



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

**Required Communications**

**September 30, 2020**



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## **INDEPENDENT AUDITOR'S 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, 2020, 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.

### **Auditor's 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 auditor's 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, 2020, 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 26–29 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 January 14, 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

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

Jacksonville, Florida  
January 14, 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, 2020.

### 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 \$8.7 million (net position).
- The Agency total net position increased \$7.0 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 \$22.0 million, an increase of \$6.9 million compared to the prior year. This represents unspent funds which will be carried forward and used in subsequent years.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### **Government-wide financial statements.**

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

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

#### **Fund financial statements.**

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

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

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

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

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

**Notes to the financial statements.**

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

**Other information.**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time, net position may serve as a useful indicator of a government’s financial position. In the case of the Agency, assets exceeded liabilities by \$8.7 million at the close of the most recent fiscal year, which is an increase of \$7.0 million.

The following table reflects the condensed statement of net position:

	<u>2020</u>	<u>2019</u>
Current and other assets	<b>\$ 22,198,148</b>	\$ 15,168,398
Long-term receivables	<b>32,515,083</b>	34,818,020
Total assets	<b><u>54,713,231</u></b>	<u>49,986,418</u>
Deferred Outflows of Resources	<b>91,049</b>	101,013
Current and other liabilities	<b>201,330</b>	108,560
Long-term liabilities outstanding	<b>13,353,130</b>	13,396,058
Total liabilities	<b><u>13,554,460</u></b>	<u>13,504,618</u>
Deferred Inflows of Resources	<b>32,515,083</b>	34,818,020
Restricted Net Position	<b><u>\$ 8,734,737</u></b>	<u>\$ 1,764,793</u>

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

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

The following tables shows condensed revenue and expense data:

	<u>2020</u>	<u>2019</u>
General revenues:		
Property taxes	\$ 13,496,850	\$ 12,316,253
Investment earnings	1,101,823	1,092,961
Miscellaneous	759,257	702,777
Transfers from (to) primary government, net	<u>2,874,855</u>	<u>(1,439,986)</u>
Total revenues	<u>18,232,785</u>	<u>12,672,005</u>
Program expenses:		
Economic environment	10,798,572	6,667,529
Interest and related costs on long-term debt	<u>464,269</u>	<u>479,245</u>
Total expenses	<u>11,262,841</u>	<u>6,667,529</u>
Change in net position	6,969,944	6,004,476
Net position - beginning	<u>1,764,793</u>	<u>(4,239,683)</u>
Net position - ending	<u>\$ 8,734,737</u>	<u>\$ 1,764,793</u>

The Agency's net position increased \$7.0 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 interest income, economic environment expenditures, debt service expenditures, and transfers-in of approximately \$443,000, \$2,294,000, \$875,000, and \$494,000, respectively.
- Southside Area – increases in interest income and transfers-out of approximately \$271,000, and \$421,000, respectively and a decrease in economic environment expenditures of approximately \$101,000.

**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.



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

**Long-term debt.**

At the end of the current fiscal year, the Agency had long-term debt outstanding of \$13.4 million. This represents one bond payable as well as a loan to a fund maintained by the City of Jacksonville, Florida. Additional information regarding the Agency's long-term debt can be found in the notes to the financial statements.

**ECONOMIC FACOTRS 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 2020-2021. 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 increase in property values continue and future redevelopment projects break ground.

**REQUESTS FOR INFORMATION**

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

**City of Jacksonville, Florida**  
**Downtown Investment Authority**  
Basic Financial Statements

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

<i>September 30, 2020</i>	Governmental Activities
<b>Assets</b>	
Equity in cash and cash equivalents	\$ 1,195,094
Investments	21,003,054
Non-current assets	
Due in more than one year	
Loans receivable, net	32,515,083
Total assets	54,713,231
<b>Deferred Outflows of Resources</b>	
Deferred outflows on refunding	91,049
Total deferred outflows of resources	91,049
<b>Liabilities</b>	
Accounts payable	201,330
Non-current liabilities	
Due within one year	
Bonds payable	142,000
Internal loans payable	514,778
Due in more than one year	
Bonds payable	3,427,000
Internal loans payable	8,992,638
Unamortized bond premiums	276,714
Total liabilities	13,554,460
<b>Deferred Inflows of Resources</b>	
Deferred inflows of revenue	32,515,083
<b>Net Position</b>	
Restricted	8,734,737
Total net position	\$ 8,734,737

