

REQUEST FOR PROPOSAL

RFP No. 23-01



EXTERNAL AUDITOR SERVICES

RFP DUE DATE: THURSDAY, JUNE 1, 2023 @ 2:00 PM (EST)

Jerrie Gunder, Contract Specialist

Jerrie.Gunder@JAXPORT.com

PROCUREMENT SERVICES

2831 Talleyrand Avenue, Jacksonville, Florida 32206

[JAXPORT.com/procurement/active-solicitations](https://www.jaxport.com/procurement/active-solicitations)

REQUEST FOR PROPOSAL NO. 23-01

**EXTERNAL AUDITOR SERVICES
FOR THE
JACKSONVILLE PORT AUTHORITY**

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REQUESTS FOR DISTRIBUTION SHEETS

Copies of the Request for Proposal (RFP) distribution records may be requested by contacting Procurement Services.

SUBMISSION OF PROPOSALS

Proposals submitted electronically in advance of the time set for opening will be held in the E-Builder Bidding Portal until **2:00 PM (EST)**. Proposers are fully responsible for submittal of proposals. Reliance upon the computer system's reaction time is at proposer's risk. After the proposal due date/time has passed, the submit button will be disabled. **Late proposals will not be received or considered.**

PROPOSAL OPENING PROCEDURES

Depending on the type of project for which proposals are requested, the items read at the opening will vary. Sealed proposals are not public records subject to disclosure under the Florida Public Records Law until such time as the Jacksonville Port Authority provides notice of a decision or intended decision to award the contract or within thirty (30) days after opening, whichever is earlier (119.07 (3) (m), Florida Statutes). All parts of proposals, including exhibits, are subject to the Public Records Law, and a Proposer may not exclude any portion of the Proposal unless specifically exempted from disclosure by Florida Law. Exemption of financial statements applies only to required submittal for prequalification of bidders on public works projects.

REQUESTS FOR PROPOSALS RESULTS OR AWARD OF CONTRACT

Proposers desiring a copy of the unofficial tabulation sheet from Procurement Services, which will contain only the items considered necessary by JAXPORT, may request a copy be sent to them by facsimile or email, thirty (30) days after the proposal opening date. Proposers wishing to view proposals submitted, subject to the above Public Records requirements, must arrange an appointment by contacting Public Records at (904) 357-3091 or public.records@jaxport.com. If copies are requested, an appropriate charge will be assessed, and all copies will be made solely at the convenience of JAXPORT. All Proposers will be notified of the intent to award the contract after action by the Jacksonville Port Authority Awards Committee.

COMMUNICATION WITH JAXPORT DURING SOLICITATION PROCESS

Respondents to this solicitation or persons acting on their behalf may not contact, between the release of the solicitation and the end of the 72-hour period following the agency posting the notice of intended award, excluding Saturdays, Sundays, and state holidays, any JAXPORT employee concerning any aspect of this solicitation, except in writing to the procurement director or as provided in the solicitation documents. Violation of this provision may be grounds for rejecting a response.

REQUEST FOR PROPOSAL NO. 23-01

**EXTERNAL AUDITOR SERVICES
FOR THE
JACKSONVILLE PORT AUTHORITY**

Proposals will be received by the Jacksonville Port Authority (JAXPORT) via E-Builder Electronic Bid Submission until **2:00 PM (EST)**, on **THURSDAY, JUNE 1, 2023**, at which time they will be opened publicly via “ZOOM Meeting” under **MEETING ID: 889 2554 3268** and **PASSCODE NO: 730998**.

All Proposals must be submitted in accordance with the Specifications of Proposal Number **23-01**, which may be obtained from our website:

<https://www.jaxport.com/procurement/>

**Jacksonville Port Authority
Procurement Services
(904) 357-3455**

**ARTICLE I
INSTRUCTIONS TO PROPOSERS
EXTERNAL AUDITOR SERVICES**

1.01 GENERAL INFORMATION

The Jacksonville Port Authority (JAXPORT) is soliciting proposals from “Certified Public Accounting Firms” interested in providing comprehensive **EXTERNAL AUDITOR SERVICES** for the fiscal year ending September 30, 2023, for the Jacksonville Port Authority (JAXPORT), along with rendering certain opinions and reports required.

1.02 RECEIPT AND OPENING OF PROPOSALS

JAXPORT will receive Proposals until **THURSDAY, JUNE 1 2023 at 2:00 PM (EST)** from companies licensed, qualified and interested in providing **EXTERNAL AUDITOR SERVICES**, as per specifications listed on this RFP. These proposals will be publicly opened via “ZOOM” at the stated time and date listed above.

ZOOM MEETING information:

Please join my meeting from your computer, tablet or smartphone.

<https://us02web.zoom.us/j/88925543268?pwd=TXNGbTVdZWU0Vky3WWhjbG5HcUxkQT09>

*You can also dial in using your phone.
(Dial by your location)*

+1 786 635 1003 US (Miami)

+1 646 518 9805 US (New York)

+1 206 337 9723 US (Seattle)

**MEETING ID:
889 2554 3268**

**PASSCODE:
730998**

1.03 DELIVERY OF PROPOSALS

Proposals and all required supplemental material listed in Article III (*items to be submitted with Proposal Form*) must be electronically submitted in **PDF format only** through E-Builder. Proposal documents submitted through Email or Fax will not be accepted or considered. **JAXPORT no longer accepts any bid packages submitted by Mail or Hand-Deliveries. Please visit the JAXPORT’s website at www.jaxport.com for more information and updates.**

The PDF file name should read **“RFP 23-01”**. “How to Submit Your Bid Response in E-Builder” is provided as **“Attachment No. 2”**. Additional instructions on how to navigate in E-Builder, click the below link to access the **“Bidders Portal Instructional Training Video”**:

<https://resources.e-builder.net/bidding/e-builder-bidders-portal-instructional-training-video>

Proposals must be submitted prior to **2:00 PM (EST)**, on **THURSDAY, JUNE 1, 2023**. The E-Builder submit button will deactivate exactly at **2:00:00 PM EST** and you will not be permitted to submit your proposal regardless of where you are in the process. Please plan accordingly.

It is the sole responsibility of the Proposer to have its Proposal submitted to JAXPORT as specified herein on or before the above date and time. For the purpose of the RFP, a proposal is considered delivered when confirmation of delivery is provided by E-Builder and all required documents have been uploaded. Proposers must ensure that its electronic submission in E-Builder can be assessed and viewed at the time of the proposal opening. JAXPORT will consider any file that cannot be immediately accessed and viewed at the time of the proposal opening (such as, encrypted files, password protected files, or incompatible files) to be blank or incomplete as context requires, and are therefore unacceptable. Proposers will not be permitted to unencrypt files, remove password protections, or resubmit documents after proposal opening to make a file viewable if those documents are required with proposal. All expenses for submitting Proposals to JAXPORT are to be borne by the Proposer and will not be borne, charged to or reimbursed by JAXPORT in any manner or under any circumstance.

1.04 CONTRACT DOCUMENTS

The Contract Documents give the description of the work to be done under this Contract. The required qualifications of proposers, other technical information, applicable special conditions, term of the Contract and payment terms are also contained in these documents. The date, time and place of the receipt and opening of proposals are listed in Article 1.02 above.

1.05 EXAMINATION OF CONTRACT DOCUMENTS

The Proposer is required to carefully examine the sites of the work and the Contract documents. It will be assumed that the Proposer has investigated and is fully informed of the conditions, the character, and quality of work to be performed, any materials and equipment to be furnished, and of the requirements of the Contract documents.

1.06 OBLIGATION OF PROPOSERS

The Proposer must become fully aware of JAXPORT's requirements for the Contract. Failure to do so will not relieve a successful Proposer of its obligation to furnish the material, equipment and labor necessary to carry out the provisions of the Contract Documents and to complete the work at the prices proposed.

In addition, the Proposer will be held responsible for having examined the details of the proposed scope of work. The Proposer will use its personal knowledge and experience or professional advice as to the character of the proposed work and any other conditions surrounding and affecting the proposed work. The submittal of a Proposal will be construed as evidence that all Proposer obligations have been satisfied and no subsequent allowance will be made in this regard.

1.07 QUESTIONS & ADDENDUM

Any questions regarding this Request for Proposals (RFP) should be directed to **Jerrie Gunder, Contract Specialist** and submitted either by email to jerrie.gunder@jaxport.com or submittal through E-Builder. Answers to questions will be released on an Addendum directed to all known prospective proposers registered in the E-Builder's website and advertised on JAXPORT's website under Active Solicitations at <https://www.jaxport.com/procurement/>

The deadline for questions will be MONDAY, MAY 8, 2023 by 9:00 AM (EST).

No interpretation of the meaning of the specifications or other Contract Documents, or corrections of any apparent ambiguity, inconsistency or error therein, will be made to any Proposer orally. Any request for such interpretations or corrections must be made in writing.

Any such request which is not received prior to the above deadline date for questions will not be considered. All such interpretations and supplemental instructions will be in the form of written Addendum to the Contract Documents, which if issued, will be e-mailed to all known prospective proposers. However, it is the responsibility of each Proposer, before submitting its Proposal, to contact Procurement Services at (904) 357-3455 to determine if any Addendum have been issued and to make such Addendum a part of its Proposal. Only the interpretation or correction so given by JAXPORT in writing will be binding, and prospective proposers are advised that only JAXPORT will give information concerning, or will explain or interpret the RFP Documents.

1.08 PREPARATION OF PROPOSAL

- A. Proposal will be submitted via E-Builder Electronic Bid Submission per the attached Proposal Form (Article III). All blank spaces must be complete and all the item fields acknowledged prior to submittal. Only the Proposal Form and applicable additional information should be submitted. ***DO NOT SCAN AND SUBMIT ANY OTHER PORTIONS OF THE ORIGINAL JAXPORT PROPOSAL PACKAGE.***
- B. The uploaded Proposals shall contain **no more than twenty-five (25) pages** (excluding staff resumes, covers, required attachments and tab sheets). Text and figures shall be printed on one side of the 8½ by 11 paper only. Proposals should be prepared and uploaded in the order of the evaluation criteria detailed in Article IV, 4.05 of the RFP, and tabs sheets should be used to separate and label the sections according to the criteria. Information included in a letter of transmittal may not be taken into consideration while reviewing proposals. Only specific project staff resumes (two (2) page limit) should be used. Resumes should not be included for staff that is not assigned to the project work.
- C. Included in the twenty-five (25) pages limitation, proposals must contain an organizational chart and brief description of staff, as well as key staff of any sub Proposers proposed.
- D. Clear statements of experience related to the scope of work should be included for the firm, its management and key staff members proposed. A list of references should also be included. The list of references must include a contact person, phone number, email address and a brief description of services performed.
- E. A list of all sub Proposers proposed that are an integral part of the proposal from a technical aspect must be included with detailed information as required in C and D above.
- F. Included in the twenty-five (25) pages limitation, the Proposer must submit an overall schedule of availability of personnel as such exists at that time. Any significant commitment of listed personnel which could conflict with their availability for this project should be clearly shown.
- G. An authorized representative shall sign the proposal. If an individual makes the Proposal, he or she must sign his or her name therein and state his or her address and the name and address of every other person interested in the Proposal as principal. If a firm or partnership makes the Proposal, the name and address of each member of the firm or partnership must be stated. If a corporation makes the Proposal, an authorized officer must sign the Proposal or agent, subscribing the name of the corporation with his or her own name and affixes the Corporate Seal. Such officer or agent must also state the name of the State, under which the corporation is chartered, and the names and business address of the President, Secretary and Treasurer. If applicable, also provide evidence of registration with the Secretary of State of the State of Florida for doing business in the State of Florida.
- H. Failure to submit all information requested will result in a proposal being considered “non-responsive,” and therefore will be rejected.

1.09 RESPONSIBLE PROPOSER CRITERIA

In considering the responsibility of Proposers, JAXPORT will examine the following factors. Evaluation Criteria should be submitted in sufficient detail to allow proper evaluation of all proposals.

- A. Company’s Qualifications and Experience **(25 Points Maximum Score)**
- B. Past and Present Experience with Government and/or Seaport Audits **(25 Points Maximum Score)**
- C. Current Workload and Ability to Meet Report Deadlines **(15 Points Maximum Score)**
- D. Ability to Design an Approach and Work Plan **(15 Points Maximum Score)**
- E. Proximity to the Project **(10 Points Maximum Score)**

F. Quotation of Rates, Fee Structure and other Detailed Cost Breakdown Information (**10 Points Maximum Score**)

In this regard, JAXPORT reserves the right to reject any and all Proposals and to waive any non-conformance in Proposals received, whenever such rejection or waiver is in the best interest of JAXPORT.

Failure to provide requested information listed above may result in the Proposer being ruled non-responsive.

1.10 WITHDRAWAL OF PROPOSAL

Any Proposal may be withdrawn in E-Builder until the date and time set above for opening of the Proposals. Any Proposal not so withdrawn will, upon opening, constitute an irrevocable offer for one hundred eighty (180) days (or until one or more of the Proposals have been duly accepted by JAXPORT, whichever is earlier) to provide JAXPORT the services set forth in the attached specifications. JAXPORT action on Proposal normally will be taken within sixty (60) days of opening; however, no guarantee or representation is made as to the time between the proposal opening and the subsequent JAXPORT action.

1.11 DISQUALIFICATIONS OF PROPOSERS

Any of the following causes may be considered sufficient for the disqualification of a Proposer and rejection of the Proposal:

- A. Submission of more than one Proposal for the same work by an individual, firm, partnership or corporation under the same or different names. If a company has more than one division, only one Proposal may be submitted for the company.
- B. Evidence of collusion among Proposers.
- C. Incomplete work for which the Proposer is committed by contract which, in the judgment of JAXPORT, might hinder or prevent the Proposer with complying with the requested scope of services under this Contract if awarded to such Proposer.
- D. Being in arrears on any existing agreement with JAXPORT or having defaulted on a previous contract with JAXPORT. For purposes of this section, corporations, partnerships or companies, or firms or other business entities created for the purpose of shielding any individual, firm, Partnership Corporation, or other business entity from the application of this provision may be considered for disqualification.
- E. Items 'C' and 'D' above will be considered by JAXPORT after the opening of Proposals, and, if found to apply to any Proposer, JAXPORT will notify the Proposer that its Proposal will not be considered for an award of the Contract. The Proposer has five (5) business days to appeal in writing this decision to JAXPORT Chief Executive Officer, via Procurement Services, and the decision of the Chief Executive Officer will be final.
- F. Failure to provide the notarized forms, if any, required in the Proposal documents, and any other requirements listed in Article III.
- G. Failure to disclose any disciplinary actions taken or pending against the firm within the past three (3) years.

Minor irregularities that do not materially affect the Proposal may be waived at the sole discretion of JAXPORT.

1.12 NON-WARRANTY OF RFP INFORMATION

Due care and diligence have been exercised in the preparation of this RFP and all information contained herein is believed to be substantially correct. However, the responsibility for determining the full extent of the exposures to risk and verification of all information herein shall rest solely with those making proposals. JAXPORT and its representatives shall not be responsible for any error or omission in the RFP.

