



**KingSoutel Crossing
Community Redevelopment Agency**

FINANCIAL STATEMENTS

September 30, 2023

	Page
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Position.....	8
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	9
Notes to Financial Statements	10
Required Supplementary Information	
Budgetary Comparison Schedule	21
Budgetary Notes to Required Supplementary Information.....	22
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Schedule of Findings and Response to Findings.....	26
Independent Auditor’s Management Letter.....	27
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	30
Independent Accountant’s Report on Compliance with Sections 163.387(6) and 163.387(7), Florida Statutes	31
Corrective Action Plan.....	32



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

904.356.6023
904.353.5836 (fax)
CRICpa.com

INDEPENDENT AUDITOR’S REPORT

To the Honorable Chair and Members of the Board
KingSoutel Crossing Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the KingSoutel Crossing Community Redevelopment Agency as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 21-23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

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

Other Reporting Required by *Government Auditing Standards*

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

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

CARR, RIGGS & INGRAM, LLC

Jacksonville, Florida

June 28, 2024

KingSoutel Crossing Community Redevelopment Agency Management's Discussion and Analysis

As management of the KingSoutel Crossing Community Redevelopment Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview of the financial activities of the Agency for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$5.8 million (net position).
- The Agency total net position increased \$2.3 million over the course of the year's operation primarily due to accumulating funds for future project spending.
- The Agency's financial statements reported an ending fund balance of \$5.8 million, an increase of \$2.3 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 Agency'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. The Agency's fund is a governmental fund. 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

**KingSoutel Crossing
Community Redevelopment Agency
Management’s Discussion and Analysis**

term financing requirements.

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 an individual governmental fund, which is considered to be a major fund.

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 an annual appropriated budget for the major fund. Budgetary comparison schedules have been provided for this fund 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 \$5.8 million at the close of the most recent fiscal year, which is an increase of \$2.3 million.

The following table reflects the condensed statement of net position:

	2023	2022
Current and other assets	\$ 5,757,311	\$ 3,499,703
Current and other liabilities	-	540
Restricted Net Position	\$ 5,757,311	\$ 3,499,163

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

**KingSoutel Crossing
Community Redevelopment Agency
Management’s Discussion and Analysis**

The following tables shows condensed revenue and expense data:

	<u>2023</u>	<u>2022</u>
General revenues:		
Property taxes	\$ 2,249,182	\$ 1,575,217
Investment earnings	213,899	13,036
Total revenues	<u>2,463,081</u>	<u>1,588,253</u>
Program expenses:		
Economic environment	<u>202,433</u>	<u>93,597</u>
Increases (decreases) in net position before transfers	2,260,648	1,494,656
Transfers to primary government	<u>(2,500)</u>	<u>(2,500)</u>
Change in net position	<u>2,258,148</u>	<u>1,492,156</u>
Net position - beginning	<u>3,499,163</u>	<u>2,007,007</u>
Net position - ending	<u>\$ 5,757,311</u>	<u>\$ 3,499,163</u>

The Agency’s net position increased \$2.3 million primarily from accumulating funds for future capital projects.

FINANCIAL ANALYSIS OF THE AGENCY’S FUND

Revenues (excluding transfers) for the Agency’s activities increased \$874.8 thousand primarily from an increase in property taxes due to higher property values.

Budgetary highlights.

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

- KingSoutel Crossing Area – increases in economic environment budgeted expenditures of approximately \$3,640,000.

CAPITAL ASSET AND DEBT ACTIVITY

Capital assets.

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

Long-term debt.

At the end of the current fiscal year, the Agency does not have any long-term debt outstanding.

KingSoutel Crossing Community Redevelopment Agency Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the KingSoutel Crossing Community Redevelopment Agency'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.