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

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

<i>For the year ended September 30, 2020</i>					Program Revenues	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities						
Economic environment	\$ 10,798,572	\$ -	\$ -	\$ -	\$	(10,798,572)
Interest and related costs on long-term debt	464,269	-	-	-		(464,269)
<b>Total governmental activities</b>	<b>\$ 11,262,841</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$</b>	<b>(11,262,841)</b>
General revenues and transfers						
Taxes						
Property taxes						13,496,850
Investment earnings						1,101,823
Miscellaneous						759,257
Transfers from primary government, net						2,874,855
<b>Total general revenues</b>						<b>18,232,785</b>
Change in net position						6,969,944
Net position, beginning of year						1,764,793
<b>Net position, end of year</b>					<b>\$</b>	<b>8,734,737</b>

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

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

<i>September 30, 2020</i>	Northbank Downtown Area	Southside Area	Total Governmental Funds
<b>Assets</b>			
Equity in cash and cash equivalents	\$ 618,709	\$ 576,385	\$ 1,195,094
Investments	10,873,429	10,129,625	\$ 21,003,054
<b>Total assets</b>	<b>\$ 11,492,138</b>	<b>\$ 10,706,010</b>	<b>\$ 22,198,148</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	\$ 7,720	\$ 193,610	\$ 201,330
<b>Total liabilities</b>	<b>7,720</b>	<b>193,610</b>	<b>201,330</b>
Fund balances			
Restricted	11,484,418	10,512,400	21,996,818
<b>Total fund balances</b>	<b>11,484,418</b>	<b>10,512,400</b>	<b>21,996,818</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,492,138</b>	<b>\$ 10,706,010</b>	<b>\$ 22,198,148</b>

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

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

*September 30, 2020*

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Total fund balances - governmental funds \$ 21,996,818

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 32,515,083

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.

(32,515,083)

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

Bonds payable (3,569,000)

Internal loans payable (9,507,416)

Unamortized bond premiums (276,714)

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 91,049

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**Net position of governmental activities \$ 8,734,737**

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

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

<i>For the year ended September 30, 2020</i>	Northbank Downtown Area	Southside Area	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 8,752,204	\$ 4,744,646	\$ 13,496,850
Interest	751,303	350,520	1,101,823
Payment in lieu of taxes	323,503	-	323,503
Miscellaneous revenue	435,754	-	435,754
<b>Total revenues</b>	<b>10,262,764</b>	<b>5,095,166</b>	<b>15,357,930</b>
<b>Expenditures</b>			
Current			
Economic environment			
Public investment expenditures	6,742,600	1,154,900	7,897,500
Subsidies and contributions to other private organizations	-	-	-
Other expenditures	602,924	2,311,244	2,914,168
Debt service			
Principal	19,868	-	19,868
Interest	285,819	178,450	464,269
<b>Total expenditures</b>	<b>7,651,211</b>	<b>3,644,594</b>	<b>11,295,805</b>
Excess (deficiency) of revenues over (under) expenditures	2,611,553	1,450,572	4,062,125
<b>Other Financing Sources (Uses)</b>			
Transfers from primary government	3,016,813	-	3,016,813
Transfers to primary government	-	(141,958)	(141,958)
<b>Net other financing sources (uses)</b>	<b>3,016,813</b>	<b>(141,958)</b>	<b>2,874,855</b>
Net change in fund balances	5,628,366	1,308,614	6,936,980
Fund balances, beginning of year	5,856,052	9,203,786	15,059,838
<b>Fund balances, end of year</b>	<b>\$ 11,484,418</b>	<b>\$ 10,512,400</b>	<b>\$ 21,996,818</b>

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

**City of Jacksonville, Florida**  
**Downtown Investment Authority**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**

*For the year ended September 30, 2020*

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Net change in fund balances - total governmental funds \$ 6,936,980

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

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

Amortization of bond premium	23,060
Amortization - loss on refunding	(9,964)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 19,868

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Change in net position of governmental activities \$ 6,969,944

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



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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

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

***Government-Wide and Fund Financial Statements***

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

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

***Government-Wide Financial Statements***

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

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

***Fund Financial Statements***

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

The Agency reports the following major governmental funds:

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information***

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

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

*Cash and cash equivalents*

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

*Deferred Outflows/Inflows of Resources*

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

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

*Long-Term Obligations*

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

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

*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.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The provisions of 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.