1.13 CONTINGENCY FEES PROHIBITED

By submitting a proposal in response to this RFP, the Proposer warrants that it has not employed or retained a company or person, other than a bonafide employee or sub proposer, working in its employ, any fee, commission, percentage, gift or other consideration contingent upon or resulting from the award of making a contract with JAXPORT.

1.14 REJECTIONS OF IRREGULAR PROPOSALS

Proposals will be considered irregular and may be rejected if they show omissions, alterations of form, additions not called for, conditions, limitations, unauthorized alternate proposals or other irregularities of any kind. JAXPORT reserves the right to waive any non-conformance or irregularities of proposals, or to reject any or all proposals, in whole or in part, whenever such non-conformance or irregularities are minor and such action is deemed to be in the best interest of JAXPORT.

In this regard, JAXPORT reserves the right to reject any and all Proposals, in whole or in part, and to waive any non-conformance or any other irregularities received in said proposal, to reject any and all request for proposals and to accept the proposal which in its judgment will be in the best interest of JAXPORT.

1.15 PUBLIC ENTITY CRIME

Pursuant to Chapter 287 of the Florida Statutes, Proposers are required to complete and submit with their proposals a Sworn Statement Pursuant to Section 287.133 (3) (a), Florida Statutes, on Public Entity Crimes. **Form PEC is provided as “Exhibit B”** for that purpose and must be included with the proposal form at the time proposals are submitted.

A person or affiliate placed on the convicted vendor list following a conviction for a public entity crime is prohibited from doing any of the following for a period of 36-months from the date of being placed on the convicted vendor list:

- Submitting a proposal on a contract to provide any goods or services to a public entity;
- Submitting a proposal on a contract with a public entity for the construction or repair of a public building or public work;
- Submitting proposals on leases of real property to a public entity;
- Being awarded or performing work as a Proposer, supplier, sub Proposer, or Proposer under a contract with any public entity; and
- Transacting business with any public entity in excess of Category Two threshold amount (\$35,000) provided in section 287.017 of the Florida Statutes.

1.16 DISCRIMINATORY VENDOR LIST

An entity or affiliate placed on the discriminatory vendor list pursuant to section 287.134 of the Florida Statutes may not:

- Submit a proposal on a contract to provide any goods or services to a public entity;
- Submit a proposal on a contract with a public entity for the construction or repair of a public building or public work;
- Submit proposals on leases of real property to a public entity;
- Be awarded or perform work as a contractor, supplier, subcontractor, or Contractor under a contract with any public entity; or
- Transact business with any public entity.
- To view a current list, visit:

http://www.dms.myflorida.com/business_operations/state_purchasing/vendor_information/convicted_suspended_discriminatory_complaints_vendor_lists

1.17 PROPOSERS REPRESENTATION AND AUTHORIZATION

In submitting a proposal, each Proposer understands, represents, and acknowledges the following (if the Proposer cannot certify to any of the following, the Proposer shall submit with its response a written explanation of why it cannot do so).

- The Proposer is not currently under suspension or debarment by the State or any other governmental authority.
- To the best of the knowledge of the person signing the proposal documents, the Proposer, its affiliates, subsidiaries, directors, officers, and employees are not currently under investigation by any governmental authority and have not in the last ten (10) years been convicted or found liable for any act prohibited by law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract.
- Proposer currently has no delinquent obligations to the State, including a claim by the State for liquidated damages under any other contract.
- The proposal submission is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive response.
- The prices and amounts have been arrived at independently and without consultation, communication, or agreement with any other respondent or potential respondent; neither the prices nor amounts, actual or approximate, have been disclosed to any Proposer or potential Proposer, nor they will not be disclosed before the solicitation proposal opening.
- The Proposer has fully informed JAXPORT in writing of all convictions of the firm, its affiliates (as defined in section 287.133(1)(a) of the Florida Statutes), and all directors, officers, and employees of the firm and its affiliates for violation of state or federal antitrust laws with respect to a public contract for violation of any misrepresentation with respect to a public contract. This includes disclosure of the names of current employees who were convicted of contract crimes while in the employ of another company.
- The product(s) offered by the Proposer will conform to the specifications without exception.
- The Proposer has read and understands the Contract terms and conditions, and the submission is made in conformance with those terms and conditions.
- If an award is made to the Proposer, the Proposer agrees that it intends to be legally bound to the Contract that is formed with the JAXPORT.
- The Proposer has made a diligent inquiry of its employees and agents responsible for preparing, approving, or submitting the response, and has been advised by each of them that he or she has not participated in any communication, consultation, discussion, agreement, collusion, act or other conduct inconsistent with any of the statements and representations made in the response.
- The Proposer shall indemnify, defend, and hold harmless JAXPORT and its employees against any cost, damage, or expense which may be incurred or be caused by any error in the respondent's preparation of its proposal.
- All information provided by, and representations made by, the Proposer are material and important and will be relied upon by JAXPORT in awarding the Contract. Any misstatement shall be treated as fraudulent concealment from JAXPORT of the true facts relating to submission of the proposal. A misrepresentation shall be punishable under law, including, but not limited to, Chapter 817 of the Florida Statutes.
- That the Proposer has carefully examined the Scope of Services and that from his/her investigations has been satisfied as to the nature and location of the work, the kind and extent of the services needed for the performance of the work, the general and local conditions, all difficulties to be encountered, and all other items which in any way affect the work or its performance.

- That the Proposer is in full compliance with all Federal, State, and local laws and regulations and intends to fully comply with same during the entire term of the contract.

1.18 E-VERIFY PROGRAM FOR EMPLOYMENT VERIFICATION

Proposers are required to complete and submit with their proposals an E-Verify Acknowledgement and Acceptance Form. **Form is provided as “Exhibit C”**. The successful proposer agrees to utilize the U.S. Department of Homeland Security’s E-Verify system to verify the employment eligibility of all new employees hired by the contractor during the term of this contract. Successful proposers must include in all subcontracts the requirement that subcontractors performing work or providing goods and services utilize the E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the contract term. The successful proposer further agrees to maintain records of its participation and compliance and its subcontractor’s participation and compliance with the provisions of the E-Verify program, and to make such records available to JAXPORT upon request. Failure to comply with this requirement will be considered a material breach of the contract.

1.19 NON-DISCRIMINATION PROVISIONS

The Proposer will have all state, county and local licenses and permits as may be required by law to perform the described services. The Proposer agrees to comply with all applicable Federal, State and local laws, including the Civil Rights Act 1964, as amended. The Equal Employment Opportunity Clause in Section 202 paragraph 1 through 7 of Executive Order 11246, as amended, relative to Equal Employment and the implementing Rules and Regulations of the Office of Federal Contract Compliance Programs are incorporated herein by specific reference. The Affirmative Action Clause in Section 503 of the Rehabilitation Act of 1973, as amended, relative to Equal Opportunity for the disabled is incorporated herein by specific reference.

The Affirmative Action Clause in 38 USC Section 2-12 of the Vietnam Veterans' Readjustment Assistance Act of 1974, relative to Equal Employment Opportunity for the special disabled veteran and veterans of the Vietnam Era, is incorporated herein by specific reference.

1.20 PUBLIC MEETING REQUIREMENTS

JAXPORT is required to comply with Section 286.011 of the Florida Statutes. Therefore, Evaluation Committee meetings and meetings of the Awards Committee are required to be held in public with sufficient notice made of the time and date of the meeting. All notices of public meetings are posted in the lobby of the Jacksonville Port Authority, 2831 Talleyrand Avenue, Jacksonville, FL 32206 and on JAXPORT’s website at www.jaxport.com.

1.21 PUBLIC RECORDS

In accordance with Section 119.0701, Florida Statutes, the Contractor shall:

- (a) Keep and maintain public records required by the JAXPORT to perform the services; and
- (b) Upon request from the JAXPORT’s custodian of public records, provide the JAXPORT with a copy of the requested records or allow records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided for in Chapter 119, Florida Statutes, or as otherwise provided by law; and
- (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Contract term and following completion of this Contract if Contractor does not transfer the records to the JAXPORT; and
- (d) Upon completion of this Contract, transfer to the JAXPORT at no cost all public records in possession of Contractor or keep and maintain public records required by the JAXPORT to perform the service. If Contractor transfers all public records to the JAXPORT upon completion of this Contract, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If Contractor keeps and maintains public records upon completion of this Contract, Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the JAXPORT upon request from either JAXPORT’s custodian of public records in a format that is compatible with the JAXPORT’s information technology systems.

The above requirements apply to a “Contractor” as defined in Section, 119.0701, Florida Statutes.

IF CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR’S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE JAXPORT’S CUSTODIAN OF PUBLIC RECORDS AT (904) 357-3091 public.records@jaxport.com; JACKSONVILLE PORT AUTHORITY, PUBLIC RECORDS REQUEST, 2831 TALLEYRAND AVENUE, JACKSONVILLE, FLORIDA 32206.

1.22 PROTEST PROCEDURES

Respondents shall file any protest regarding this RFP in writing, in accordance with JAXPORT’s Protest Procedures promulgated on SOP-1215 Procurement Code for the Jacksonville Port Authority, available at <https://www.jaxport.com/procurement>

1.23 EX-PARTE COMMUNICATION PROHIBITED

JAXPORT believes that any ex-parte communication concerning the solicitation, evaluation, and selection process denies all firms submitting proposals fair, open, and impartial consideration. Adherence to procedures which ensure fairness is essential to the maintenance of public confidence in the value and soundness of the important process of public procurement of professional services. Therefore, during the solicitation, evaluation, and selection process, any ex-parte communication between a firm, its employees, agents, or representatives; and JAXPORT, its members, employees, agents, legal counsel, or representatives; other than JAXPORT’s designated representative identified herein, is strictly prohibited. Failure to observe this requirement shall result in rejection of a firm’s proposal. For purposes of this section, the term “ex-parte communication” shall mean any oral or written communication relative to this solicitation, evaluation, and selection process, which occurs outside of an advertised public meeting, pursuant to Section 285.011, Florida Statutes.

This requirement shall not prohibit:

- A. Meetings called or requested by JAXPORT and attended by Proposers/Firms for the purpose of discussing this solicitation, evaluation, and selection process, including, but not limited to, substantive aspects of this RFP;
- B. The addressing of any elected or appointed governing authority of JAXPORT at public meetings advertised and conducted pursuant to, and in compliance with, Section 285.011, Florida Statutes;
- C. The filing and prosecution of a written protest to any proposed award to be made pursuant to this solicitation, evaluation, and selection process, which filing and prosecution shall give notice to all firms. Protest proceedings shall be limited to open public meetings with no ex-parte communication outside those meetings;
- D. Contacts with elected or appointed officials of JAXPORT.

1.24 EXECUTION OF THE CONTRACT

Within twenty (20) days after Notice of Award, the successful Proposer will furnish the required certificates of insurance and any other requirements and enter into a formal agreement with JAXPORT. Failure to execute the Agreement as provided in these documents within twenty (20) days from the date of Notice of Award may be just cause, unless such failure has been caused by JAXPORT, for JAXPORT to annul and void the award. Award may then be made to another Proposer, or the contract may be re-advertised, as in the best interest of both entities. No award will be binding upon JAXPORT until the agreement has been executed by all appropriate parties.

1.25 ARTICLE/SECTION HEADINGS

Article or Section headings offering herein are inserted for convenience only, or reference only, and will in no way be construed to be interpretation of the text of this RFP.

1.26 ORDER OF PRECEDENCE

In the event of any conflict between the provisions of the Contract, the provisions of JAXPORT'S Request for Proposal, referred and incorporated in the Contract, said provisions will be given preference in the following order: 1) Amendments to Contract; 2) Contract **23-01**; 3) Addendum to Proposal; 4) JAXPORT'S Request for Proposal **23-01**; and 5) Proposer's Proposal.

1.27 VENUE

The venue of any legal action brought by or filed against JAXPORT relating to any matter arising under this RFP will be exclusively in the appropriate court, sitting in Duval County, Florida that has jurisdiction over such legal action. This RFP will be governed by and interpreted under the laws of the State of Florida.

1.28 ENTIRE AGREEMENT

This RFP is the entire agreement of the Parties and the Parties are not bound by any stipulations, representations, agreements, or promises, oral or otherwise, not printed or inserted in this RFP. Proposer agrees that no representations have been made by JAXPORT to induce the Proposer to enter into this RFP other than as expressly stated in this RFP. This RFP can neither be changed orally, nor by any means other than by written amendments expressly referencing this RFP and signed by all Parties hereto.

1.29 TAX EXEMPT

JAXPORT is exempt from State of Florida sales tax. The tax-exempt number is 85-8012544323C-8.

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**ARTICLE II
GENERAL CONDITIONS
EXTERNAL AUDITOR SERVICES**

2.01 DEFINITIONS

JAXPORT - The Jacksonville Port Authority.

PROPOSAL - The approved forms on which the Proposer is to submit, or has submitted, its charges for the work contemplated.

CONTRACT - The contract consists of the document labeled “Request for Proposal for **EXTERNAL AUDITOR SERVICES** for the Jacksonville Port Authority”, **RFP 23-01** and any Addendum issued before the execution of the Contract; Proposer’s Proposal; and any Modification issued after execution of the Contract. A Modification is a written amendment to the Contract signed by both Parties. The order of precedence of contract documents will be as specified in Article 1.26.

CONTRACTING OFFICER - Designated JAXPORT individual who provides JAXPORT Inspector(s) with Contract information and monitors the administration of the Contract to ensure compliance with terms by both JAXPORT and the Proposer. The Contracting Officer is the only individual authorized to make Contract modifications. The Contracting Officer will be the Director of Procurement Services.

PROPOSER - Any individual, firm or corporation entering into a Contract to perform the Scope of Services for JAXPORT.

PROPOSER'S REPRESENTATIVE(S) - Individual(s) designated in writing by the Proposer at the time of contract award as the only individual(s) authorized to act for the Proposer in all matters, including change orders, modifications to contract terms, quoting of services and provision of estimates for additional services not stated in the scope of services.

2.02 SCOPE OF SERVICES

The work to be performed under this Contract is specified in Article IV, Scope of Services, with work to be performed as specified. JAXPORT, without invalidating the Contract, may order extra work or make changes by altering, adding to, or deducting from the work, and the Contract will be adjusted accordingly, based on a mutually agreed upon negotiated fee. Changes in the work and the contract fees may only be changed by prior written agreement executed by the parties with proper authorization to do so.

2.03 TERM OF CONTRACT

The term of the agreement for these services is intended to be for three (3) years with three (3) additional, one (1) year renewal options made at the sole discretion of JAXPORT. JAXPORT will award this contract to one (1) Proposer, who will be the designated Prime Proposer and who will be the single point of contact and will be fully responsible for providing **EXTERNAL AUDITOR SERVICES** to JAXPORT.

