governmental activities Functions/Programs General revenues and fines Contributions Co				c		Net (Expens	Net (Expense) Revenue and
Charges for Operating Capital Services Grants and Fines Contributions Contributions and Fines Contributions Contributions \$ 8,890,652 \$ - \$ - \$ - \$ - \$ \$ \text{ services General revenues and transfers} From primary government, net Total general revenues Total general revenues Change in net position Net position, beginning of year Contributions Contri	ber 30, 2021		i	Program Reven		Changes II	Net Position
Services Grants and Grants and Expenses and Fines Contributions Contributions \$ 8,890,652 \$ - \$ - \$ - \$ - \$ \$ 5 \$ \$ \$ \$ \$ \$ \$ \$ \$			Charges for	Operating	Capital		
\$ 8,890,652 \$ - \$ - \$ - \$ - \$ 5 ctivities \$ 9,350,774 \$ - \$ - \$ - \$ 5 Taxes Property taxes Investment earnings Miscellaneous Transfers from primary government, net Total general revenues Change in net position Net position, beginning of year Net position, end of year			Services	Grants and	Grants and		Governmental
\$ 8,890,652 \$ - \$ - \$ - \$ - \$ - \$ 460,122		Expenses	and Fines	Contributions	Contributions		Activities
460,122 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 -		0	4	4	4	4	
vities \$ 9,350,774 \$ - \$ - \$ - \$ (9 General revenues and transfers Taxes Property taxes Investment earnings Miscellaneous Transfers from primary government, net Total general revenues Change in net position Net position, beginning of year Net position, end of year		\$ 8,890,652	٠ ٠	٠ ٠	٠ ٠	٠	(8,890,652)
\$ 9,350,774 \$ - \$ - \$ - \$ (9) General revenues and transfers Taxes Property taxes Investment earnings Miscellaneous Transfers from primary government, net Total general revenues Change in net position Net position, beginning of year Net position, end of year Taxes A position primary government, net Total general revenues Change in net position Net position, beginning of year Section primary government, net Total general revenues Change in net position Section primary government, net Total general revenues Section primary government, net	sts						
\$ 9,350,774 \$ - \$ - \$ - \$		460,122	1	'	1		(460,122)
ransfers y government, net of year string the string tends to string tends the string te	tivities		- \$	\$	\$	\$	(9,350,774)
y government, net of year \$\frac{1}{5}\$		General revenues	and transfers				
y government, net of year \$\frac{1}{2}\$		Taxes					
y government, net of year string to the string of year string to the string of year string to the string of year		Property taxe	S				15,055,331
y government, net of year		Investment ear	nings				748,680
y government, net		Miscellaneous					783,017
of year		Transfers from	primary govern	ment, net			1,105,039
of year \$		Total general reve	ennes				17,692,067
of year \$		Change in net pos	sition				8,341,293
\$		Net position, beg	inning of year				8,734,737
		Net position, end	of year			\$	17,076,030

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

September 30, 2021	Northbank Downtown Southside Area Area				Total Governmental Funds		
Assets							
Equity in cash and cash equivalents	\$	915,945	\$	757,843	\$ 1,673,788		
Investments		16,097,183		13,318,623	\$ 29,415,806		
Total assets	\$	17,013,128	\$	14,076,466	\$ 31,089,594		
Liabilities and Fund Balances Liabilities	_	472 772	_	4 247 602	6 4 424 274		
Accounts payable	\$	173,772	\$	1,247,602	\$ 1,421,374		
Total liabilities		173,772		1,247,602	1,421,374		
Fund balances Restricted		16,839,356		12,828,864	29,668,220		
Total fund balances		16,839,356		12,828,864	29,668,220		
Total liabilities and fund balances	\$	17,013,128	\$	14,076,466	\$ 31,089,594		

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

\$ 17,076,030

September 30, 2021	
Total fund balances - governmental funds	\$ 29,668,220
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	1,714,500
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.	(1,714,500)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Bonds payable Internal loans payable	(3,427,000) (8,992,637)
Unamortized bond premiums	(253,655)
Certain assets, liabilities, deferred inflow of resources, and deferred outflow of resources reported in governmental activities are not financial resources and therefore are not reported in the funds:	
Deferred loss on refunding	81,102