The Agency's Boards may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues, Expenditures/Expenses and Transfers***

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

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

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

***Use of Estimates***

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 14, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

***Property Tax Calendar***

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

January 1	Property taxes are based on assessed value at this date as determined by the Duval County Property Appraiser.
July 1	Assessment roll approved by the state.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

September 30	Millage resolution approved by the City Council.
October 1	Beginning of fiscal year for which taxes have been levied.
November 30	Last day for 4% maximum discount.
April 1	Unpaid property taxes become delinquent.
May 31	Tax certificates are sold by the Duval County Tax Collector by this date. This is the first lien date on the properties.

**Note 2: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

**A. Cash on Deposit**

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

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

**B. Investments and Investment Practices**

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

Other than operating cash invested overnight through the City's zero balance sweep accounts, all invested cash is managed by third-party money managers. Performance benchmarks for the Portfolio are established in the Investment Policy and performance benchmarks for each of the specific third party managers are established by the Investment Committee. The Policy defines the Average Duration and Compliance Categories for investments. Compliance Category limits are stated as a percentage of the Fiscal Year 2019 Normal Portfolio Balance of \$1.19 billion, which is defined by Ordinance as the average total portfolio balance for the proceeding twelve months. Performance and compliance reports are prepared for the Investment Committee monthly. The City employs an independent investment custodian who takes direction from the money managers and independently settles all trades. The custodian provides performance and compliance reporting at both the portfolio level and by individual manager.

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



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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

Compliance Guideline Characteristics  
As of September 30, 2020

Compliance Guideline	Sector Guideline Exposures			
	Exposure to Specific Guideline	Year end Exposure %	% of Normal Portfolio Balance	
			During Year	Maximum By Policy
Duration <sup>1</sup>	3.44	NA	3.49	5.00
Liquidity Requirements	\$ 3,865,725	21.9%	40.3%	100.0%
USG + Agencies	\$ 6,164,335	34.9%	36.1%	100.0%
US Govt (USG)	3,728,864	21.1%	23.2%	100.0%
Constraints				
Agencies	\$ 2,435,471	13.8%	14.7%	45.0%
MBS	1,983,866	11.2%	11.7%	35.0%
Agency MBS	1,377,482	7.8%	8.4%	35.0%
Non-Agency MBS	606,384	3.4%	3.4%	15.0%
Asset Backed Securities	623,695	3.5%	3.5%	7.5%
Corporates	4,694,573	26.6%	27.1%	60.0%
Corporates > 1 Year	3,501,253	19.8%	20.5%	40.0%
Municipal Bonds	175,922	1.0%	1.0%	10.0%
Bond Funds	4,345,328	24.6%	38.9%	85.0%
Money Market Funds	4,742,570	26.8%	53.3%	40.0%
Certificates of Deposits	-	0.0%	0.0%	20.0%
Repurchase agreements	-	0.0%	0.0%	20.0%
Rule 144a Securities	647,799	3.7%	3.7%	10.0%
Specialty Risk				
High Yield	\$ 509,224	2.9%	3.6%	9.0%
International	507,433	2.9%	3.1%	7.5%
International (non-hedged)	-	0.0%	0.0%	5.0%
Emerging Markets	34,808	0.2%	0.3%	5.0%
Duration > 8.5	590,756	3.3%	3.3%	7.5%
Normal Portfolio Balance	\$ 17,678,952			

<sup>1</sup>Commingled Funds and Cash are excluded



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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Fair Value Measurements**

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

Investment Type	Total Fair Value	Fair Value of Assets by Measurement Type		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Stock - Preferred	\$ 5,878	\$ -	\$ 5,878	\$ -
Registered Investment Companies	8,601,733	8,601,733	-	-
U. S. Government Securities	5,552,601	3,826,249	1,726,352	-
Corporate Debt Instruments	4,828,453	-	4,828,453	-
Common/Collective Trust	2,030,064	-	-	2,030,063
Other Investments	(15,675)	(234,844)	219,169	-
<b>Total Investments</b>	<b>\$ 21,003,054</b>	<b>\$ 12,193,138</b>	<b>\$ 6,779,852</b>	<b>\$ 2,030,063</b>

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

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interest Rate Risk**

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

**E. Credit Quality**

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

Quality Breakdown	Portfolio (%)
Aaa	46.7%
Aa1-Aa3	3.9%
A1-A3	11.5%
Baa1-Baa3	16.1%
Ba1-Ba3	2.6%
Other	8.5%
Commingled	10.8%
	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.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Foreign Currency**

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

	Exposure	Percentage
U.S. Dollar	\$ 21,000,675	99.99%
Norwegian Krone	2,364	0.01%
Polish Zloty	15	0.00%
Total	<u>\$ 21,003,054</u>	<u>100.00%</u>

**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. \$3,569,000 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 \$3,569,000 as of September 30, 2020.