2.04 AWARD OF CONTRACT

This is an evaluated contract and JAXPORT intends to award a Contract to the Proposer submitting the most responsive and responsible proposal that, when evaluated, is deemed to be in the best interest of both entities. JAXPORT will be the sole judge of which proposal is ultimately determined to be in their best interest and its decision will be final. Only those proposals received in a timely manner from Proposers who can provide evidence that they are fully competent, have the requisite experience, organizational and financial capabilities will be considered. JAXPORT reserves the right to accept or reject any or all proposals. JAXPORT assumes no obligation or commitment to make an award to any person or firm submitting a proposal.

At the discretion of JAXPORT's Evaluation Committee, selected Proposers that are determined to be best qualified based upon the evaluation of written responses, may be invited to make presentations of their experience and approach prior to final selection. Such interviews or presentations will be scheduled at JAXPORT's convenience. JAXPORT will not be liable for any costs incurred in connection with such interviews and/or presentations. JAXPORT is not required to contact a Proposer to obtain additional information to evaluate the Proposal.

JAXPORT will make an award based on a Proposer's ability to meet both entities needs and requirements, based on the Responsible Proposer Criteria as shown in **Article 4.05**. Factors used to evaluate each Proposer's response, as well as the weight attributed to each of the factors will vary for each category and are listed in the **Evaluation Matrix - "Attachment No. 1."**

2.05 ESCALATION / DE-ESCALATION

All pricing submitted shall remain firm for the initial term period. Upon renewal (if applicable), the Awardee may submit in writing a request for price escalation/de-escalation. Price escalation/de-escalation adjustments will be limited to the lesser of two (2%) percent or the percentage increase/decrease in the Consumer Price Index (South Region) for the twelve-month period immediately preceding ninety (90) days before the expiration date of the contract. JAXPORT reserves the right to decline any price increase requested.

2.06 CERTIFICATION/PROPOSER QUALIFICATIONS

Proposer must be a qualified and licensed Firm and have current experience in providing the types of professional services required under this Request for Proposal (RFP). The Proposer must become fully aware of the technical specifications, failure to do so will not relieve a successful proposer of its obligation to provide JAXPORT's requirements for the contract at the price submitted and in accordance with all specifications, terms, conditions and the delivery stated on this RFP.

2.07 PAYMENT

- A. All invoices will reference the Contract No. **23-01**. A copy will be emailed to:

accounts.payable@jaxport.com

or mailed to:

Jacksonville Port Authority
Attn: Accounts Payable
P.O. Box 3005
Jacksonville, FL 32206-3496

- B. Invoices will be processed following normal JAXPORT payment terms, which are **thirty (30) days net after receipt of an approved invoice**. Special or early payments will not be authorized.
- C. **No payments will be made for per diem charges or travel expenses without prior approval of JAXPORT and in accordance with JAXPORT's Travel Procedures and Guidelines as per attached EXHIBIT D.** The Prime Proposer and any subcontractor must secure written approval from JAXPORT prior to any travel, if the Proposer intends to bill JAXPORT for these expenses.

2.08 RESPONSIBILITIES OF THE PROPOSER

- A. A post award conference will be scheduled after the Contract is awarded, this is when the Proposer will be asked to furnish the certificates of insurance, copies of licenses and other items required by JAXPORT.
- B. The Proposer will provide services as described in the Contract upon receipt of Notification of Award issued by JAXPORT.
- C. The Proposer is responsible for product quality, timely delivery, and responsiveness as listed in Article IV – Scope of Services.

- D. The Proposer will remain liable for all damages to, or incurred by, JAXPORT caused by the Proposer's negligent performance of any of the services furnished under this Contract.
- E. The Proposer represents that it is an independent Proposer and not an employee of JAXPORT, nor are any of Proposer's employees performing services in furtherance of this Contract to be considered employees of JAXPORT. The Proposer is responsible for any federal or state taxes applicable to this Contract and for complying with the requirements of all federal and state laws about income tax withholding, unemployment insurance and other insurance applicable and necessary for its employees. Employees of the Proposer will not be eligible for any Federal Social Security, State Worker's Compensation or unemployment insurance under this Contract except as employees of the Proposer.
- F. The Proposer will designate in writing a qualified person(s) to act as its designated representative. The Proposer's Representatives(s) will have authority to act for the Proposer in all matters covered by this Contract.
- G. The Proposer will notify JAXPORT Contact in writing, prior to affecting a personnel change concerning the professional personnel assigned to the Contract. JAXPORT will have the right to reject any personnel assigned to perform work under this Contract.
- H. All personnel employed by the Proposer will be competent, trustworthy and properly trained. The Proposer and its employees will be required to comply with all the applicable regulations of JAXPORT.

2.09 RESPONSIBILITIES OF JAXPORT

- A. At the post award conference, JAXPORT will provide a list of personnel, with phone numbers, who are designated as JAXPORT representatives.
- B. JAXPORT will promptly notify the Proposer, or its designated representative(s), of any problem encountered during the Contract term and will arrange for a meeting to resolve issues.
- C. JAXPORT will provide timely processing of Proposer's invoices, if all the terms of the Contract have been met. In cases where Contract procedures were not followed, every attempt will be made to reach an agreement acceptable to both parties, but JAXPORT will not be liable for costs billed by the Proposer in violation of Contract terms.

2.10 INDEMNIFICATION

Any Contract resulting from this Request for Proposal will include the following provisions:

To the fullest extent permitted by law, the Proposer agrees to indemnify, defend and hold harmless JAXPORT, its officers, agents, volunteers, and employees from and against all claims, damages, losses, and expenses, including but not limited to all fees and charges of engineer(s), architect(s), attorney(s) and other professional(s), court costs, or other alternative dispute resolution costs arising out of, resulting from, or otherwise but for the performance or furnishing of Proposer's work or services under this Request for Proposal; provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease, death or personal injury, or property damage, including the loss of use or diminution in value resulting there from; but only to the extent caused in whole or in part by the actual or alleged negligent acts, errors, or omissions of Proposer, Proposer's Subcontractor(s) or anyone directly or indirectly employed or hired by Proposer, or anyone for whose acts Proposer may be liable. JAXPORT reserves the right, but not the obligation, to participate in defense without relieving Proposer of any obligation hereunder.

2.11 INSURANCE

Before starting and until acceptance of the work by JAXPORT, any contract resulting from this Request for Proposal will include the following provisions:

- A. Without limiting its liability under the contract, the Proposer will obtain and maintain at its sole expense during the life of the contract, insurance of the types and in the minimum amount stated below:
- (1) COMMERCIAL GENERAL LIABILITY:
\$1,000,000 per Occurrence; \$2,000,000 Aggregate
 - (2) PROFESSIONAL LIABILITY:
\$1,000,000 per Occurrence
 - (3) DEDUCTIBLES AND SELF-INSURED RETENTIONS:
Any deductibles or self-insuredretentions must be declared to and approved by JAXPORT.
 - (4) ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers with a Best's rating of no less than A: VI, and approved to do business in the State of Florida.
- B. All insurance will be maintained in force until completion of the work, and will include an endorsement requiring thirty (30) days prior written notice to JAXPORT's Risk Manager before any change or cancellation is made effective.
- C. Such insurance will be written by a company or companies licensed to do business in the State of Florida and satisfactory to JAXPORT. Before commencing any work under this contract, certificates evidencing the maintenance of said insurance will be furnished to JAXPORT and will be subject to the approval of JAXPORT's Risk Manager, P.O. Box 3005, Jacksonville, FL 32206.
- D. Any sub Proposers of Company shall procure and maintain the insurance required of Company hereunder during the life of the subcontracts. Sub Proposers' insurance may be either by separate coverage or by endorsement under insurance provided by Company. Company shall submit sub Proposers' Certificates of Insurance to JAXPORT prior to allowing sub Proposers to perform Work on JAXPORT's job sites.

2.12 PERMITS AND LICENSES

All licenses necessary to carry out the delivery will be secured and paid for by the Proposer and remain in effect throughout the duration of the Contract. If the Proposer allows unlicensed personnel to perform work on JAXPORT facilities, the Contract will be terminated immediately.

2.13 PERFORMANCE BOND REQUIREMENT – *Not Required*

2.14 TERMINATION FOR DEFAULT

If through any cause within the reasonable control of the successful Proposer/Firm, it shall fail to fulfill in a timely manner, or otherwise violate any of the covenants, agreements, or stipulations material to the Agreement, JAXPORT shall thereupon have the right to terminate the services then remaining to be performed by giving written notice to the successful Proposer of such termination which shall become effective upon receipt by the successful Proposer of the written termination notice.

In that event, JAXPORT shall compensate the successful Proposer in accordance with the Agreement for all services performed by the Proposer prior to termination, net of any costs incurred by JAXPORT as a consequence of the default.

Notwithstanding the above, the successful Proposer shall not be relieved of liability to JAXPORT for damages sustained by JAXPORT by virtue of any breach of the Agreement by the Proposer, and JAXPORT may reasonably withhold payments to the successful Proposer for the purposes of set off until such time as the exact amount of damages due to JAXPORT from the successful Proposer is determined.

2.15 TERMINATION FOR CONVENIENCE

JAXPORT may, for its convenience, terminate the services then remaining to be performed at any time without cause by giving written notice to successful Proposer of such termination, which shall become effective thirty (30) days following receipt by Proposer of such notice. In that event, all finished or unfinished documents and other materials shall be properly delivered to JAXPORT. If the Agreement is terminated by JAXPORT as provided in this section, JAXPORT shall compensate the successful Proposer in accordance with the Agreement for all services actually performed by the successful Proposer and reasonable direct costs of successful Proposer for assembling and delivering to JAXPORT all documents. No compensation shall be due to the successful Proposer for any profits that the successful Proposer expected to earn on the balance of the Agreement. Such payments shall be the total extent of JAXPORT's liability to the successful Proposer upon a termination as provided for in this section.

2.16 ASSIGNMENT

Due to the additional administrative burden placed on JAXPORT, the Proposer will not assign or otherwise transfer its rights under the Contract, without the express written consent of JAXPORT.

2.17 FORCE MAJEURE

- A. Performance of this RFP by both JAXPORT and the Proposer will be pursued with due diligence in all requirements hereof; however, neither JAXPORT nor the Proposer will be considered in default in the performance of its obligations under this RFP to the extent that such performance is prevented or delayed by causes not within the control of either Party and not foreseeable or, if foreseeable cannot be avoided by the exercise of reasonable care, including, but not limited to, acts of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; riot; insurrection; inability to secure approval, validation or sale of bonds; inability to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; epidemics; pandemics; endemics; fires; floods; strikes; lockouts; or collective bargaining. Upon any delay resulting from such cause the time for performance of each Party hereunder (including the payment of monies if such event prevents payment) will be extended for a period necessary to overcome the effect of such delays.
- B. In case of any delay or nonperformance caused by the above causes, the Party effected will promptly notify the other in writing of the nature, cause, date of commencement and the anticipated extent of such delay, and will indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be affected by that.

2.18 NON-WAIVER

Failure by either Party to insist upon strict performance of any of the provisions of this RFP will not release either Party of any of its obligations under the RFP.

**ARTICLE II
GENERAL CONDITIONS
EXTERNAL AUDITOR SERVICES**

2.01 DEFINITIONS

JAXPORT - The Jacksonville Port Authority.

PROPOSAL - The approved forms on which the Proposer is to submit, or has submitted, its charges for the work contemplated.

CONTRACT - The contract consists of the document labeled “Request for Proposal for **EXTERNAL AUDITOR SERVICES** for the Jacksonville Port Authority”, **RFP 23-01** and any Addendum issued before the execution of the Contract; Proposer’s Proposal; and any Modification issued after execution of the Contract. A Modification is a written amendment to the Contract signed by both Parties. The order of precedence of contract documents will be as specified in Article 1.26.

CONTRACTING OFFICER - Designated JAXPORT individual who provides JAXPORT Inspector(s) with Contract information and monitors the administration of the Contract to ensure compliance with terms by both JAXPORT and the Proposer. The Contracting Officer is the only individual authorized to make Contract modifications. The Contracting Officer will be the Director of Procurement Services.

PROPOSER - Any individual, firm or corporation entering into a Contract to perform the Scope of Services for JAXPORT.

PROPOSER'S REPRESENTATIVE(S) - Individual(s) designated in writing by the Proposer at the time of contract award as the only individual(s) authorized to act for the Proposer in all matters, including change orders, modifications to contract terms, quoting of services and provision of estimates for additional services not stated in the scope of services.

2.02 SCOPE OF SERVICES

The work to be performed under this Contract is specified in Article IV, Scope of Services, with work to be performed as specified. JAXPORT, without invalidating the Contract, may order extra work or make changes by altering, adding to, or deducting from the work, and the Contract will be adjusted accordingly, based on a mutually agreed upon negotiated fee. Changes in the work and the contract fees may only be changed by prior written agreement executed by the parties with proper authorization to do so.

2.03 TERM OF CONTRACT

The term of the agreement for these services is intended to be for three (3) years with three (3) additional, one (1) year renewal options made at the sole discretion of JAXPORT. JAXPORT will award this contract to one (1) Proposer, who will be the designated Prime Proposer and who will be the single point of contact and will be fully responsible for providing **EXTERNAL AUDITOR SERVICES** to JAXPORT.

2.04 AWARD OF CONTRACT

This is an evaluated contract and JAXPORT intends to award a Contract to the Proposer submitting the most responsive and responsible proposal that, when evaluated, is deemed to be in the best interest of both entities. JAXPORT will be the sole judge of which proposal is ultimately determined to be in their best interest and its decision will be final. Only those proposals received in a timely manner from Proposers who can provide evidence that they are fully competent, have the requisite experience, organizational and financial capabilities will be considered. JAXPORT reserves the right to accept or reject any or all proposals. JAXPORT assumes no obligation or commitment to make an award to any person or firm submitting a proposal.

At the discretion of JAXPORT's Evaluation Committee, selected Proposers that are determined to be best qualified based upon the evaluation of written responses, may be invited to make presentations of their experience and approach prior to final selection. Such interviews or presentations will be scheduled at JAXPORT's convenience. JAXPORT will not be liable for any costs incurred in connection with such interviews and/or presentations. JAXPORT is not required to contact a Proposer to obtain additional information to evaluate the Proposal.

JAXPORT will make an award based on a Proposer's ability to meet both entities needs and requirements, based on the Responsible Proposer Criteria as shown in **Article 4.05**. Factors used to evaluate each Proposer's response, as well as the weight attributed to each of the factors will vary for each category and are listed in the **Evaluation Matrix - "Attachment No. 1."**

2.05 ESCALATION / DE-ESCALATION

All pricing submitted shall remain firm for the initial term period. Upon renewal (if applicable), the Awardee may submit in writing a request for price escalation/de-escalation. Price escalation/de-escalation adjustments will be limited to the lesser of two (2%) percent or the percentage increase/decrease in the Consumer Price Index (South Region) for the twelve-month period immediately preceding ninety (90) days before the expiration date of the contract. JAXPORT reserves the right to decline any price increase requested.

2.06 CERTIFICATION/PROPOSER QUALIFICATIONS

Proposer must be a qualified and licensed Firm and have current experience in providing the types of professional services required under this Request for Proposal (RFP). The Proposer must become fully aware of the technical specifications, failure to do so will not relieve a successful proposer of its obligation to provide JAXPORT's requirements for the contract at the price submitted and in accordance with all specifications, terms, conditions and the delivery stated on this RFP.