**KingSoutel Crossing
Community Redevelopment Agency**

Governmental Fund Balance Sheet/Statement of Net Position

<i>September 30, 2023</i>	KingSoutel Crossing Area	Adjustments (Note 4)	Statement of Net Position
Assets			
Equity in cash and cash equivalents	\$ 265,988	\$ -	\$ 265,988
Investments	5,491,323	-	5,491,323
Total assets	\$ 5,757,311	\$ -	\$ 5,757,311
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	-
Fund balance			
Restricted fund balance	5,757,311	(5,757,311)	-
Total liabilities and fund balance	\$ 5,757,311		
Net Position			
Restricted net position		\$ 5,757,311	\$ 5,757,311

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

**KingSoutel Crossing
Community Redevelopment Agency
Governmental Fund Statement of Revenues, Expenditures, and Changes in
Fund Balance/Statement of Activities**

<i>For the year ended September 30, 2023</i>	KingSoutel Crossing Area	Adjustments (Note 4)	Statement of Activities
Revenues			
Taxes	\$ 2,249,182	\$ -	\$ 2,249,182
Interest	213,899	-	213,899
Total revenues	2,463,081	-	2,463,081
Expenditures			
Current:			
Economic environment	202,433	-	202,433
Excess (deficiency) of revenues over (under) expenditures	2,260,648	-	2,260,648
Other Financing Sources (Uses)			
Transfers to primary government	(2,500)	-	(2,500)
Net change in fund balances/ net position	2,258,148	-	2,258,148
Fund balance/net position:			
Beginning of year	3,499,163	-	3,499,163
End of year	\$ 5,757,311	\$ -	\$ 5,757,311

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

KingSoutel Crossing Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The legal entity, KingSoutel Crossing Community Redevelopment Agency, (the “Major Fund” or the “Agency”) was created by ordinances of the City of Jacksonville (the “City”) to carry out community redevelopment within the City of Jacksonville under Chapter 163, Part 3, of the Florida Statutes. The City Council sits as the Agency Board of the KingSoutel Crossing Community Redevelopment Agency and approves the budgets. The Agency is reported as a blended component unit of the City because of the existence of a financial benefit/burden relationship. The Major Fund 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.

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.

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a special-purpose entity engaging in only one function of governmental activities, the separate government-wide and fund financial statements are presented in a single presentation with a reconciling column for adjustments. The governmental activities column incorporates data from the governmental fund.

Fund Financial Statements

The fund financial statement columns provide information about the Agency's fund. The emphasis of fund financial statements is on major governmental funds.

The Agency reports the following major governmental fund:

The *KingSoutel Crossing Area Fund* is the operating fund for the King / Soutel Crossing Tax Increment District. It accounts for all financial resources of this Tax Increment District.

Budgetary Information

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

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

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.

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Categories and Classification of Net Position and Fund Balance

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

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

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

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

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

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

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Agency’s highest level of decision-making authority. The Agency’s Board 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 Board to assign amounts for a specific purpose. 2) The Agency’s Board have authorized the Director of Finance, in

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Revenues, Expenditures/Expenses and Transfers

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

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

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

Use of Estimates

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

Subsequent Events

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

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The calendar of events is as follows:

January 1	Property taxes are based on assessed value at this date as determined by the Duval County Property Appraiser.
July 1	Assessment roll approved by the state.
September 30	Millage resolution approved by the City Council.
October 1	Beginning of fiscal year for which taxes have been levied.
November 30	Last day for 4% maximum discount.
April 1	Unpaid property taxes become delinquent.
May 31	Tax certificates are sold by the Duval County Tax Collector by this date. This is the first lien date on the properties.

Recently Issued and Implemented Accounting Pronouncements

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

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

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

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

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

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

A. Cash on Deposit

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

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

B. Investments and Investment Practices

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

Other than operating cash invested overnight through the City's zero balance sweep accounts, all invested cash is managed by third-party money managers. Performance benchmarks for the portfolio are established in the Policy and performance benchmarks for each of the specific third party managers are established by the investment committee. The Policy defines the average duration and compliance categories for investments. Compliance category limits are stated as a percentage of the Fiscal Year 2023 normal portfolio balance of \$1.73 billion, which is defined by Ordinance Code as the City's average total portfolio balance for the proceeding twelve months. Performance and compliance reports are prepared for the investment committee monthly. The City employs an independent investment custodian who takes direction from the money managers and independently settles all trades. The custodian provides performance and compliance reporting at both the portfolio level and by individual manager.