Net position of governmental activities

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

For the year ended September 30, 2021	Northbank Downtown Area		Southside Area	Total Governmental Funds
Revenues	0.444.756	_	F 640 F7F	Ó 45 055 004
Taxes	\$ 9,444,756	\$	5,610,575	\$ 15,055,331
Interest	588,261		160,419	748,680
Payment in lieu of taxes	355,386		-	355,386
Miscellaneous revenue	 427,631			427,631
Total revenues	 10,816,034		5,770,994	16,587,028
Expenditures				
Current				
Economic environment				
Public investment expenditures	4,951,220		2,292,841	7,244,061
Other expenditures	1,178,270		481,433	1,659,703
Debt service	1,170,270		102) 100	2,000,00
Principal	514,779		142,000	656,779
Interest	285,222		174,900	460,122
	,		· · · · · · · · · · · · · · · · · · ·	
Total expenditures	6,929,491		3,091,174	10,020,665
Excess (deficiency) of revenues				
over (under) expenditures	 3,886,543		2,679,820	6,566,363
Other Financing Sources (Uses)				
Transfers from primary government	1,468,395		_	1,468,395
Transfers to primary government	-		(363,356)	(363,356)
Transfers to primary government			(303,330)	(303,330)
Net other financing sources (uses)	 1,468,395		(363,356)	1,105,039
Net change in fund balances	5,354,938		2,316,464	7,671,402
Fund balances, beginning of year	11,484,418		10,512,400	21,996,818
Fund balances, end of year	\$ 16,839,356	\$	12,828,864	\$ 29,668,220

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, 2021	
Net change in fund balances - total governmental funds	\$ 7,671,402
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 Amortization - loss on refunding	23,059 (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.	656,779
Change in net position of governmental activities	\$ 8,341,293

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.

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.

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 I30: *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.

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.

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.

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.

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.

Compliance Guideline Characteristics As of September 30, 2021

Sector Guideline Exposures

		Sector .	duideillie Exp	USUI CS			
			% of Normal Portfolio Balan				
				Max	imum		
	Exposure to		Year end	During			
Compliance Guideline	Spe	cific Guideline	Exposure %	Year	By Policy		
Duration ¹		3.36	NA	3.47	5.00		
Liquidity	\$	7,932,423	30.7%	44.8%	100.0%		
Requirements							
USG + Agencies	\$	9,641,921	37.3%	54.6%	100.0%		
US Govt (USG)		6,139,237	23.8%	36.5%	100.0%		
Constraints							
Agencies	\$	3,502,684	13.6%	19.5%	45.0%		
MBS		2,755,660	10.7%	13.7%	35.0%		
Agency MBS		2,006,951	7.8%	10.5%	35.0%		
Non-Agency MBS		748,708	2.9%	3.4%	15.0%		
Asset Backed Securities		577,279	2.2%	3.2%	7.5%		
Corporates		5,552,659	21.5%	29.2%	60.0%		
Corporates > 1 Year		4,375,496	16.9%	21.6%	40.0%		
Municipal Bonds		177,199	0.7%	1.0%	10.0%		
Bond Funds		5,743,959	22.2%	40.5%	85.0%		
Money Market Funds		6,452,939	25.0%	32.0%	40.0%		
Certificates of Deposits		-	0.0%	0.0%	20.0%		
Repurchase agreements		-	0.0%	0.0%	20.0%		
Rule 144a Securities		895,409	3.5%	4.1%	10.0%		
Specialty Risk							
High Yield	\$	1,028,129	4.0%	4.6%	9.0%		
International		679,972	2.6%	3.2%	7.5%		
International (non-hedged)		-	0.0%	0.0%	5.0%		
Emerging Markets		77,977	0.3%	0.4%	5.0%		
Duration > 8.5		579,453	2.2%	3.5%	7.5%		
Normal Portfolio Balance	\$	25,815,607					

¹Commingled Funds and Cash are excluded

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.