2.07 PAYMENT

- A. All invoices will reference the Contract No. **23-01**. A copy will be emailed to:

accounts.payable@jaxport.com

or mailed to:

Jacksonville Port Authority
Attn: Accounts Payable
P.O. Box 3005
Jacksonville, FL 32206-3496

- B. Invoices will be processed following normal JAXPORT payment terms, which are **thirty (30) days net after receipt of an approved invoice**. Special or early payments will not be authorized.
- C. **No payments will be made for per diem charges or travel expenses without prior approval of JAXPORT and in accordance with JAXPORT's Travel Procedures and Guidelines as per attached EXHIBIT D.** The Prime Proposer and any subcontractor must secure written approval from JAXPORT prior to any travel, if the Proposer intends to bill JAXPORT for these expenses.

2.08 RESPONSIBILITIES OF THE PROPOSER

- A. A post award conference will be scheduled after the Contract is awarded, this is when the Proposer will be asked to furnish the certificates of insurance, copies of licenses and other items required by JAXPORT.
- B. The Proposer will provide services as described in the Contract upon receipt of Notification of Award issued by JAXPORT.
- C. The Proposer is responsible for product quality, timely delivery, and responsiveness as listed in Article IV – Scope of Services.

- D. The Proposer will remain liable for all damages to, or incurred by, JAXPORT caused by the Proposer's negligent performance of any of the services furnished under this Contract.
- E. The Proposer represents that it is an independent Proposer and not an employee of JAXPORT, nor are any of Proposer's employees performing services in furtherance of this Contract to be considered employees of JAXPORT. The Proposer is responsible for any federal or state taxes applicable to this Contract and for complying with the requirements of all federal and state laws about income tax withholding, unemployment insurance and other insurance applicable and necessary for its employees. Employees of the Proposer will not be eligible for any Federal Social Security, State Worker's Compensation or unemployment insurance under this Contract except as employees of the Proposer.
- F. The Proposer will designate in writing a qualified person(s) to act as its designated representative. The Proposer's Representatives(s) will have authority to act for the Proposer in all matters covered by this Contract.
- G. The Proposer will notify JAXPORT Contact in writing, prior to affecting a personnel change concerning the professional personnel assigned to the Contract. JAXPORT will have the right to reject any personnel assigned to perform work under this Contract.
- H. All personnel employed by the Proposer will be competent, trustworthy and properly trained. The Proposer and its employees will be required to comply with all the applicable regulations of JAXPORT.

2.09 RESPONSIBILITIES OF JAXPORT

- A. At the post award conference, JAXPORT will provide a list of personnel, with phone numbers, who are designated as JAXPORT representatives.
- B. JAXPORT will promptly notify the Proposer, or its designated representative(s), of any problem encountered during the Contract term and will arrange for a meeting to resolve issues.
- C. JAXPORT will provide timely processing of Proposer's invoices, if all the terms of the Contract have been met. In cases where Contract procedures were not followed, every attempt will be made to reach an agreement acceptable to both parties, but JAXPORT will not be liable for costs billed by the Proposer in violation of Contract terms.

2.10 INDEMNIFICATION

Any Contract resulting from this Request for Proposal will include the following provisions:

To the fullest extent permitted by law, the Proposer agrees to indemnify, defend and hold harmless JAXPORT, its officers, agents, volunteers, and employees from and against all claims, damages, losses, and expenses, including but not limited to all fees and charges of engineer(s), architect(s), attorney(s) and other professional(s), court costs, or other alternative dispute resolution costs arising out of, resulting from, or otherwise but for the performance or furnishing of Proposer's work or services under this Request for Proposal; provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease, death or personal injury, or property damage, including the loss of use or diminution in value resulting there from; but only to the extent caused in whole or in part by the actual or alleged negligent acts, errors, or omissions of Proposer, Proposer's Subcontractor(s) or anyone directly or indirectly employed or hired by Proposer, or anyone for whose acts Proposer may be liable. JAXPORT reserves the right, but not the obligation, to participate in defense without relieving Proposer of any obligation hereunder.

2.11 INSURANCE

Before starting and until acceptance of the work by JAXPORT, any contract resulting from this Request for Proposal will include the following provisions:

- A. Without limiting its liability under the contract, the Proposer will obtain and maintain at its sole expense during the life of the contract, insurance of the types and in the minimum amount stated below:
- (1) PROFESSIONAL LIABILITY: \$1,000,000 per Occurrence
 - (2) DEDUCTIBLES AND SELF-INSURED RETENTIONS: Any deductibles or self-insured retentions must be declared to and approved by JAXPORT.
 - (3) ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers with a Best's rating of no less than A: VI, and approved to do business in the State of Florida.
- B. All insurance will be maintained in force until completion of the work, and will include an endorsement requiring thirty (30) days prior written notice to JAXPORT's Risk Manager before any change or cancellation is made effective.
- C. Such insurance will be written by a company or companies licensed to do business in the State of Florida and satisfactory to JAXPORT. Before commencing any work under this contract, certificates evidencing the maintenance of said insurance will be furnished to JAXPORT and will be subject to the approval of JAXPORT's Risk Manager, P.O. Box 3005, Jacksonville, FL 32206.
- D. Any sub Proposers of Company shall procure and maintain the insurance required of Company hereunder during the life of the subcontracts. Sub Proposers' insurance may be either by separate coverage or by endorsement under insurance provided by Company. Company shall submit sub Proposers' Certificates of Insurance to JAXPORT prior to allowing sub Proposers to perform Work on JAXPORT's job sites.

2.12 PERMITS AND LICENSES

All licenses necessary to carry out the delivery will be secured and paid for by the Proposer and remain in effect throughout the duration of the Contract. If the Proposer allows unlicensed personnel to perform work on JAXPORT facilities, the Contract will be terminated immediately.

2.13 PERFORMANCE BOND REQUIREMENT – *Not Required*

2.14 TERMINATION FOR DEFAULT

If through any cause within the reasonable control of the successful Proposer/Firm, it shall fail to fulfill in a timely manner, or otherwise violate any of the covenants, agreements, or stipulations material to the Agreement, JAXPORT shall thereupon have the right to terminate the services then remaining to be performed by giving written notice to the successful Proposer of such termination which shall become effective upon receipt by the successful Proposer of the written termination notice.

In that event, JAXPORT shall compensate the successful Proposer in accordance with the Agreement for all services performed by the Proposer prior to termination, net of any costs incurred by JAXPORT as a consequence of the default.

Notwithstanding the above, the successful Proposer shall not be relieved of liability to JAXPORT for damages sustained by JAXPORT by virtue of any breach of the Agreement by the Proposer, and JAXPORT may reasonably withhold payments to the successful Proposer for the purposes of set off until such time as the exact amount of damages due to JAXPORT from the successful Proposer is determined.

2.15 TERMINATION FOR CONVENIENCE

JAXPORT may, for its convenience, terminate the services then remaining to be performed at any time without cause by giving written notice to successful Proposer of such termination, which shall become effective thirty (30) days following receipt by Proposer of such notice. In that event, all finished or unfinished documents and other materials shall be properly delivered to JAXPORT. If the Agreement is terminated by JAXPORT as provided in this section, JAXPORT shall compensate the successful Proposer in accordance with the Agreement for all services actually performed by the successful Proposer and reasonable direct costs of successful Proposer for assembling and delivering to JAXPORT all documents. No compensation shall be due to the successful Proposer for any profits that the successful Proposer expected to earn on the balance of the Agreement. Such payments shall be the total extent of JAXPORT's liability to the successful Proposer upon a termination as provided for in this section.

2.16 ASSIGNMENT

Due to the additional administrative burden placed on JAXPORT, the Proposer will not assign or otherwise transfer its rights under the Contract, without the express written consent of JAXPORT.

2.17 FORCE MAJEURE

- A. Performance of this RFP by both JAXPORT and the Proposer will be pursued with due diligence in all requirements hereof; however, neither JAXPORT nor the Proposer will be considered in default in the performance of its obligations under this RFP to the extent that such performance is prevented or delayed by causes not within the control of either Party and not foreseeable or, if foreseeable cannot be avoided by the exercise of reasonable care, including, but not limited to, acts of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; riot; insurrection; inability to secure approval, validation or sale of bonds; inability to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; epidemics; pandemics; endemics; fires; floods; strikes; lockouts; or collective bargaining. Upon any delay resulting from such cause the time for performance of each Party hereunder (including the payment of monies if such event prevents payment) will be extended for a period necessary to overcome the effect of such delays.
- B. In case of any delay or nonperformance caused by the above causes, the Party effected will promptly notify the other in writing of the nature, cause, date of commencement and the anticipated extent of such delay, and will indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be affected by that.

2.18 NON-WAIVER

Failure by either Party to insist upon strict performance of any of the provisions of this RFP will not release either Party of any of its obligations under the RFP.

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**ARTICLE III
PROPOSAL FORM
EXTERNAL AUDITOR SERVICES**

PROPOSER'S NAME:

The following checklist is provided for convenience. The Proposer should carefully review the submittal requirements in the RFP and submit all information requested.

1. Proposal Form – Article III
2. Company’s Qualifications and Experience
3. Past and Present Experience with Government and/or Seaport Audits
4. Current Workload and Ability to Meet Report Deadlines
5. Ability to Design and Approach and Work Plan
6. Proximity to the Project
7. Quotation of rates, fees, or charges and other detailed cost proposal breakdown information
8. Evidence that the Firm is licensed to do Business in the State of Florida
9. Acknowledgement of Addenda (*if any*)
10. Conflict of Interest Certificate (Exhibit “A”)
11. Sworn Statement of Public Entity Crimes (Exhibit “B”)
12. E-Verify Compliance Form (Exhibit “C”)

PROPOSED FIXED ANNUAL FEE

Compensation will be paid in accordance with the proposed fixed annual fees stated on this Proposal Form. **Fees must be applied as a single annual fixed fee only, a range will not be accepted or considered.** These fees shall include all taxes, benefits, travel, indirect administrative expenses and all other related cost to provide these services. **Any modifications, exceptions, or objections contained within the proposal form shall be grounds for disqualification of proposal.**

FISCAL YEAR END	FIXED ANNUAL FEE
<i>Fiscal Year Ended 2023</i>	\$
<i>Fiscal Year Ended 2024</i>	\$
<i>Fiscal Year Ended 2025</i>	\$
TOTAL FY ENDED 2023 - 2025	\$

Failure to provide above information in stated format may result in rejection of proposal.

PROPOSER'S CERTIFICATION

1) Certification and Representations of the Proposer

By signing and submitting a proposal, the Proposer certifies and represents as follows:

- A. That it has carefully examined all available records and conditions, including sites if applicable, and the requirements and specifications of these Contract Documents prior to submitting its Proposal. Where the Proposer visits sites, no work or other disturbance is to be performed while at the site without written permission by JAXPORT in advance of the site visit.
- B. That every aspect of its submitted Proposal, including the Contract Price, are based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JAXPORT. JAXPORT assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JAXPORT assumes the responsibility.
- C. That the individual signing the proposal is a duly authorized agent or officer of the firm. Proposals submitted by a corporation must be executed in the corporate name by the President or Vice President. If an individual other than the President or Vice President signs the proposal, satisfactory evidence of authority to sign must be submitted with the proposal. If the proposal is submitted by a partnership, the proposal must be signed by a partner whose title must appear under the signature. If an individual other than a partner signs the proposal, satisfactory evidence of authority to sign must be submitted with the proposal. The corporation or partnership must be in active status at the Florida Division of Corporations at the time of submission of the proposal.
- D. That the firm maintains in active status any and all licenses, permits, certifications, insurance, bonds and other credentials including not limited to Contractor's license and occupational licenses necessary to perform the services. The Proposer also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Proposer shall immediately notify JAXPORT of status change.
- E. That it read understands and will comply with Article 1.15, Public Entity Crime "Exhibit B" and Conflict of Interest Certificate "Exhibit A" of these instructions to Proposers.

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**REQUEST FOR PROPOSAL 23-01
EXTERNAL AUDITOR SERVICES**

PROPOSER'S ACKNOWLEDGEMENT

I hereby acknowledge, as Proposer's authorized agent, that I have fully read and understand all terms and conditions as set forth in this Proposal, I have met the minimum requirements (See Article IV, Paragraph 4.02), and will fully comply with such terms and conditions.

Date: _____

Company Name: _____

Proposer is a (*check one*): _____ Corporation _____ Partnership _____ Individual

Authorized Agent's Name: _____

Authorized Agent's Signature: _____

Authorized Agent's Title: _____

Authorized Agent's Email Address: _____

Telephone Number: _____ Fax Number: _____

Federal Identification Number : _____

Remittance Address: _____

City: _____ State: _____ Zip Code: _____

Failure to provide above information may be grounds for rejection of Proposal.

**REQUEST FOR PROPOSAL 23-01
EXTERNAL AUDITOR SERVICES**

NO PROPOSAL FORM

If your firm cannot submit a proposal at this time, please provide the information requested in the space provided below and return it to:

**Jacksonville Port Authority
Procurement Services
FAX: (904) 357-3077**

OR

jerrie.gunder@jaxport.com

We are unable to submit a proposal at this time due to the following reasons:

Name of Firm: _____

Signature: _____

Printed Name: _____

Title: _____

Telephone Number: _____ Email: _____

Address: _____

City: _____ State: _____ Zip Code: _____

ARTICLE IV SCOPE OF SERVICES

EXTERNAL AUDITOR SERVICES

4.01 GENERAL OVERVIEW

The Jacksonville Port Authority (JAXPORT) is a full-service international trade seaport located in the Southeastern United States and the global gateway to the State of Florida, the third most populous state in the nation.

JAXPORT owns, maintains and markets three cargo terminals, two intermodal rail terminals and one passenger cruise terminal along the St. Johns River.

JAXPORT and its maritime partners handle a variety of cargoes, including:

- containerized freight
- automobiles, recreational boats and construction equipment (roll-on roll-off or Ro/Ro)
- breakbulk commodities
- dry and liquid bulks and
- over-sized and specialty cargoes.

JAXPORT's three marine terminals handled more than 10 million tons of cargo in 2021, including more than 1.4 million TEUs (containers) – making Jacksonville the largest container handling port in Florida – and 610,000+ vehicles, ensuring JAXPORT's ranking as one of the top vehicle ports in the U.S.

JAXPORT features 19 container cranes, warehousing, Foreign Trade Zone status and intermodal connections enhanced through its two container rail yards. To help speed goods to market, shippers can take advantage of Jacksonville's location at the crossroads of three major railroads (CSX, Norfolk Southern and Florida East Coast Railway) and three interstate highways (I-95, I-10, and I-75).

Cargo activity through the Port of Jacksonville generates 138,500 jobs in Florida and supports nearly \$31.1 billion in annual economic output for the region and state.

JAXPORT's Vision

JAXPORT will be a global leader in diversified trade and supply chain solutions, focused on efficiency and fiscal integrity.