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

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

Compliance Guideline Characteristics
As of September 30, 2023

Compliance Guideline	Sector Guideline Exposures			
	Exposure to Specific Guideline	Year end Exposure %	% of Normal Portfolio Balance	
			Year end Exposure %	Maximum During Year
Duration¹	2.87	NA	2.95	5.00
Liquidity	\$ 1,122,032	23.2%	36.5%	100.0%
Requirements				
USG + Agencies	\$ 1,685,741	34.9%	41.5%	100.0%
US Govt (USG)	1,157,351	24.0%	29.1%	100.0%
Constraints				
Agencies	\$ 528,389	10.9%	13.0%	45.0%
MBS	435,710	9.0%	10.2%	35.0%
Agency MBS	291,592	6.0%	7.1%	35.0%
Non-Agency MBS	144,118	3.0%	3.1%	15.0%
Asset Backed Securities	168,088	3.5%	3.5%	7.5%
Corporates	952,267	19.7%	20.9%	60.0%
Corporates > 1 Year	675,939	14.0%	15.5%	40.0%
Municipal Bonds	36,588	0.8%	0.8%	10.0%
Bond Funds	1,012,321	21.0%	29.6%	85.0%
Money Market Funds	1,553,516	32.2%	42.8%	40.0%
Certificates of Deposits	-	0.0%	0.0%	20.0%
Repurchase agreements	-	0.0%	0.0%	20.0%
Rule 144a Securities	188,440	3.9%	3.9%	10.0%
Specialty Risk				
High Yield	\$ 57,393	1.2%	1.4%	9.0%
International	148,511	3.1%	3.1%	7.5%
International (non-hedged)	-	0.0%	0.0%	5.0%
Emerging Markets	2,194	0.0%	0.2%	5.0%
Duration > 8.5	83,550	1.7%	2.0%	7.5%
Normal Portfolio Balance	\$ 4,828,987			

¹Commingled Funds and Cash are excluded

**KingSoutel Crossing
Community Redevelopment Agency
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	\$ 2,176	\$ -	\$ 2,176	\$ -
Registered Investment Companies	2,583,068	2,583,068	-	-
U. S. Government Securities	1,476,066	1,229,213	246,853	-
Corporate Debt Instruments	1,015,304	-	1,015,304	-
Common/Collective Trust	355,406	-	-	355,406
Other Investments	59,303	22,324	36,979	-
Total Investments	\$ 5,491,323	\$ 3,834,605	\$ 1,301,312	\$ 355,406

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

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

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. Interest Rate Risk

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

E. Credit Quality

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

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

Ratings definitions:

Treasury – United States Treasury Securities (Included in Aaa)

Agency – Government Agency Securities (Included in Aaa)

Aaa (AAA) – Highest Investment Grade Quality Rating

Aa1–Aa3 (AA+ to AA-) – Medium Investment Grade Quality Rating

A1-A3 (A+ to A-) – Medium Low Investment Grade Quality Rating

Baa1-Baa3 (BBB+ to BBB-) – Lowest Investment Grade Quality Rating

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

Commingled – Securities that are not applicable to Quality Ratings - 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.

**KingSoutel Crossing
Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Custodial Credit Risk

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

G. Foreign Currency

The Agency has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through our money managers' portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but it is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor. At September 30, 2023, the Agency's exposure to foreign currency risk is approximately \$1,500, which represents 0.03% of the Agency's total investments.

Note 3: RISK MANAGEMENT

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

The Program does transfer some of the Agency's risk through the purchase of insurance for its other exposures. The Program maintains watercraft, wharfingers liability, out of state automobile liability, aviation, terrorism, crime, property, and other certain general liability policies (rails to trails, power lines easement, riverwalk, and voting precincts) to transfer risk. These policies are subject to sub limits, policy aggregates (where applicable), terms, conditions, and exclusions as noted in the policies. Additional details on the Program can be found in the City's separately issued financial statements.

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

Note 4: COMMITMENTS AND CONTINGENCIES

The Agency has active projects as of September 30, 2023. At year-end, the Agency's commitments with contractors total approximately \$2.6 million. These projects are mainly funded by TIF revenues.

Note 5: RECONCILING ADJUSTMENT BETWEEN GOVERNMENT WIDE STATEMENTS AND GOVERNMENTAL FUND STATEMENTS

Certain adjustments to equity classifications were made to comply with GASB classification on the government wide statements.