	Fa	ir Value of Asset	s by	Measurement Type Quoted Prices in Active Markets For Identical	0	Significant bservable Inputs		Significant nobservable
Investment Type	Т	otal Fair Value		Assets (Level 1)		(Level 2)	Inp	outs (Level 3)
Corporate Stock - Preferred	\$	20,656	\$	-	\$	20,656	\$	-
Registered Investment Companies		13,045,857		13,045,857		-		-
U. S. Government Securities		8,064,559		5,661,927		2,402,632		-
Corporate Debt Instruments		5,887,285		-		5,887,285		-
Common/Collective Trust		2,611,644		-		-		2,611,644
Other Investments		(214,195)		(451,213))	237,018		-
Total Investments	\$	29,415,806	\$	18,256,571	\$	8,547,591	\$	2,611,644

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

- <u>Corporate Stock (Preferred)</u> 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>U.S. Government Securities</u> 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.
- <u>Corporate Debt Instruments</u> 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.
- <u>Common/Collective</u> 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.

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.

Quality Breakdown	Portfolio (%)
Aaa	45.8%
Aa1-Aa3	5.1%
A1-A3	10.4%
Baa1-Baa3	14.5%
Ba1-Ba3	2.5%
Other	8.4%
Commingled	13.3%
	100.00%

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.

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.

	Expo	osure	Percentage
U.S. Dollar	\$	29,409,328	99.98%
Mexican New Peso		6,460	0.02%
Polish Zloty		18	0.00%
Total	\$	29,415,806	100.00%

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 activities notes payable for the year ended September 30, 2021:

	Governmental Activities							
	Specia Reve	enue Bond,						
Year ending	Series	2014	Internal Loa	ans Payable	Total			
September 30,	Principal	Interest	Principal	Interest	Principal	Interest		
2022	197,000	166,425	530,221	269,779	\$ 727,221	\$ 436,204		
2023	207,000	156,325	546,127	253,873	753,127	410,198		
2024	217,000	145,725	562,511	237,489	779,511	383,214		
2025	228,000	134,600	579,387	220,613	807,387	355,213		
2026	240,000	122,900	596,768	203,232	836,768	326,132		
2027–2031	1,556,000	405,150	3,263,373	736,627	4,819,373	1,141,777		
2032-2036	782,000	39,550	2,914,250	218,862	3,696,250	258,412		
Total	3,427,000	1,170,675	8,992,637	2,140,475	12,419,637	3,311,150		
Current portion	(197,000)	(166,425)	(530,221)	(269,779)	(727,221)	(436,204)		
Payable after one year	\$3,230,000	\$1,004,250	\$8,462,416	\$1,870,696	\$11,692,416	\$2,874,946		

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, 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 Loans payable Other debt related amounts Issuance premiums	\$ 3,569,000 9,507,416 276,714	\$		\$	(142,000) (514,779) (23,059)	\$ 3,427,000 8,992,637 253,655	\$	197,000 530,221
Total notes from direct borrowings	13,353,130		-		(679,838)	12,673,292		727,221
Governmental activity long-term liabilities	\$ 13,353,130	\$	-	\$	(679,838)	\$ 12,673,292	\$	727,221

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: COMMITMENTS AND CONTINGENCIES

The Agency has active projects as of September 30, 2021. At year-end, the Agency's commitments with contractors are as follows:

Northbank Downtown Area Southside Area	\$ 38,429,922 54,225,907
Total outstanding commitments	\$ 92,655,829

These projects are mainly funded by TIF revenues.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

				ariance with Final Budget
	Original	Final		Positive
For the year ended September 30, 2021	Budget	Budget	Actual	(Negative)
Revenues				
Property taxes	\$ 9,438,274	\$ 9,438,274	\$ 9,444,756	\$ 6,482
Interest	-	-	588,261	588,261
Miscellaneous revenue	1,101,734	1,624,226	783,017	(841,209)
Total revenues	10,540,008	11,062,500	10,816,034	(246,466)
Expenditures				_
Category				
Economic environment	9,737,507	21,973,949	6,414,712	15,559,237
Debt service	800,001	800,001	514,779	285,222
Total expenditures	10,537,508	22,773,950	6,929,491	15,844,459
Other Financing Sources (Uses)				
Transfers in	-	3,398,015	1,468,395	(1,929,620)
Transfers out	(2,500)	(40,000)	-	40,000
Total other financing sources (uses)	(2,500)	3,358,015	1,468,395	(1,889,620)
Net change in fund balance	-	(8,353,435)	5,354,938	(17,980,545)
Fund balance, beginning of the year	11,484,418	11,484,418	11,484,418	-
Fund balance, end of year	\$ 11,484,418	\$ 3,130,983	\$ 16,839,356	\$ (17,980,545)