JAXPORT's Mission

Creating jobs and opportunity by offering the most competitive environment for the movement of cargo and people in a safe and secure workplace.

4.02 MINIMUM QUALIFICATIONS

- A minimum five (5) years of EXTERNAL AUDITOR SERVICES
- A demonstrated knowledge of EXTERNAL AUDITOR SERVICES being performed for Ports or other governmental entities similar in scope and size of JAXPORT.

4.03 SCOPE OF SERVICES

The Jacksonville Port Authority (JAXPORT) is seeking a Certified Public Accounting firm to audit its financial statements and render certain opinions and reports as required for the fiscal year period beginning with October 1, 2022 through September 30, 2023 and the two (2) subsequent fiscal years following. All audits are to be performed in accordance with applicable Accounting and Auditing Standards.

Included as Exhibit E is a copy of JAXPORT'S General Purpose Financial Statements and Supplemental Information for the years ending September 30, 2022 and 2021 with the Report of Independent Auditors, Other Reports required by Governmental Auditing Standards, OMB Circular A-133 and Florida Single Audit Act for the year ending September 30, 2022, Report to Management for the year ending September 30, 2016 and Audit Committee Report for the year ending September 30, 2022.

Services to be performed include, but are not limited to the following:

- A. Perform an audit and provide an opinion on its general-purpose financial statements in conformity with applicable Accounting and Auditing Standards.
- B. Perform an audit and provide an opinion on the compliance requirements described in OMB Circular A-133 and the Florida Single Audit Act.

4.04 PROPOSER'S RESPONSIBILITY FOR ADDRESSING EVALUATION CRITERIA

Proposers should be aware that the proposal will be evaluated in accordance with the criteria prescribed herein and accordingly would be advised to structure their proposal in a manner to properly address each factor of the Evaluation Criteria.

- A. **Evaluation Criteria** - The Evaluation Committee shall determine qualifications, interest and availability by reviewing the written responses received, and, when deemed necessary, by conducting formal interviews of selected Proposers that are determined to be best qualified based upon the evaluation of written responses.
- B. **Cover Letter (1 page ONLY)** - The cover letter must include the following information:
 - 1. Legal name of the Proposer
 - 2. Primary location (Physical business address)
 - 3. Telephone number, Fax number and e-mail address
 - 4. Name of contact person
 - 5. Authorized signature of contact person
- C. **Biography of the Firm and/or Consultant(s)** – Proposals must contain a biography of the firm and/or consultant(s) expected to perform services for JAXPORT in sufficient detail to allow a reasonable evaluation of the relative capability of respondents to serve the particular needs of JAXPORT. Proposals must identify the Primary Consultant to be assigned to the JAXPORT contract.

If the Proposer intends to use the services of any other organization to perform any of the services identified in this RFP, then the Proposer must submit the required information for each and every such organization or person, as applicable, with and as part of the proposal. Each such informational sheet shall identify, at the top of the front page, the role of the organization or person. Also, include a brief statement as to the need for and benefit to JAXPORT of using these additional or specialized services.

4.05 EVALUATION CRITERIA

A. Company's Qualifications and Experience (30 Points Maximum Score)

The application of this criterion shall include an assessment of the general capabilities of the firm or individuals that will be engaged in the project. Qualities and indicators that should receive consideration should generally include the various professional, technical and educational achievements and registrations of the firm and individuals; the size, facilities, equipment, diversification, depth of personnel and overall experience of the firm; the applicable experience of the proposed assigned staff; and the specific experience gained on similar projects. The Proposer's available services and technology will receive significant consideration.

- 1. Provide the total number of employees your firm employs along with the total number of Certified Public Accountants licensed to practice in the State of Florida. Include addresses of all office Florida locations located in or out of the Duval County area.

2. Name and describe the type of experience, educational and professional accomplishments, continuing education and the number of years of experience (with this firm and others) of the individual(s) who would work directly with JAXPORT on a day-to-day basis. Separately name and describe the experience of the individual (Senior Manager) who would serve in a general supervisory role for the individuals described in the immediately preceding sentence. Describe the anticipated division of duties among all persons listed, identifying both the type of work such person is anticipated to perform and the percent of the total work expected to be performed by that person in connection with JAXPORT services
3. Describe the quality of the firm's management support personnel to be available for technical consultation.
4. Provide the most recent external quality control review report prepared by individual(s) who would work directly with JAXPORT on a day-to-day basis.
5. Identify any circumstance and status of any disciplinary action taken or pending against the firm during the past five (5) years with regulatory bodies or professional organizations.
6. After review of JAXPORT's 2022 Annual Financial Report (Exhibit E), please outline any issues of concern your firm may have with our existing data or format.

B. Past and Present Experience with Government and/or Seaport Audits (25 Points Maximum Score)

The application of this criterion shall include an assessment of the firm's specific experience in undertaking similar professional engagements. Qualities and indicators that should receive consideration should generally include the number and level of complexity associated with projects undertaken; the quality of such project work; the level of cooperation and coordination with customer's staff; and the level of performance on such projects with regard to the firm's adherence to the scope of services, compliance with contract terms, response time, ability to adhere to quoted fees.

1. Describe any outstanding accomplishments for similar engagements that relate to specific services being sought.
2. Describe the experience of the firm in providing similar services for the City of Jacksonville and its various using agencies (JEA, JTA, JAA Duval County Board).
3. Describe other relevant Florida governmental experience or expertise in Seaport business activities.
4. Describe specific experience of the Senior Manager in Seaport audit activities.
5. Describe state or federal experience in grant programs administered by USDOT, FDOT, EPA, EDA, Florida DEP, and MARAD.
6. Provide three (3) relevant governmental client references, including contact person and telephone numbers. The references must summarize the scope of the work performed, total staff hours utilized, length of assignment and size of the project team.

Proposers are requested to state with specificity whether or not, within the past five (5) years, they have provided the scope of services contemplated herein within the State of Florida or services for a Seaport outside of the State of Florida. Responding to this evaluation criterion necessitates that proposers include statements of their past and present records of professional accomplishments.

C. Current Workload and Ability to Meet Report Deadlines (15 Points Maximum Score)

The application of this criterion shall include an assessment of the perceived ability of the firm to devote the necessary human resources and management attention to the project. Qualities and indicators that should receive consideration should generally include the number and size of the projects being performed by the firm and the assigned staff; the status of personnel to be assigned to the project; and the number and type of projects that would concurrently be undertaken by the assigned staff.

1. Discuss how soon after the award of the Agreement each project team member can begin devoting substantial time to JAXPORT.
2. Describe any obligations and interests that the firm has that might conflict with the best interests of JAXPORT.

D. Ability to Design an Approach and Work Plan (15 Points Maximum Score)

The application of this criterion shall include an assessment of the overall quality of the proposal. Qualities and indicators that should receive consideration should generally include the firm's performance in converting scope of services into work plan; the detail and clarity of the discussion as the respondent's approach to undertaking the project; the firm's performance in identifying any special problems or concerns, which may be associated with project.

1. Indicate qualities and indicators that should receive consideration which generally include the firm's performance in converting the scope of services into a work plan; the detail and clarity of the discussion as the respondent's approach to undertaking the project; the firm's performance in identifying any special problems or concerns, which may be associated with the project.

E. Proximity to the Project (10 Points Maximum Score)

The application of this criterion shall include an assessment of the geographic proximity to the project. Qualities and indicators that should receive consideration should generally include the location of the office from which the proposed project will be administered; the perceived response time and general availability of the firms' management to be onsite; and the availability of special travel or communication plan, which would effectively mitigate difficulties associated with the location.

1. Indicate the location of the office from which the proposed project will be administered; the perceived response time and general availability of the firm's management to be onsite; and the availability of special travel or communication plan, which would effectively mitigate difficulties associated with the location.

F. Quotation of rates, fees or charges and other detailed cost proposal breakdown information (5 Points Maximum Score)

The application of this criterion shall include an assessment of the level of compensation that will be required by the firm to complete the project. Price is not the sole or predominant factor in the evaluation of the proposal. Qualities and indicators that should receive consideration should generally include the level of detail provided in how the firms' fee and charge information has been determined; the proposed cost to complete the project as prescribed by the scope of services and detailed in the respondent's proposal; the degree of the respondent's willingness to negotiate fees; and any indications of the respondent as to special pricing considerations such as limitations on overhead cost, expressions to fix prices for a determined period of time, and willingness to work within cap, etc.

1. Proposal must include a **proposed annual fee for first three (3) consecutive years**, inclusive of all miscellaneous expenses, such as out-of-pocket expenses, travel, etc. **Fees must be applied as a single annual fixed fee only, a range will not be accepted or considered.** If the annual fee differs from year to year, please provide a reasonable explanation for the increase/decrease in cost.

The final negotiated fee schedules will be firm for the initial period of the contract unless the scope of services listed on this RFP is increased by JAXPORT. Increases or decreases for subsequent renewal periods will be negotiated.

Failure to provide complete and accurate information will result in a lower score on evaluation.

4.06 PRIOR YEAR AUDIT REPORT

After review of the JAXPORT's 2022 Annual Financial Report, please outline any issues of concern your firm may have with our existing data or format.

4.07 REPORTS TO BE ISSUED AT EACH AUDIT COMPLETION

Note: Unless indicated separately, report preparation, editing and printing will be the responsibility of the Auditor.

1. A report stating its opinion on JAXPORT'S General Purpose financial statements and supplemental information in conformity with applicable Accounting and Auditing Standards.
2. Other Reports Required by Governmental Auditing Standards, OMB Circular A-133 and the Florida Single Audit Act.
 - A. Report of Independent Certified Public Accountants on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements performed in accordance with Government Auditing Standards.
 - B. Report on Compliance with Requirements applicable to each major Federal Program and State Project and on Internal Control over compliance in accordance with OMB Circular A-133 and the State Projects Compliance Supplement.
 - C. Schedule of Expenditures - Federal Programs and State Projects.
 - D. Schedule of Findings and Questioned Costs – Federal Programs and State Projects.
3. Special Reports
 - A. Report to Management (“Management Letter”).
 - B. Audit Committee Report.
 - C. Data Collection Form for reporting on Audits of States, Local Governments, and Non-Profit Organizations (Prepared by JAXPORT, reviewed and signed by Auditors).

4.08 OTHER SERVICES TO BE PROVIDED

1. Auditor must be available to meet with JAXPORT personnel, after given reasonable notice.
2. Auditor must be available to make Board presentations, after given reasonable notice.

4.09 WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All working papers and reports must be retained, at the Auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by JAXPORT of the need to extend the retention period. The Auditor will be required to make working papers available, upon request, to JAXPORT or their designees. In addition, the firm will respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.

4.10 SPECIAL CONSIDERATIONS

1. JAXPORT will include its general-purpose financial statements and the Auditor's Opinion in its Annual Report.
2. JAXPORT may issue one or more official statements in connection with the sale of debt securities, which will contain the general-purpose financial statements and the Auditor's Opinion thereon. The Auditor may be required to issue a “consent and/or comfort letters”.

4.11 SCHEDULE FOR THE 2023 FISCAL YEAR AUDIT

1. Planning and Interim Work - The Auditor will commence all interim work upon award of contract.
 2. Detailed Audit Plan - The Auditor will provide JAXPORT by August 31, 2023, a detailed plan and a list of all schedules to be prepared by JAXPORT.
 3. Commencement of Year-End Work - JAXPORT will have all records ready for audit by November 10, 2023, with the exception of information provided by third parties (FRS pension data).
 4. Fieldwork - The Auditor will complete all fieldwork and recommend all audit adjustments by December 10, 2023, with the exception of information provided by third parties (FRS pension data).
 5. Final Report - Final General-Purpose Financial Statements and Supplemental Information with Report of Independent Accountants will be submitted to JAXPORT not later than January 10, 2018. In the event of a delay by third parties (FRS), this deadline can be adjusted.
 6. The Auditor will provide the following minimum number of reports:

A. General Purpose Financial Statements	20
B. Other Reports Required by Governmental Auditing Standards, OMB Circular A-133 and Florida Single Audit Act	20
C. Management Letter	20
D. Audit Committee Report	10
- Additional Copies may be requested. If there will be a fee for additional copies, please disclose the fee in your response.
7. The schedule for subsequent annual audits will be mutually agreed upon by JAXPORT and the successful proposer. However, deadlines will be dictated by deadlines established by the City of Jacksonville.

4.12 COMPLIANCE WITH STANDARDS

The firm shall perform the Scope of Services in accordance with each of the following as applicable to JAXPORT, as each may be amended from time to time:

- A. Statement of Auditing Standards issued by the Auditing Standard Board of American Institute of Certified Public Accountants (GAAS).
- B. Government Auditing Standards: June 2007 Revision (Yellow Book) issued by the Comptroller General of the United States.
- C. The Single Audit Act of 1984, Public Law 98-502, as amended (31 U.S.C.A.ss 7501 to 7507) and related OMB Compliance Supplement for Single Audits of State and Local Governments.
- D. Office of Management and Budget Circular A-133, Audits of State and Local Governments and other OMB Circulars as applicable
- E. Rules of the State of Florida Auditor General, Chapter 10.550, Local Government Entity Audits.
- F. AICPA Audit and Accounting Guide: State and Local Governments.

4.13 LIQUATED DAMAGES - *Not Applicable*

4.14 SERVICES TO BE PROVIDED BY JAXPORT

- A. Accounting Department and Clerical Assistance - JAXPORT Accounting Department staff and responsible personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of JAXPORT. Reasonable clerical support will be made available to the Auditor for the preparation of routine letters and memoranda.
- B. Information Technology (IT) Assistance - IT personnel will be available to provide technical explanations.
- C. Statements and Schedules to be prepared by the staff of JAXPORT - The staff of JAXPORT will prepare draft statements and schedules for the Auditor by the dates agreed to at the post award conference.
- D. Work area, telephones, photocopying and facsimile machines - JAXPORT will provide the Auditor with reasonable workspace. The Auditor will also be provided with access to telephone, photocopying and facsimile machines.

4.15 CHANGES IN SCOPE OF SERVICES

JAXPORT, without invalidating the Contract, may order extra work or make changes by altering, adding to, or deducting from the work, and the Contract will be adjusted accordingly, based on a mutually agreed upon negotiated fee. Changes in the work and the contract sum may only be changed by prior written agreement executed by the parties with proper authorization to do so.

4.16 CHANGES IN PERSONNEL

The Firm will notify JAXPORT in writing primarily thirty (30) days prior to affecting a personnel change concerning the primary consultant to be assigned to the JAXPORT contract. JAXPORT will have the right to reject any individual assigned to perform work under this contract, or to request the Consultant to change the primary consultant to be assigned to JAXPORT contract.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

ATTACHMENT NO. 1

**REQUEST FOR PROPOSAL NO. 23-01
EXTERNAL AUDITOR SERVICES
EVALUATION MATRIX**

JAXPORT will make an award based on the Proposer's ability to meet our needs as rated on the evaluation matrix shown below. Factors used to evaluate the Proposer's response, as well as the weighting of the factors, vary for each service and are listed below in descending order of importance.