The following is a summary of governmental activities notes payable for the year ended September 30, 2020:

<i>Year ending</i> <i>September 30,</i>	Governmental Activities					
	Specia Revenue Bond, Series 2014		Internal Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 142,000	\$ 174,900	\$ 514,778	\$ 285,222	\$ 656,778	\$ 460,122
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
2026–2030	1,433,000	479,875	3,168,324	831,676	4,601,324	1,311,551
2031-2035	1,145,000	87,725	3,606,068	327,045	4,751,068	414,770
Total	3,569,000	1,345,575	9,507,416	2,425,697	13,076,416	3,771,272
Current portion	(142,000)	(174,900)	(514,778)	(285,222)	(656,778)	(460,122)
Payable after one year	<u>\$3,427,000</u>	<u>\$1,170,675</u>	<u>\$8,992,638</u>	<u>\$2,140,475</u>	<u>\$12,419,638</u>	<u>\$3,311,150</u>

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Changes In Long-Term Liabilities***

Long-term liability activity for the year ended September 30, 2020, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable					
Special Revenue Bond, Series 2014	\$ 3,569,000	\$ -	\$ -	\$ 3,569,000	\$ 142,000
Loans payable	9,527,284	-	(19,868)	9,507,416	514,778
Other debt related amounts					
Issuance premiums	299,774		(23,060)	276,714	-
<b>Total notes from direct borrowings</b>	<b>13,396,058</b>	<b>-</b>	<b>(42,928)</b>	<b>13,353,130</b>	<b>656,778</b>
Governmental activity long-term liabilities	\$ 13,396,058	\$ -	\$ (42,928)	\$ 13,353,130	\$ 656,778

**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, 2020. At year-end, the Agency's commitments with contractors are as follows:

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

These projects are mainly funded by TIF revenues.

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

**Note 5: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Agency. The occurrence and extent of such an impact will depend on future developments, including (i) the and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of January 14, 2022.

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

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 8,762,118	\$ 8,752,204	\$ 8,752,204	\$ -
Interest	-	443,379	751,303	307,924
Miscellaneous revenue	1,101,734	1,101,734	759,257	(342,477)
<b>Total revenues</b>	<b>9,863,852</b>	<b>10,297,317</b>	<b>10,262,764</b>	<b>(34,553)</b>
<b>Expenditures</b>				
Category				
Economic environment	9,786,352	12,080,067	7,631,343	4,448,724
Debt service	-	875,000	19,868	855,132
<b>Total expenditures</b>	<b>9,786,352</b>	<b>12,955,067</b>	<b>7,651,211</b>	<b>5,303,856</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	494,313	3,016,813	2,522,500
Transfers out	(77,500)	(436,563)	-	436,563
<b>Total other financing sources (uses)</b>	<b>(77,500)</b>	<b>57,750</b>	<b>3,016,813</b>	<b>2,959,063</b>
Net change in fund balance	-	(2,600,000)	5,628,366	(2,379,346)
Fund balance, beginning of the year	5,856,052	5,856,052	5,856,052	-
<b>Fund balance, end of year</b>	<b>\$ 5,856,052</b>	<b>\$ 3,256,052</b>	<b>\$ 11,484,418</b>	<b>\$ (2,379,346)</b>

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

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

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

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 4,707,693	\$ 4,744,646	\$ 4,744,646	\$ -
Interest	-	271,618	350,520	78,902
<b>Total revenues</b>	<b>4,707,693</b>	<b>5,016,264</b>	<b>5,095,166</b>	<b>78,902</b>
<b>Expenditures</b>				
Category				
Economic environment	4,385,899	4,285,231	3,644,594	640,637
Debt service	319,294	307,718	-	307,718
<b>Total expenditures</b>	<b>4,705,193</b>	<b>4,592,949</b>	<b>3,644,594</b>	<b>948,355</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(2,500)	(423,315)	(141,958)	281,357
<b>Total other financing sources (uses)</b>	<b>(2,500)</b>	<b>(423,315)</b>	<b>(141,958)</b>	<b>281,357</b>
Net change in fund balance	-	-	1,308,614	(588,096)
Fund balance, beginning of the year	9,203,786	9,203,786	9,203,786	-
<b>Fund balance, end of year</b>	<b>\$ 9,203,786</b>	<b>\$ 9,203,786</b>	<b>\$ 10,512,400</b>	<b>\$ (588,096)</b>