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

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

For the year ended September 30, 2021	Original Budget	Final Budget		Actual	ariance with Final Budget Positive (Negative)
Revenues					
Property taxes	\$ 5,618,309	\$ 5,618,309	\$	5,610,575	\$ (7,734)
Interest	-	-	•	160,419	160,419
Total revenues	5,618,309	5,618,309		5,770,994	152,685
Expenditures					
Category					
Economic environment	5,247,459	15,900,783		2,774,274	13,126,509
Debt service	316,900	316,900		316,900	
Total expenditures	5,564,359	16,217,683		3,091,174	13,126,509
Other Financing Sources (Uses)					
Transfers in	_	560,168		_	(560,168)
Transfers out	(53,950)	(346,538)		(363,356)	(16,818)
Total other financing sources (uses)	(53,950)	213,630		(363,356)	(576,986)
Net change in fund balance	-	(10,385,744)		2,316,464	(13,550,810)
Fund balance, beginning of the year	10,512,400	10,512,400		10,512,400	
Fund balance, end of year	\$ 10,512,400	\$ 126,656	\$	12,828,864	\$ (13,550,810)

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

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 relatedresolutions 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, 2021. 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 2021 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



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

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") as of and for the year ended September 30, 2021, 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 30, 2022.

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 2021-001 and 2021-002 that we consider to be material weaknesses.

2021-001 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:

- Cash
- Accounts Receivable
- Accrued Payroll
- Revenues

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

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

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

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

Management Response: The City of Jacksonville went live with our ERP systems conversion on March 1, 2020. Exactly 16 days later, we were hit with the devastating COVID-19 pandemic that sidelined our workforce and disrupted the conversion that was already expected to be a challenging process. Many large organizations struggle for years to regain their footing after a major systems conversion. In our case, the systems previously in place were more than 50 years old and in need of major upgrade. Negatively impacted by the pandemic, our conversion put the City six months behind in submitting its FY2020 reports.

We have implemented many process improvements since our systems conversion and the FY2020 audit, our first in the new system. Specifically in response to the FY2020 auditor recommendations, made in December 2021, the City took the following steps:

- 1) To address the recommendation for further training, we made the following improvements:
 - a. We added Oracle University licenses to our 2021-2022 budget and a City-wide Oracle 1Cloud training position to our 2022-2023 budget. This new position will have the responsibility of ensuring the effective and productive training of new and existing employees. They will connect existing employees with both 1) Oracle University content, to which we have subscribed, related to their functions within the system and 2) our library of internally created content that we developed and added to the training materials library within the new ERP system. Our library of training materials is now an expansive online volume of function- and transaction-specific information. The training position will also be responsible for connecting newly assigned employees

with subject matter experts (SMEs) in their areas, identifying additional training content needs and coordinating the further development of materials. Through the creation and centralization of training content, creation of Job Aids, and adding a facilitator to connect users with the appropriate content, we are confident these efforts will continue to enhance the already strengthened understanding our users have of their roles and responsibilities in the new system.

- b. In addition to the above training enhancements for new and existing staff, we have rewritten accounting division job descriptions to focus on modern accounting needs, by including modern ERP systems functions and experience requirements. We have been filling vacancies with a preference placed on candidates with cloud-based accounting ERP systems experience and have expanded the financial reporting systems team from four to a total of nine positions (seven FTEs and two part time employees). These systems-specific functions and job specs did not exist in 2020 or before.
- 2) To address the recommendation for further consultation with software providers, we made two major changes:
 - a. We eliminated usage of the previous implementation consultant and instead hired Oracle Consulting directly. This change effectively eliminated the delays and partial answers we were seeing with the middle-man approach to implementation. From the date of the cutover to Oracle Consulting in April of 2021, we began to see notable improvements in the timeliness and quality of answers to the problems we were experiencing through and after implementation.
 - b. We added Oracle Managed Care Solutions (MCS) to our suite of ongoing services. The benefit of Oracle MCS is that they serve as an extension of our internally developed systems experts' problem ticket resolution process, allowing them to elevate and resolve user experience problems directly at the source. In other words, MCS allows for direct elevation of tickets to Oracle software developers and experts to address issues promptly.
- 3) To address the recommendation to bring monthly close processes up to date and ensure that subledgers reconcile accurately to the general ledger, we note the following:
 - a. Despite the late start on this year's audit caused by the COVID-delayed 2020 reports, we have made up three of those months as we are hitting the revised deadline of 9/30/22 to submit the City's FY2021 ACFR.