EVALUATION CRITERIA

A. Company's Qualifications and Experience (30 Points Maximum Score)

The application of this criterion shall include an assessment of the general capabilities of the firm or individuals that will be engaged in the project. Qualities and indicators that should receive consideration should generally include the various professional, technical and educational achievements and registrations of the firm and individuals; the size, facilities, equipment, diversification, depth of personnel and overall experience of the firm; the applicable experience of the proposed assigned staff; and the specific experience gained on similar projects. The Proposer's available services and technology will receive significant consideration.

1. Provide the total number of employees your firm employs along with the total number of Certified Public Accountants licensed to practice in the State of Florida. Include addresses of all office Florida locations located in or out of the Duval County area.
2. Name and describe the type of experience, educational and professional accomplishments, continuing education and the number of years of experience (with this firm and others) of the individual(s) who would work directly with JAXPORT on a day-to-day basis. Separately name and describe the experience of the individual (Senior Manager) who would serve in a general supervisory role for the individuals described in the immediately preceding sentence. Describe the anticipated division of duties among all persons listed, identifying both the type of work such person is anticipated to perform and the percent of the total work expected to be performed by that person in connection with JAXPORT services
3. Describe the quality of the firm's management support personnel to be available for technical consultation.
4. Provide the most recent external quality control review report prepared by individual(s) who would work directly with JAXPORT on a day-to-day basis.
5. Identify any circumstance and status of any disciplinary action taken or pending against the firm during the past five (5) years with regulatory bodies or professional organizations.
6. After review of JAXPORT's 2022 Annual Financial Report (Exhibit E), please outline any issues of concern your firm may have with our existing data or format.

B. Past and Present Experience with Government and/or Seaport Audits (25 Points Maximum Score)

The application of this criterion shall include an assessment of the firm's specific experience in undertaking similar professional engagements. Qualities and indicators that should receive consideration should generally include the number and level of complexity associated with projects undertaken; the quality of such project work; the level of cooperation and coordination with customer's staff; and the level of performance on such projects with regard to the firm's adherence to the scope of services, compliance with contract terms, response time, ability to adhere to quoted fees.

1. Describe any outstanding accomplishments for similar engagements that relate to specific services being sought.
2. Describe the experience of the firm in providing similar services for the City of Jacksonville and its various using agencies (JEA, JTA, JAA Duval County Board).
3. Describe other relevant Florida governmental experience or expertise in Seaport business activities.
4. Describe specific experience of the Senior Manager in Seaport audit activities.
5. Describe state or federal experience in grant programs administered by USDOT, FDOT, EPA, EDA, Florida DEP, and MARAD.
6. Provide three (3) relevant governmental client references, including contact person and telephone numbers. The references must summarize the scope of the work performed, total staff hours utilized, length of assignment and size of the project team.

Proposers are requested to state with specificity whether or not, within the past five (5) years, they have provided the scope of services contemplated herein within the State of Florida or services for a Seaport outside of the State of Florida. Responding to this evaluation criterion necessitates that proposers include statements of their past and present records of professional accomplishments

C. Current Workload and Ability to Meet Report Deadlines (15 Points Maximum Score)

The application of this criterion shall include an assessment of the perceived ability of the firm to devote the necessary human resources and management attention to the project. Qualities and indicators that should receive consideration should generally include the number and size of the projects being performed by the firm and the assigned staff; the status of personnel to be assigned to the project; and the number and type of projects that would concurrently be undertaken by the assigned staff.

1. Discuss how soon after the award of the Agreement each project team member can begin devoting substantial time to JAXPORT.
2. Describe any obligations and interests that the firm has that might conflict with the best interests of JAXPORT.

D. Ability to Design an Approach and Work Plan (15 Points Maximum Score)

The application of this criterion shall include an assessment of the overall quality of the proposal. Qualities and indicators that should receive consideration should generally include the firm's performance in converting the scope of services into a work plan; the detail and clarity of the discussion as the respondent's approach to undertaking the project; the firm's performance in identifying any special problems or concerns, which may be associated with the project.

1. Indicate qualities and indicators that should receive consideration which generally include the firm's performance in converting the scope of services into a work plan; the detail and clarity of the discussion as the respondent's approach to undertaking the project; the firm's performance in identifying any special problems or concerns, which may be associated with the project.

E. Proximity to the Project (10 Points Maximum Score)

The application of this criterion shall include an assessment of the geographic proximity to the project. Qualities and indicators that should receive consideration should generally include the location of the office from which the proposed project will be administered; the perceived response time and general availability of the firms' management to be onsite; and the availability of special travel or communication plan, which would effectively mitigate difficulties associated with the location.

1. Indicate the location of the office from which the proposed project will be administered; the perceived response time and general availability of the firm's management to be onsite; and the availability of special travel or communication plan, which would effectively mitigate difficulties associated with the location.

F. Quotation of rates, fees or charges and other detailed cost proposal breakdown information (5 Points Maximum Score)

The application of this criterion shall include an assessment of the level of compensation that will be required by the firm to complete the project. Price is not the sole or predominant factor in the evaluation of the proposal. Qualities and indicators that should receive consideration should generally include the level of detail provided in how the firms' fee and charge information has been determined; the proposed cost to complete the project as prescribed by the scope of services and detailed in the respondent's proposal; the degree of the respondent's willingness to negotiate fees; and any indications of the respondent as to special pricing considerations such as limitations on overhead cost, expressions to fix prices for a determined period of time, and willingness to work within cap, etc.

1. Proposal must include a proposed annual fee for first three (3) consecutive years, inclusive of all miscellaneous expenses, such as out-of-pocket expenses, travel, etc. If the annual fee differs from year to year, please provide a reasonable explanation for the increase/decrease in cost.

The final negotiated fee schedules will be firm for the initial period of the contract unless the scope of services listed on this RFP is increased by JAXPORT. Increases or decreases for subsequent renewal periods will be negotiated.

ABILITY OF PROPOSER:		POINT MATRIX
A.	Company's Qualifications and Experience	30
B.	Past and Present Experience with Government and/or Seaport Audits	25
C.	Current Workload and Ability to Meet Report Deadlines	15
D.	Ability to Design an Approach and Work Plan	15
E.	Proximity to the Project	10
F.	Quotation of Rates, Fees or Charges and Other Detailed Cost Proposal Breakdown Information	5
TOTAL POINTS:		100

How to Submit Your Bid Response in E-Builder




After reviewing the bid package invitation, use the Response Form tab to submit your bid response.

To submit your proposal:

1. [Access](#) the bid package.
2. Click the **Response Form** tab.
3. On the **Step 1: Bid Form** tab, enter your pricing on the bid form line items.

Ensure that you provide pricing at the level of detail required by the bid manager (if applicable). Some line items may be lump sum, and others may require quantities and unit prices.

- If there are areas that do not pertain to your trade, enter a zero (0) value in that line.
- The Summary box at the top of the page maintains a running total of your entries for reference.

4. Click  (Save). Ensure that your work is saved periodically.
5. *Optional:* To export the bid items to a spreadsheet that you can customize or that you can share with your team, click  (Download). After updating the spreadsheet, click  (Upload) to re-import it.
6. On the **STEP 2: Response Documents** tab, click **Attach Documents**, and upload any supporting document needed to support your bid.
7. On the **STEP 3: Additional Required Info** tab, complete any additional questions or qualification statements that have been established by the bid manager. If any addenda have been issued, you are required to acknowledge receipt of the addenda on this page before submitting your bid.
8. Review the entire Response Form and click **Submit**.
9. When prompted, enter your e-Builder portal password and click **Submit Bid**.

The date and time that you submitted your bid is stamped on your Response Form. You will also receive an email confirmation.

Recall your Bid Response *(only if necessary)*

If you failed to submit all documents or see an error on a page **after submitting** your bid, you can make changes to your bid before the due date/time without any interaction from the bid manager. The bid manager has no record of your bid response until you click Submit again.

To recall your bid response

1. On the **Response Form** tab, click **Recall Bid**.
2. Optionally provide a reason for your recall and then click **Yes, I am sure**.
Your previous submission information is displayed on the Response Form tab.
3. Click **Submit** to resubmit your bid prior to the bid due date/time.

Additional Notes


- *After the bid due date/time has passed, the Submit button will be disabled. It is critical that you complete the entire process prior to the cut-off time. The system will not permit you to submit your proposal or bid after the deadline regardless of where you are in the process. As stated, the Submit button is systematically disabled promptly at the deadline and JAXPORT is unable to see anything you have uploaded prior to the bid due date/time. No late submissions will be permitted or accepted. Please plan accordingly.*
- If the bid manager adds or changes a bid item, or publishes an addendum, your bid will be set back to a Draft status. You will receive an email notification and will be required to reconfirm your bid and resubmit.
- When you need to step away from entering the quote, click  (Save). It is recommended that you save every 15 minutes. This will ensure that your changes are saved.
- If there are areas that do not pertain to your trade, enter a zero (0) value in that line item.
- If you have your qualifications in Word® or another program, copy and paste them into the qualifications.
- It is required that you acknowledge all the addenda, even if they do not pertain to your trade.
- It is recommended that you submit your quote at least 60 minutes before the due time so that you can rectify any errors. To submit the proposal, you must complete all the fields and acknowledge the addenda items.
- Failure to submit all information requested will result in a proposal or bid being considered “non-responsive,” and therefore will be rejected.

EXHIBIT A

CONFLICT OF INTEREST CERTIFICATE

Bidder must execute either Section I or Section II hereunder relative to Florida Statute 112.313(12). Failure to execute either section may result in rejection of this bid/proposal.

SECTION I

I hereby certify that no official or employee of JAXPORT requiring the goods or services described in these specifications has a material financial interest in this company.

_____	_____
Signature	Company Name
_____	_____
Name of Official (type or print)	Business Address

	City, State, Zip Code

SECTION II

I hereby certify that the following named JAXPORT official(s) and/or employee(s) having material financial interest(s) (in excess of 5%) in this company have filed Conflict of Interest Statements with the JAXPORT Office of the Executive Director, 2831 Talleyrand Ave., Jacksonville, Florida 32206, prior to the time of bid opening.

Name	Title or Position	Date of Filing
_____	_____	_____

_____	_____
Signature	Company Name
_____	_____
Print Name of Certifying Official	Business Address

	City, State, Zip Code

PUBLIC OFFICIAL DISCLOSURE

JAXPORT requires that a public official who has a financial interest in a bid or contract make a disclosure at the time that the bid or contract is submitted or at the time that the public official acquires a financial interest in the bid or contract. Please provide disclosure, if applicable, with bid.

Public Official _____

Position Held _____

Position/Relationship with Bidder _____

EXHIBIT B

SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A), FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to _____
(print name of the public entity)
by _____
(print individual's name and title)
for _____
(print name of entity submitting sworn statement)
whose business address is _____

and (if applicable) its Federal Employer Identification Number (FEIN) is _____

(If the entity has no FEIN, include the Social Security Number of the individual signing

this sworn statement: _____.)

2. I understand that a “public entity crime” as defined in Paragraph 287.133(1)(g), **Florida Statutes**, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that “convicted” or “conviction” as defined in Paragraph 287.133(1)(b), **Florida Statutes**, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an “affiliate” as defined in Paragraph 287.133(1)(a), **Florida Statutes**, means:
 1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term “affiliate” includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm’s length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
5. I understand that a “person” as defined in Paragraph 287.133(1)(e), **Florida Statutes**, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term “person” includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. **(Indicate which statement applies.)**

_____ Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent of July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. **(Attach a copy of the final order)**

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

(signature)

(date)

STATE OF _____

COUNTY OF _____

PERSONALLY APPEARED BEFORE ME, the undersigned authority,

_____ who, after first being sworn by me, affixed
(name of individual signing)

his/her signature in the space provided above on this _____ day of _____, 20_____.

NOTARY PUBLIC

My commission expires:

EXHIBIT C

ACKNOWLEDGEMENT AND ACCEPTANCE OF E-VERIFY COMPLIANCE

E-VERIFY PROGRAM FOR EMPLOYMENT VERIFICATION

In accordance with the Governor of Florida, Executive Order Number 11-02 (Verification of Employment Status), whereas, Federal law requires employers to employ only individuals eligible to work in the United States; and whereas, the Department of Homeland Security's E-Verify system allows employers to quickly verify in an efficient and cost-effective manner;

The Contractor agrees to utilize the U. S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Contractor during the term of the contract. Contractors must include in all subcontracts the requirement that all subcontractors performing work or providing goods and services utilize the E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the contract term. The Contractor further agrees to maintain records of its participation and compliance and its subcontractor's participation and compliance with the provisions of the E-Verify program, and to make such records available to JAXPORT upon request. Failure to comply with this requirement will be considered a material breach of the contract.

By signing below, I acknowledge that I have reviewed, accept and will comply with the regulations pertaining to the E-Verify program.

Company Name

Name of Official *(Please Print)*

Signature of Principal

Title

Date

EXHIBIT D

JAXPORT'S TRAVEL PROCEDURES AND GUIDELINES



PROCEDURES AND GUIDELINES

PROCEDURE: SOP 1236
TITLE: Travel
RESPONSIBILITY: Director, Finance
REVISION DATE: June 4, 2019



PROCEDURAL CONTENT:

1. Corporate Card
 2. Request for Travel
 3. Prepaid Travel Expenses
 4. Means of Travel
 5. Lodging
 6. Reimbursable Expenses
 7. Travel Expense Report Submittal
 8. Monies due to Jaxport
 9. Forms
-

PURPOSE:

It is JAXPORT's objective to establish procedures and guidelines for all persons traveling on behalf of JAXPORT.

SCOPE:

These individuals include, but are not limited to employees, contract employees, board members, consultants and contractors. Any individuals traveling on behalf of JAXPORT must comply with the requirements in this procedure unless stipulated otherwise in a separate legal contract. JAXPORT will ensure that all travel is accomplished in compliance with Part 7 of Chapter 106 Ordinance Code of the City of Jacksonville, City Charter: Section 13.11, Statutory Authority: Section 1001.41(2), Florida Statutes, Laws Implemented: Sections 112.061; 1001.39, Florida Statutes.

Please refer to MP42 and MP43 regarding the number of travelers necessary to accomplish the purpose of travel.

DEFINITIONS:

1. **Travel Advance** – Payment of cash prior to the commence of travel for certain anticipated travel related expenses.
2. **Per Diem** – Payments to traveler to compensate for expenses incurred while traveling away from their home base for periods of twenty-four hours or more.



PROCEDURES AND GUIDELINES

PROCEDURES:

I. CORPORATE CARD

II. Objectives

- To allow JAXPORT personnel access to efficient and alternative means of payment for approved expenses primarily related to business travel and expenses.
- To improve managerial reporting related to corporate card purchases.
- To improve efficiency and reduce costs of payables processing.