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

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



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

**Note 1: BUDGETARY INFORMATION**

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

- a) The City of Jacksonville, Florida ("City") adopts its budget in accordance with Chapters 129 and 200, Florida Statutes, the City Charter and Municipal Ordinance Code.
  - a. The City Mayor's Proposed Budget is presented to the City Council on the second Tuesday in July; the budget ordinance, millage levy ordinance and related resolutions are introduced.
  - b. During the first Council meeting in September, public hearings are held on both the budget and the millage rate. Following the public hearings, the Council adopts a tentative budget and tentative millage rate. A final budget and millage is adopted by full Council, and is effective on October 1.

The Agency presents a Budgetary Comparison Schedule as Required Supplementary Information for each major special revenue fund with a legally adopted budget. The Agency has opted to make this presentation in the format and classifications of the budget document. These schedules report actual expenditures using generally accepted accounting principles as well as expenditures on the budgetary basis, which include amounts encumbered for future spending.

- b) The Agency adopts annual budgets for each community redevelopment area. The Agency reports Budgetary Comparisons for its Major Special Revenue Funds in the Required Supplementary Information section of the report. None of these funds had an excess of expenditures over appropriations for the year ended September 30, 2020. 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**

- 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 2020 Annual Budget Ordinance were made throughout the year, the effects of which were not material.

- e) All appropriations in annually budgeted funds, except for amounts corresponding to outstanding encumbrances, lapse at year-end or at the close of the authorizing project/program, unless specifically carried forward by ordinance.
- f) Formal budgetary integration is used as a management control device for all funds of the Agency.
- g) The Agency's Annual Financial Plan, or published budget document, may be obtained from the City's Budget Office located at 117 West Duval Street, Suite 325, Jacksonville, Florida 32202.

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Jacksonville, Florida Downtown Investment Authority (the "Agency") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 14, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 2020-001 and 2020-002 that we consider to be material weaknesses.

2020-001      ACCOUNTING SYSTEM IMPLEMENTATION

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

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

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

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

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

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

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

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

2020-002      BANK RECONCILIATIONS

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

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

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

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

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

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

### ***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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Agency's Response to Findings***

The Agency's response to the findings identified in our audit is described in the accompanying schedule of 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.

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

Jacksonville, Florida

January 14, 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, 2020, and have issued our report thereon dated January 14, 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 January 14, 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.

### **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.

### **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.

*Carr, Rigggs & Ingram, L.L.C.*

Jacksonville, Florida  
January 14, 2022



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## INDEPENDENT ACCOUNTANT'S 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, 2020. 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.

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, 2020.

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.

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

Jacksonville, Florida  
January 14, 2022



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## INDEPENDENT ACCOUNTANT'S 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, 2020. 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.

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, 2020.

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.

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

Jacksonville, Florida  
January 14, 2022



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January 14, 2022

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

We are pleased to present the results of our audit of the 2020 financial statements of the governmental activities and each major fund of the City of Jacksonville, Florida Downtown Investment Authority (the "Agency"), a blended component unit of the City of Jacksonville, Florida (the "City").

This communication summarizes our audit, the report issued and various analyses and observations related to the financial accounting and reporting practices followed. The document also contains the communications required by our professional standards.

The audit was designed, primarily, to express opinions on the 2020 financial statements. We considered an assessment of risks that could materially affect the financial statements and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of your personnel.

At Carr, Riggs & Ingram, LLC ("CRI"), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This information is intended solely for the information and use of the Honorable Mayor and Members of the City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact us.

Very truly yours,

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

CARR, RIGGS & INGRAM, LLC  
CERTIFIED PUBLIC ACCOUNTANTS



Our audit plan represented an approach responsive to the assessment of risk. Specifically, we planned and performed our audit to:

- Perform audit services in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the financial statements as of and for the year ended September 30, 2020;
- Communicate directly with you and management regarding the results of our procedures;
- Address with you and management any accounting and financial reporting issues;
- Anticipate and respond to your concerns and those of management; and
- Address other audit-related projects as they arise and upon request.