b.

c. Our monthly accounting processes caught back up to a live-closing basis for June 2022 which will ensure timely and accurate reporting going forward beginning with the 9/30/2022 ACFR, AFR, SEFA, and SESA.

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 and quality of financial reporting. We expect that these findings will be minimized in FY2022 and will be cleared by the FY2023 audit.

2021-002 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 Treasury division was not able to complete the bank reconciliation in a timely and accurate manner due to general weaknesses in the system implementation and did not make appropriate entries or communicate errors to the Accounting division to account for transactions which had been processed and were identified when performing the bank reconciliation.

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

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

Management Response: To address these weaknesses, we made the following four improvements:

- 1) The general weaknesses related to systems conversion were addressed through the steps highlighted in our responses to Finding 2021-001 above. These improvements led to the accounting months being closed in the system on a timely basis, which then allowed for a banking reconciliation to be performed on timely and accurate basis against those closed months. Live closing was restored beginning with the June 2022 month-end close process, and we have continued to close months on time since then. Our expectation will be that the audit of the FY2022 ACFR will reflect that this item has been substantially or fully addressed.
- 2) To address the communications weaknesses between Treasury and Accounting, we commenced weekly cash reconciliation meetings in May 2022 to ensure that any recording discrepancies or issues identified are addressed immediately so that when monthly closings occur the reconciliation process can occur more quickly and accurately.
- 3) We also reclassified positions within the Treasury Division to specifically add further reconciliation responsibility to newly assigned staff.
- 4) We adopted a standard set of monthly reconciliation procedures, with example job aid screenshots, to ensure that all steps are followed in the reconciling of monthly statements.

These four improvements have yielded positive results as we are now reconciling our monthly bank statements in a timely and accurate manner.

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 and quality of financial reporting. We fully expect that these findings will be minimized in FY2022 and will be cleared by the FY2023 audit.

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Jacksonville, Florida

Can, Rigge & Ingram, L.L.C.

September 30, 2022



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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 governmental activities and each major fund, of the City of Jacksonville, FL Downtown Investment Authority (the "Agency") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated September 30, 2022.

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 30, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings and recommendations made in the preceding financial audit report. Prior year findings 2020-001 and 2020-002 are repeated as 2021-001 and 2021-002, respectively, however both findings were new in the fiscal year 2020 audit.

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. 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 0.
- 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 0.
- 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:
 - Historic Shotgun Houses Rehabilitation \$334,374
 - Fuel Tank Removal, Former River City Brewing Site \$92,119
 - Rivers Edge Infrastructure \$19,557,422
- **f.** A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as shown on pages 25 and 26 of this report.

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 is not intended to be and should not be used by anyone other than these specified parties.

Jacksonville, Florida

Caux Rigge & Ingram, L.L.C.

September 30, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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, 2021. 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 American Institute of Certified Public Accountants. 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. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the Agency complied, in all material respects, with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021.

This report is intended solely for the information and use of management, the Agency's Boards, 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.

Jacksonville, Florida

September 30, 2022

Can, Rigge & Ingram, L.L.C.



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REDEVELOPMENT TRUST FUND

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 Section 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Policies*, during the year ended September 30, 2021. 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 American Institute of Certified Public Accountants. 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.

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

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

In our opinion, the Agency complied, in all material respects, with Section 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Policies* during the year ended September 30, 2021.

This report is intended solely for the information and use of management, the Agency's Boards, 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.

Jacksonville, Florida September 30, 2022

Can Rigge & Ingram, L.L.C.