Policies

1. JAXPORT corporate cards have been assigned for all employees and the corporate cards are maintained in the Finance Department by the Manager of Treasury & Compensation. A traveler must notify the Manager of Treasury & Compensation prior to booking travel to have the card activated for use. Approximately, 24 to 48 hours prior to travel beginning, the traveler will be required to sign out their corporate card with the Finance Department. This will ensure that they are able to pay for any charges incurred while on travel for the port.
2. Corporate cards will only be used for legitimate business and travel expenses. Personal purchases of any type are *not* allowed.
3. Cash advances on corporate cards are *not* allowed.
4. Cardholders will be required to sign an agreement indicating they accept these terms. Individuals who do not adhere to these policies and procedures risk revocation of their corporate card privileges and/or disciplinary action.
5. Upon termination of employment, all individuals who maintain their corporate cards directly, must cut the corporate card in half and give it to Human Resources who will, in turn, notify the Manager of Treasury & Compensation.
6. Travelers who do not maintain their corporate cards directly, must turn in their corporate credit card to the Manager of Treasury & Compensation directly after travel.

Process

1. **Receipts:** Detailed receipts must be retained and attached to expense reports. In the case of meals and port promotions, each receipt must include the names of all persons involved in the purchase, and a brief description of the business purpose of the purchase, in accordance with Port Promotion, SOP 1242. In addition, single receipts under \$30.00 or multiple receipts not exceeding \$50.00, where the employee has paid for an out of pocket expense within Duval County, can be reimbursed directly from petty cash in Human Resources with a detailed receipt.
2. **Expense Report:** Expense reports must be promptly completed and submitted via the established process to enable timely payment of amounts due. All expenses charged while on travel will display on the expense tab in Concur for the traveler to import into their expense report. Please note that charges can take anywhere from seven to ten day to display in Concur based on when the charge was processed through the vendor and bank.



PROCEDURES AND GUIDELINES

3. **Tax-exempt certificates:** Cardholders should make every effort to ensure purchases made in Florida do not include sales tax. Tax-exempt certificates are available in the online filing cabinet on JAXPORT's intranet. Cardholders should carry a copy of the State Tax Exemption Certificate as proof of the exemption from certain sales and uses taxes. If after the request for tax exemption is made, taxes are still assessed, reimbursement is appropriate.
4. **Disputing a charge:** Disputed billing can result from failure to receive goods or services charged, fraud, incorrect amounts and duplicate charges. The cardholder should contact the merchant first to resolve any outstanding issues. Notify VISA Customer Service at 1-888-934-1087 of the dispute.
5. **Lost/Stolen card:** Immediately notify VISA Customer Service at 1-888-934-1087 and the Manager of Treasury & Compensation if the card is lost or stolen.

II. REQUEST FOR TRAVEL

All travel approval, prepaid expenses and expense reports will be handled through a web based travel application. Manual forms will not be accepted unless the web-based travel application is unavailable.

Purpose of Travel: The purpose section of the travel form should clearly state the name(s); title and company of the customer the traveler will visit and/or the name of the event or conference the traveler will attend. This section should also include a statement in the comment section of the request to travel indicating the employee's travel has been discussed with and approved by their supervisor. In the case of Chief Travel, the statement should note in the comment section of the request to travel that their travel was discussed with and approved by the Chief Executive Officer, CAO, CFO, or a designee.

Personal Travel Profiles: All travelers expecting to travel at least twice (2) per year should contact their Travel Coordinator to ensure that pertinent details and the traveler's preferences are met during the reservation process. The traveler is responsible for informing the Travel Coordinator of all personal travel information changes. This will include phone number, medical restrictions, special meal requirements and seat preference.

Chief Executive Officer's Travel (domestic/international): Travel request (s) and expense report(s) for the Chief Executive Officer shall be approved by the Chairman of the Board or his designee. The Chief Executive Officer's Senior Executive Assistant will be responsible for preparing, reviewing and booking all travel and expense reports for the Chief Executive Officer through a web based travel application. Additional responsibilities of the Senior Executive Assistant will include reviewing all expense reports for appropriate documentation and receipts prior to submission to Finance for reimbursement. All other procedures and guidelines will be adhered to regarding purpose of travel, travel request, hotel accommodations, flight arrangements, car rentals, expense report and any and all additional requirements.

Chief Travel (domestic/international): Travel request (s) and expense report(s) for a Chief shall be approved by the Chief Executive Officer, CAO, CFO or a designee and should be handled through a web based travel application. The travel subject matter expert (SME) in each Division will be responsible for



PROCEDURES AND GUIDELINES

preparing, reviewing and booking all travel and expense reports for the Chief of the Department. The SME will review all expense reports for appropriate documentation and receipts prior to submission to Finance for reimbursement. All procedures and guidelines will be adhered to regarding purpose of travel, travel request, hotel accommodations, flight arrangement, car rentals, expense report and any and all additional requirements.

City Council Members (domestic/international): Travel request(s) and expense report(s) for City Council members shall be approved by the Chairman of the Board or his designee. All other procedures and guidelines will be adhered to regarding the purpose of travel, travel request, hotel accommodations, flight arrangements, car rentals, expense reports and any and all additional requirements.

Board Travel Processing: Travel Request(s) and Expense Report(s) will be handled by the Senior Executive Assistant to the Chief Executive Officer and/or Board Liaison.

- Travel for any member of the Board of Directors (including necessary travel to and from Board meetings for any member who does not reside locally) must be approved by the attending Board Members (a quorum of four members) in the monthly Board Meeting prior to the actual travel.
- If the monthly Board Meeting does not take place prior to the travel, the preceding month's travel approval will take precedence.
- All other procedures and guidelines will be adhered to regarding purpose of travel, travel request, hotel accommodations, flight arrangements, car rentals, expense report and any and all additional requirements.
- **The Chairman of the Board or his designee will render approval of all Board members' expense reports and travel requests.** All expense reports shall be reviewed by the Accountant II, Billing and Travel before being submitted for final payment processing.

Subject Matter Experts: Appointed Travel Experts within each department will be responsible for booking travel for employees, helping with travel procedures, and assisting with expense report submissions. The Accountant II, Billing & Travel, Administrator will continue to provide overall support, monitoring and direction of the travel program.

Personal Leave/Extended Stays: If an employee desires to take leave in conjunction with official travel the following guidelines apply:

- Traveler must clearly indicate time approved leaves begins and ends on the expense report.
- Traveler will be responsible for any additional cost associated with Personal Leave/Extended Stays - airfare, hotel, car rental, meals, mileage, etc.
- Statement releasing JAXPORT of liability during any personal portion of travel that exceeds constructive travel time in conjunction with business travel must be signed by traveler prior to trip (Please see Accountant II, Billing and Travel for the Travel Liability Release Form) and a copy provided to Accountant II, Billing and Travel.
- If the traveler is on personal leave in conjunction with official JAXPORT business and the original intent of the travel gets canceled, the traveler will be responsible for reimbursing JAXPORT for



PROCEDURES AND GUIDELINES

any and all unrecoverable cost associated with the trip that otherwise could have been avoidable had it not been for the personal travel.

- The traveler must close out any auto rental agreement for the official JAXPORT business and obtain a separate agreement for personal use. Proof of both transactions must accompany the expense report.
- Reimbursement in the form of a check or money order from the employee for any additional cost associated with Personal Leave/Extended Stay must accompany the expense report.

III. PREPAID TRAVEL EXPENSES

Travel Advance: A travel advance will be considered in cases of international travel and should be requested at least 14 days in advance. Advances will not be issued earlier than 10 business days prior to travel. Travel advances are intended for the following costs ONLY:

- 1) Transportation
- 2) Meals, at the per diem rate if travel is expected to last 5 full days or longer
- 3) Failure to provide the traveler with an advance will create a financial hardship for the traveler

No other expenses shall be authorized or included in the advance.

Upon completion of travel, the traveler is required to:

- Reconcile any expenses paid for with the cash advance
- Provide receipts for all cash advance monies used
- Return any unused monies
- Failure to account for the advance within 5 days, results in traveler owing the entire sum to JAXPORT.

IV. MEANS OF TRAVEL

Travel will be deemed to have commenced at the lesser of; the time the traveler actually began travel, or the latest time required to arrive at the destination to accomplish the purpose of the travel. The same constructive travel time will be applied in the return of the traveler. The purpose of applying this constructive travel time regulation is to ensure the traveler spends the least possible time on official travel.

Airline Common Carrier: Airline reservations are made by the Traveler by means of the web based travel application, and or travel agencies. Regardless of the method, the traveler is responsible for obtaining the most economical coach fare at the time of booking.

First Class Travel: At no time will the Traveler request first class reservations under any circumstance.

The following combination of officers will strive to adhere to the following guidelines for executive travel:



PROCEDURES AND GUIDELINES

1. The Chief Executive Officer and no more than one (1) Director / Sr. Director on the same aircraft.
2. No more than two (2) Directors / Sr. Directors may fly on the same aircraft.
3. A Director/ Sr. Director and no more than one (1) direct report may fly on the same aircraft.

Note: Deviations from the policy must be authorized in writing by the Chief Executive Officer prior to the commencement of travel.

Overnight Delays/Stopovers/Forced Layovers: Should an airline delay necessitate an overnight stay, the traveler must first attempt to secure complimentary lodging from the airline. If unsuccessful, the traveler should contact Travel Incorporated at 855-890-5172, or the appropriate travel agency for assistance.

Lost or Excess Baggage: The ultimate responsibility for retrieving and compensating for lost baggage lies with the airlines. JAXPORT will not reimburse travelers for personal items lost while traveling on business.

Measures that can be taken to minimize baggage losses include:

- Always carry valuables (e.g., jewelry, laptop computers, cameras, etc.) on board the aircraft.
- Always carry important and/or confidential documents on board the aircraft.
- Clearly tag luggage with name, address and phone number.
- Retain baggage claim receipts for checked baggage.

Excess/Overweight baggage charges will be reimbursed only in the following circumstances:

- When traveling with heavy or bulky materials or equipment necessary for conducting business.
- Excess baggage consists of JAXPORT's records or property.
- When traveling for more than 5 consecutive days.

Baggage Fees: The usual and customary baggage fees that are charged by airlines will be reimbursed with appropriate receipts and documentation.

Non-Refundable Tickets: Unused tickets credits may be applied towards future flights. These credits must be used within one year of the issue date.

Travel via Vehicle:

Automobile Rental: Travelers should rent a car to their destination when driving is more cost-effective than an airline, travel time by car is less than the cost of airfare and taxi to the location or transporting large or bulky material. When driving travel should not exceed 400 miles one-way.

The Traveler/Subject Matter Expert is responsible for booking the most economical and practical size car available.

The traveler should at all times carry a copy of the City and State Tax Exemption Certificate and make a reasonable effort to inform the provider of the City and State exception from such taxes



PROCEDURES AND GUIDELINES

when picking up a rental car. If after the request for tax exemption is made, taxes are still assessed, reimbursement to the traveler is appropriate. When traveler is traveling by a rented automobile, he/she will be reimbursed for tolls, parking and gas.

Rental Car Insurance – With In the State of Florida: For vehicles rented within the State of Florida, all forms of optional insurance shall be declined.

Rental Car Insurance – Out of the State of Florida/International: Travelers should accept all insurance coverage when renting cars out of the State of Florida or in a foreign country. Car rental insurance coverage purchased out of the State of Florida or in a foreign country is reimbursable. Please note that when renting with National/Enterprise, per our state contract we do not need to accept additional coverage.

Rental Car Accidents: Should a rental car accident occur, travelers should immediately contact:

- The rental car company;
- JAXPORT's Risk & Asset Manager

Fleet Vehicle: Use of a JAXPORT fleet vehicle is a preferred method of travel within our nine county radius. Please reference SOP 1109, Motor Vehicle Program.

POV (Personally Owned Vehicle): Use of a personally owned vehicle is allowed if it is the most cost effective means of travel.

V. LODGING

Lodging shall be authorized and reimbursed at the reasonable, actual and necessary expense thereof, not to exceed the single room rate and associated taxes. Regardless of payment, the actual zero balance receipt must be submitted with the expense report.

High End Hotel Rates: Depending on the location of the business travel, if a daily hotel rate is considered to be on the high end, the Traveler shall select lodging that is the most economical available consistent with the duties being performed.

Lodging In-State: If travel is within the State the traveler should carry a copy of the City and State Tax Exemption Certificate as proof of the exemption from the certain sales and use taxes. The traveler should make a reasonable effort to inform the provider of the City and State exemption from such taxes. If after the request for tax exemption is made, taxes are still assessed, reimbursement to the traveler is appropriate.

Lodging in Foreign Country: Travelers performing foreign/international travel will be reimbursed for the actual cost incurred for lodging.



PROCEDURES AND GUIDELINES

If traveling to an event/conference, the traveler is allowed to stay at the hotel where the event/conference is taking place. Booking should take place in advance to take advantage of discounted conference rate.

Hotel Cancellation Procedures: Travelers are responsible for cancellation of hotel room within the allotted cancellation period. Travelers should request and record the cancellation number in case of billing disputes

VI. REIMBURSABLE EXPENSES

Unless otherwise noted, all travel should originate from Jacksonville, Florida. The time traveled is the shorter of the time the traveler actually began travel or the latest time reasonably possible to arrive at the destination at the time required to accomplish the purpose of the travel. Based on airport requirements, travelers should arrive at the airport two hours prior to the time of departure(s).

For JAXPORT employees that do not reside within Duval County, the same procedures apply when traveling outside their respective county.

Privately Owned Vehicle: Travel will originate at the principal workplace i.e. JAXPORT facility during Monday through Friday or from the traveler's home during weekend or holidays; or at the traveler's home whichever is the lesser actual mileage to the destination. A traveler may elect to drive a Privately Owned Vehicle (POV) in lieu of air travel or the combination of air travel and auto rental or any other conveyance; however, the payment will be made at the lesser of actual expenses.

All mileage shall be computed from the point of origin to the point of destination. Auto mileage must reflect actual mileage traveled on official business. Any other miles traveled must be reported as vicinity miles and JAXPORT will determine if vicinity miles seem reasonable or excessive. Note: The distance between Jacksonville International Airport and return to JAXPORT facility will not exceed (15) miles in each direction.

For all travel made by Privately Owned Vehicle, reimbursement will be made at the current rate per mile prescribed by the Internal Revenue Service.

A cost analysis must be done to determine the most economical means of travel then reimbursement shall be at the lessor of:

- 1) The current IRS rate per mile for the entire distance, including vicinity miles or
- 2) The airline common carrier fare from the city to the airport nearest the point of travel
Destination for all travelers using their Private Motor Vehicle, plus the IRS rate per mile for mileage equal to the distance from the airport to the point of destination plus any vicinity mileage.