We have audited the financial statements as of and for the year ended September 30, 2020, and have issued our report thereon dated January 14, 2022. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<b>Auditor's responsibility under Generally Accepted Government Auditing Standards</b>	Professional standards require that we provide you with information about our responsibilities, as well as certain information related to the planned scope and timing of our audit. We have previously communicated such information in our engagement letter.
<b>Management's responsibility</b>	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation of the financial statements in conformity with GAAP. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.
<b>Planned scope and timing of the audit</b>	Our initial audit plan was not significantly altered during our fieldwork.
<b>Management's judgments and accounting estimates</b> <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i>	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."
<b>Potential effect on the financial statements of any significant risks and exposures</b> <i>Major risks and exposures facing the Areas and how they are disclosed.</i>	No such risks or exposures were noted.



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied in the financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations.</i></li> <li>• <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></li> </ul>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Significant difficulties encountered in the audit</b>  <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in performing our audit.</p>
<p><b>Disagreements with management</b>  <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p><b>Other findings or issues</b>  <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b>  <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None.</p>
<p><b>Corrected and uncorrected misstatements</b>  <i>All significant audit adjustments arising from the audit, whether or not recorded by management, that could individually or in the aggregate have a significant effect on the financial statements. We should also communicate uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.</i></p>	<p>No such corrected or uncorrected misstatements.</p>
<p><b>Major issues discussed with management prior to retention</b>  <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>None.</p>





MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><b>Consultations with other accountants</b>  <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>We are not aware of any consultations with other accountants.</p>
<p><b>Written representations</b>  <i>A reference to the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p><b>Internal control deficiencies</b>  <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	<p>See "Internal Control Findings" section.</p>
<p><b>Required supplementary information</b></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>



We are required to communicate our judgments about the quality, not just the acceptability, of the Areas' accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Council may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Fair Value of Investments	<p>The Areas categorizes its fair value measurements within fair value hierarchy based on the valuation inputs. Level 1 inputs are quoted prices in active markets for identical assets, level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs.</p> <p>The Areas follows the provisions of Section 150: <i>Investments</i>, of the GASB Codification when reporting investments.</p>	X	The Areas relies on investment valuation information from the City's investment manager and from information from investment pool sponsors based on financial market information.	We examined the key factors and assumptions used to develop the fair value estimates and found them to be reasonable in relation to the financial statements taken as a whole.
Allowance for Doubtful Accounts	<p>The City estimates amounts of receivables recorded transactions for which it does not anticipate collection.</p> <p>The City follows the provisions of Section 1600: Basis of Accounting and Section P80: Proprietary Fund Accounting and Financial Reporting, of the GASB Codification when reporting allowances for uncollectible accounts.</p>	X	Management's estimate of the allowance for doubtful accounts is based on historical collection data and aging analysis of outstanding receivables.	We examined the key factors and assumptions used to develop the estimate and evaluated the estimate as compared to subsequent collections determining that it is reasonable in relation to the financial statements taken as a whole.



January 14, 2022

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

In planning and performing our audit of 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, 2020, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified.

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. We consider the following deficiencies in internal control to be significant deficiencies.

We included in the accompanying chart control deficiencies and other internal control recommendations for management’s consideration.

This communication is intended solely for the information and use of management, the finance committee, and others within the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

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

CARR, RIGGS & INGRAM, LLC

The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

<b>IP =</b> <b>Improvement Point</b>	<b>D =</b> <b>Control Deficiency</b>	<b>SD =</b> <b>Significant Deficiency</b>	<b>MW =</b> <b>Material Weakness</b>
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CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION
2020-001	MW	IT structure and understanding.	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.	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.
2020-002	MW	Controls over cash and deposits	During the audit we found that the bank reconciliation was not accurately completed and there were transactions which had already cleared the bank but were not properly recorded in the general ledger or the bank reconciliation.	The Treasury department and Accounting & Finance department should collaborate to ensure the bank balances are being reconciled accurately to an amount that matches in both departments.



ONE CITY. ONE JACKSONVILLE.