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

**KingSoutel Crossing
Community Redevelopment Agency
Budgetary Comparison Schedule**

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 2,241,102	\$ 2,264,326	\$ 2,249,182	\$ (15,144)
Interest	27,355	160,217	213,899	53,682
Total revenues	2,268,457	2,424,543	2,463,081	38,538
Expenditures				
Current:				
Economic environment	2,265,957	5,906,058	202,433	5,703,625
Excess (deficiency) of revenues over (under) expenditures	2,500	(3,481,515)	2,260,648	5,742,163
Other Financing Sources (Uses)				
Transfers to primary government	(2,500)	(2,500)	(2,500)	-
Net change in fund balance	-	(3,484,015)	2,258,148	5,742,163
Fund balance, beginning of the year	3,499,163	3,499,163	3,499,163	-
Fund balance, end of year	\$ 3,499,163	\$ 15,148	\$ 5,757,311	\$ 5,742,163

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.

**KingSoutel Crossing
Community Redevelopment Agency**

Budgetary Notes o 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 Fund in the Required Supplementary Information section of the report. This fund did not have an excess of expenditures over appropriations for the year ended September 30, 2023. Project or program budgets, which may not coincide with the Agency's fiscal year, or which may exceed a single annual period, are adopted by separate ordinance for most Special Revenue Funds
- c) Level of Budgetary Control – The Agency complies with the City’s level of budgetary control as outlined below. Expenditures may not exceed appropriations and are controlled as follows:
 - 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.

**KingSoutel Crossing
Community Redevelopment Agency**

Budgetary Notes o Required Supplementary Information

Note 1: BUDGETARY INFORMATION (Continued)

- d) Supplemental Appropriations - The Agency may, through passage of an ordinance, amend the budget in any manner permissible under state and local law, with one exception. Bond covenants, trust and agency agreements, and certain clauses of ordinances in effect may restrict certain budgetary items in terms of amount or use.

In certain instances, the Agency may supplement the appropriations in a fund due to unexpected high levels of receipts or under estimates of carry forward balances. Supplemental appropriations to the Fiscal Year 2023 Annual Budget Ordinance were made throughout the year, the effects of which were not material.

- e) All appropriations in annually budgeted funds, except for amounts corresponding to outstanding encumbrances, lapse at year-end or at the close of the authorizing project/program, unless specifically carried forward by ordinance.
- f) Formal budgetary integration is used as a management control device for the fund 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



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

904.356.6023
904.353.5836 (fax)
CRlcpa.com

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

To the Honorable Chair and Members of the Board
KingSoutel Crossing Community Redevelopment Agency

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

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Agency's Response to Findings

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

Purpose of this Report

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

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

Jacksonville, Florida

June 28, 2024

**KingSoutel Crossing
Community Redevelopment Agency
Schedule of Findings and Response to Findings**

2023-001 ACCOUNTING SYSTEM IMPLEMENTATION

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

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

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

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

Effect: Multiple material errors were identified during the audit.

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

Management Response: See the accompanying Corrective Action Plan prepared by management starting on page 32.



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

904.356.6023
904.353.5836 (fax)
CRlcpa.com

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Chair and Members of the Board
KingSoutel Crossing Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the KingSoutel Crossing Community Redevelopment Agency (the "Agency"), a component unit of the City of Jacksonville, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Reports on examinations conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

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

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Agency as of September 30, 2023. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as 0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as 0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - New Kings Road Capital Projects - \$0
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is actual expenditures of \$2,063,524 below the original adopted budget.

Additional Matters

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

Purpose of this Letter

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

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

Jacksonville, Florida

June 28, 2024



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

904.356.6023
904.353.5836 (fax)
CRlcpa.com

INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Chair and Members of the Board
KingSoutel Crossing Community Redevelopment Agency

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

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

This report is intended solely for the information and use of management, the Agency’s Board, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jacksonville, Florida
June 28, 2024



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

904.356.6023
904.353.5836 (fax)
CRlcpa.com

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

To the Honorable Chair and Members of the Board
KingSoutel Crossing Community Redevelopment Agency

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

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

This report is intended solely for the information and use of management, the Agency’s Board, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jacksonville, Florida
June 28, 2024



A NEW DAY.

City of Jacksonville, Florida

Donna Deegan, Mayor

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

June 28, 2024

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

Part II – Financial Statement Findings

2023-001 ACCOUNTING SYSTEM IMPLEMENTATION

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

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

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

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

Effect: Multiple material errors were identified during the audit.

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

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

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

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

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

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

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

Contact Names responsible for the plan – Marcia Saulo

Anticipated completion date of the plan – September 30, 2024