# City of Jacksonville, Florida

*Lenny Curry, Mayor*

Finance and Administration Department  
General Accounting Division  
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Jacksonville, FL 32202  
(904) 255-5261  
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January 14, 2022

Carr, Riggs & Ingram, LLC  
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This representation letter is provided in connection with your audits of the financial statements of the City of Jacksonville Downtown Investment Agency (the "Agency"), which comprise the respective financial position of the governmental activities and each major fund as of September 30, 2020, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 14, 2022, the following representations made to you during your audit.

## **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 18, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) There are no adjustments or disclosures, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 7) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 8) Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

## Information Provided


- 9) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of City Council/Agency's Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) We have no knowledge of any fraud or suspected fraud that affects the Agency and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.
- 14) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 15) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 16) We have disclosed to you the identity of the Agency's related parties and all the related party relationships and transactions of which we are aware.

## Government-specific

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 19) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 21) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 22) There were no instances of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 23) There were no instances of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill,

knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 26) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) Expenses have been appropriately classified.
- 29) Revenues are appropriately classified.
- 30) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 31) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 32) Notes Receivable recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value. We have accurately communicated all open notes receivable agreements to you.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Notes payable and internal loans payable have been appropriately classified and we have accurately communicate all open balances and related transactions to you.

Signature: 

Signature: \_\_\_\_\_

Title: City Comptroller

Title: \_\_\_\_\_



ONE CITY. ONE JACKSONVILLE.

# City of Jacksonville, Florida

*Lenny Curry, Mayor*

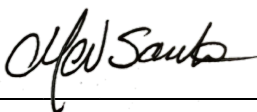
Finance and Administration Department  
General Accounting Division  
117 West Duval Street, Suite #375  
Jacksonville, FL 32202  
(904) 255-5261  
www.coj.net

January 14, 2022

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

In connection with your examination of City of Jacksonville Downtown Investment Authority (the "Agency") compliance with Sections 163.387(6) and (7), Florida Statutes, for the year ended September 30, 2020, for the purpose of expressing an opinion about whether the Agency has complied with Sections 163.387(6) and (7), Florida Statutes, in all material respects, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

- 1) We are responsible for complying with Sections 163.387(6) and (7), Florida Statutes.
- 2) We are responsible for establishing and maintaining effective internal control over compliance.
- 3) We have performed an evaluation of the Agency's compliance with Sections 163.387(6) and (7), Florida Statutes.
- 4) All relevant matters are reflected in the measurement or evaluation of the Agency's compliance with the specified requirements.
- 5) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.
- 6) We have disclosed to you all known noncompliance with Sections 163.387(6) and (7), Florida Statutes, including noncompliance occurring after September 30, 2020.
- 7) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Sections 163.387(6) and (7), Florida Statutes.
- 8) We have disclosed to you all known matters that may contradict the Agency's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Sections 163.387(6) and (7), Florida Statutes, including communications received after September 30, 2020.
- 9) We have responded fully to all inquiries made to us by you during the engagement.

Signature: 

Title: City Comptroller

Signature: \_\_\_\_\_

Title: \_\_\_\_\_





ONE CITY. ONE JACKSONVILLE.

# City of Jacksonville, Florida

*Lenny Curry, Mayor*

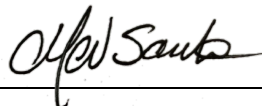
Finance and Administration Department  
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January 14, 2022

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

In connection with your examination of City of Jacksonville Development Investment Authority (the "Agency") compliance with Section 218.415, Florida Statutes, for the year ended September 30, 2020, for the purpose of expressing an opinion about whether the Agency has complied with Section 218.415, Florida Statutes, in all material respects, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

- 1) We are responsible for complying with Section 218.415, Florida Statutes.
- 2) We are responsible for establishing and maintaining effective internal control over compliance.
- 3) We have performed an evaluation of the Agency's compliance with Section 218.415, Florida Statutes.
- 4) All relevant matters are reflected in the measurement or evaluation of the Agency's compliance with the specified requirements.
- 5) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.
- 6) We have disclosed to you all known noncompliance with Section 218.415, Florida Statutes, including noncompliance occurring after September 30, 2020.
- 7) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Section 218.415, Florida Statutes.
- 8) We have disclosed to you all known matters that may contradict the Agency's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Section 218.415, Florida Statutes, including communications received after September 30, 2020.
- 9) We have responded fully to all inquiries made to us by you during the engagement.

Signature: 

Title: City Comptroller

Signature: \_\_\_\_\_

Title: \_\_\_\_\_