PROCEDURES AND GUIDELINES

Mileage Reimbursement within Duval County: This mileage reimbursement guideline pertains to travel performed on official business within Duval County. An employee who uses his/her private vehicle for official JAXPORT business within Duval County is entitled to reimbursement per mile at the current IRS rate and also parking. These reimbursements are paid by completing an expense report through our automated system. Any staff member who receives a car allowance is not allowed to claim personal vehicle mileage within Clay, Duval or St. John’s County. Please reference SOP 1109, Motor Vehicle Program, filed under Human Resources. Below are standard inner city destinations with one way and roundtrip mileage calculations:

From PCOB to Destination’s Below	One Way	Roundtrip
Downtown (City Hall, Chamber, Hyatt)	4.2	8.4
Blount Island Marine Terminal - BIMT	15	30
Dames Point Marine Terminal – DPMT (Cruise Terminal)	12	24
Dames Point – DPMT (MOL/TraPac)	14	28
Jacksonville International Airport - JIA	15	30
Jacksonville Transportation Authority - JTA	5	10
Jacksonville Electric Authority -JEA	4.1	8.2
Duval County School Board – DCSB	7	14
The Jacksonville Landing	4.3	8.6
Jacksonville Zoo	8	16
Prime Osborne Convention Center	5.4	10.8
Times Union Center	4.3	8.6
Veterans Memorial Stadium /Metropolitan Park	3	6
Small Business Office (Gateway Mall)	4	8
University of North Florida - UNF	14.5	29
Florida State College of Jacksonville (North Campus)	10	20
Jacksonville University – JU	6.5	13.0
11 Street – Main Gate / Main Office	1	2

Meal Per Diem: While in travel status, meals shall be reimbursed at the following fixed rates only when travel begins before and extends beyond the times specified:

- 1) **Breakfast:** A Per Diem of ten dollars (\$10) is paid, when travel *begins before* 6:00 a.m. and *extends beyond* 8:00 a.m. A double Per Diem of ten (\$20) will be paid for International travel. For air travel ONLY, travel begins two (2) hours prior to the time the traveler’s conveyance actually departs or two (2) hours after the traveler’s flight has actually returned.



PROCEDURES AND GUIDELINES

- 2) **Lunch:** A Per Diem of fourteen dollars (\$14) is paid, when travel *begins before* 12:00 noon and *extends beyond* 2:00 p.m. A double Per Diem of fourteen (\$28) will be paid for International travel. For air travel ONLY, travel begins two (2) hours prior to the time the traveler's conveyance actually departs or two (2) hours after the traveler's flight has actually returned.
- 3) **Dinner:** A Per Diem of twenty-six (\$26) is paid, when travel *begins before* 6:00 p.m. and *extends beyond* 8:00 p.m., or when travel occurs during nighttime hours due to special assignments. A double Per Diem of twenty-six (\$52) will be paid for International travel. For air travel ONLY, travel begins two (2) hours prior to the time the traveler's conveyance actually departs or two (2) hours after the traveler's flight has actually returned.
- 4) If attending a conference and the traveler is provided one or more meals without a specific charge, the traveler is not entitled to per diem for which the meal is furnished.

Daily Per Diem:

A daily per diem rate of \$50 domestically or \$100 internationally will be paid for an entire day when travel time for that day begins before 6:00 a.m. and extends beyond 8:00 p.m.

NOTE: Documentation indicating meal inclusion/exclusion must be submitted with the Travel Expense Reimbursement Form.

PHONE CALLS:

Business Calls: Any travel related business calls are approved. All business calls must be supported with the **full name, title and company** for reimbursement. Failure to submit this information will forfeit reimbursement.

Miscellaneous Reimbursable:

- 1) Ferry fares, bridge, road and tunnel tolls;
- 2) Parking fees-long term parking must be used on trips of four (4) or more days;
- 3) Storage fees;
- 4) Laundry cleaning is approved only if travel exceeds five (5) business days;
- 5) Bottled water consumption will be reimbursed at a reasonable level for **International travel only; Mini bar charges for water will not be reimbursed under any circumstance;**
- 6) Mini bar charges of any kind will not be paid by JAXPORT.
- 7) Personal expenses such as movies and non-business telephone calls will not be reimbursed by JAXPORT.



PROCEDURES AND GUIDELINES

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- 8) Tips: Reimbursement request for tips for taxi, baggage handling and valet parking must be accompanied by a valid receipt or a signed affidavit for reimbursement.
 - 1) Taxi fare to include tips (not to exceed 10% of fare – receipt required);
 - 2) Transportation of baggage not exceeding \$1 per bag per transfer, limited to no more than \$2 per transfers;
 - 3) Valet parking tips (not to exceed 10% of fee)
 - 4) Tips for porters, baggage carriers, bellhops, hotel maids, stewards and others may not exceed \$3 per day total
 - 9) Miscellaneous fees charged by airlines such as baggage fees, seats upgrades to economy comfort and other similar expenses that are usual and customary will be reimbursed with appropriate receipts and documentation.
 - 10) For additional miscellaneous reimbursements not covered directly in this policy, please reference, SOP 1232, SOP 1110 and SOP 1242.

VII. TRAVEL EXPENSE REPORT SUBMITTAL

Approval: A Travel Expense Report must be completed online within (5) business days after the completion of domestic or foreign travel or within five (5) business days after the credit card transaction has been received. Late expense reports must be accompanied with an explanation explaining the reason for failure to meet the required deadline in the notes section. Failure to submit the expense report by the deadline (5 business days) will result in the loss of processing time and a delayed payment. Any expense reports submitted with incomplete information or incomplete documentation will be returned to the traveler for revisions and will result in the delay of processing, and/or disciplinary actions.

Documentation/Receipts: The traveler must retain the passenger receipt for expense report documentation. Actual receipts, conference materials, port promotions, itineraries, trip reports and other written documentation pertaining to travel must be included in the travel expense report. At all times the required fields located on the travel expense report must be completed (name, employee#, department, accounting code, and destination, departure and return time, purpose). These items must be attached to your expense report via fax or scan options. A signed and notarized affidavit is required when no receipt or no itemized receipt is available.

Trip Report: A trip report will be submitted as an attachment in cases where a traveler did not attend a conference, seminar or training. Each individual traveler must submit his or her own trip report detailing the accomplishments during the trip or a conference/seminar agenda.

Listed below are the items that must accompany a Travel Expense Report in order for the expense report to be processed and the traveler to be reimbursed when applicable:

- Approved Advance Request Form
- Notarized Affidavit Form
- Taxi Receipts
- Paid Lodging Bill with a zero
- Boarding Pass/Stubs-when
- Written explanation for not meeting



PROCEDURES AND GUIDELINES

balance	available from the carrier *	5 day Travel Expense Report rule
• Foreign Cash Exchange Receipts	• Port Promotions Receipts	• Toll Receipts
• Receipts for foreign taxes	• Rental Car Receipts	•
• Trip Report	• Storage Receipts	•
• Conference Agenda	• Gasoline Receipts	•

*Due to changes in the airline industry with regard to Boarding Passes and Electronic Ticketing (E-Tickets) the following will apply when E-Tickets are issued. In cases when the carrier does not issue/ return Boarding Passes (i.e. Southwest, Jet Blue, etc.) a receipt from your E-Ticket check-in is required for reimbursement.

Foreign Travel – While traveling in foreign countries, the credit card must be used in all possible cases. Reimbursement for such charges will be made based on the actual credit card transaction which will include the foreign exchange rate and the credit card conversion fee, if applicable.

VIII. MONIES DUE TO JAXPORT

For any errors in payment to the traveler, amounts are recovered in the following order:

1. Deducted from any pending travel reimbursements
2. If there are no pending reimbursements, a Personal check payable to JAXPORT
3. In cases of hardship, a deduction from the employee’s payroll check/checks

FORMS: Travel Liability Release Form

**ADDITIONAL SOP REFERENCES: SOP 1109 MOTOR VEHICLE PROGRAM
SOP 1232 PETTY CASH
SOP 1242 PORT PROMOTION
SOP 1110 RECRUITING AND RELOCATION**

EFFECTIVE DATE:

ADM103 – 10/1/2006; 12/20/2006; 6/25/2007; 12/3/2007; 10/1/2009; 9/29/2011; 1/31/13; 1/1/2015; 9/28/16;
7/25/18

**Jacksonville Port Authority
A Component Unit of the
City of Jacksonville, Florida**

Annual Financial Report
For the Year Ended September 30, 2022

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February 25, 2023

To the Board of Directors of the
Jacksonville Port Authority:

We present the Annual Financial Report of the Jacksonville Port Authority (the Authority or JAXPORT), a component unit of the City of Jacksonville, Florida, for the fiscal year ended September 30, 2022. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position and cash flows in accordance with accounting principles generally accepted in the United States of America. Please refer to the Management Discussion and Analysis (MD&A) for additional information about the financial position of the Authority.

Reporting Entity and Governance

The Jacksonville Port Authority, a public body corporate and politic, was created in 1963 by Chapter 63-1447 of the Laws of Florida to own and operate marine facilities in Duval County, Florida.

JAXPORT is comprised of three separate terminal locations in Jacksonville, with a diverse mix of cargo including containers, automobiles, bulk and cruise operations. Approximately 3/4 of all revenues are generated by containers and autos. The remaining lines of business include breakbulk, dry bulk, liquid cargo and cruise.

A seven-member Board of Directors presently governs the Authority. The Board of Directors establishes Authority policy and appoints a Chief Executive Officer/CEO. The Board of Directors annually elects a Chairman, Vice-Chairman, Secretary and Treasurer. Directors serve a four-year term.

The CEO of the Authority plans and directs all the programs and activities of the Authority, focusing on the future and the development of long-term business strategies.

2022 Operating Revenue results

Total operating revenues of \$61.2 million in fiscal year 2022 reflected a slight decline of 1%, compared to prior year results of \$61.9 million. Container TEUs totaled 1,298,132 in fiscal year 2022 and auto units were at 555,301 units, down 8% and 10% respectively. Container TEU declines were largely attributable to one tenant's declining vessel and cargo business, leading to an early surrender and termination of lease agreement in mid-2022. Auto volumes for 2022 were adversely impacted by global supply chain shortages, including computer chips and parts. However, due to fixed-lease contracts, auto revenues were down only 1%. Breakbulk tonnage volumes were up 35% over prior year to 989,058 tons, with related revenues up 42%. Cruises returned in March 2022, after a two-year absence, with strong passenger counts (nearly 100% occupancy), adding \$2.6 million in revenues compared to zero in 2021.

Steps forward in 2022 and looking ahead

In addition to the mid-year 2022 completion and formal opening of the deepened Jacksonville Harbor to 47 feet, JAXPORT took several major steps in 2022 to strengthen its current book of business and prepare for future business growth and development, including:

- Completion of deep-water berths concurrent with the 47 ft. Harbor Deepening project

- Site preparation for three additional tenant-provided new 100-gauge electric cranes arriving in 2023
- Negotiated exit of tenant in February 2022, and transition to a new tenant (with a 20-year contract) in March 2022
- Expansion and modernization of a major container terminal beginning mid-2022 (from 77 to 93 acres), with all funding sources coming from tenant and federal grants (estimated completion date 2024)
- Design and development of a new auto terminal, concurrent with a 30-year contract renewal, to include a total 90 acres to be developed, beginning in early 2023. All funding for construction provided by tenant and state grants (estimated completion date 2025)
- Partnering with sister agency, Jacksonville Electric Authority, to begin design and construction of the raising of the power lines spanning the Jacksonville Harbor from a current 174 ft. operational clearance to 205 ft. This project is funded by both state and local grants, and funding from the Authority.

Rating agencies Moody's Investors Service and Fitch Ratings currently report JAXPORT credit ratings of A2 and A, respectively, Outlook Stable for both.

As exhibited in the attached financial statements, JAXPORT continues to strive for disciplined fiscal stewardship focused on maintaining strong cash balances, controlled expenses, while managing its conservative debt profile.

Independent Audit

A firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Authority in accordance with auditing standards generally accepted in the United States and to meet the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General. The Authority selected the firm of RSM US LLP to perform these services. Their opinion is presented with this report. Each year, the independent certified public accountants meet with the Audit Committee of the Board of Directors to review the results of the audit.

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, using the accrual basis of accounting. The Authority is a local government proprietary fund, and therefore the activities are reported in conformity with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board.

Acknowledgement

I would like to recognize the Finance Team in the preparation and presentation of JAXPORT's financial statements and commentary.

I would also like to thank the Board of Directors for their direction, oversight, and strong corporate governance in the financial and operational matters of the Port.

Respectfully submitted,



Eric Green, CEO

Independent Auditor's Report

Members of the Board of Directors
Jacksonville Port Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, Florida, as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Authority's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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 Authority'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 Authority'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 (MD&A), the schedule of changes in total OPEB liability, the schedules of the Authority's proportionate share of the net pension liability, and the schedules of Authority contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority’s basic financial statements . The revenue recognition – GAAP to budgetary basis reconciliation is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the revenue recognition – GAAP to budgetary basis reconciliation is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2023, on our consideration of the Authority’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 Authority’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 Authority’s internal control over financial reporting and compliance.

RSM US LLP

Jacksonville, Florida
February 25, 2023

REPORT
JACKSONVILLE PORT AUTHORITY

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

This section of the Jacksonville Port Authority's (the Authority or JAXPORT) annual financial report presents a narrative overview and analysis of the Authority's financial performance for the fiscal years ended September 30, 2022 and 2021. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the Authority and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the Authority's financial statements.

FINANCIAL STATEMENTS PRESENTATION

The Authority, a component unit of the City of Jacksonville, is considered a special purpose governmental entity engaged in a single business-type activity. JAXPORT is a landlord port and generates revenues primarily through user fees and charges to its tenants and customers. The Authority maintains a proprietary fund, which reports transactions related to activities similar to those found in the private sector. As such, the Authority presents only the statements required of enterprise funds, which include the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

The statements of net position presents information on all of the Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The statements of revenue, expenses and changes in net position shows how the Authority's net position changed during the fiscal year. The statements of cash flows represents cash and cash equivalent activity for the fiscal year resulting from operating, non-capital financing, capital financing and investing activities. Collectively, these financial statements provide an assessment of the overall financial condition of the Authority.

FINANCIAL ANALYSIS OF THE AUTHORITY

A condensed overview of the Authority's net position is provided in the following pages. The statements of net position serve as a useful indicator of assessing the Authority's financial position and relative components of assets, deferred outflows of resources, liabilities and deferred inflows of resources. It identifies these assets, deferred outflows of resources, liabilities and deferred inflows of resources for their expected use both for current operations and long-term purposes and identifies trends and allocation of resources.

As the Authority operates in a capital-intensive environment, capital assets are by far the largest component of net position. They are essential to seaport operations, providing land assets, buildings and equipment and other capital assets to its tenants and customers. These capital assets are largely funded by bonds and notes outstanding (debt). Repayment of this debt is provided annually from operations, as well as funds maintained by the Authority restricted for ongoing scheduled and certain future debt payments. The Authority's capital spending program is also supported by funding from its primary government, the City of Jacksonville, as well as state and federal grants. In addition to long-term assets and liabilities, the Authority holds current assets, including operating cash balances, to meet current liabilities.

Monetary amounts are presented in the thousands (000's), unless noted otherwise.

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

Operating Results for 2022

Total operating revenues for fiscal year 2022 were \$61,233, a decline in total revenues of 1%, compared to revenues of \$61,853 in fiscal year 2021. Total container volumes in 2022 were 1,298,132 TEUs (twenty-foot equivalent units), declining from a record 1,407,310 TEUs in 2021. The reduction was largely due to a steady decline of shipper calls and vessel activity at one terminal location, leading to an early termination of the lease and transition to a new terminal operator in mid-year. As of 2022, JAXPORT now accommodates larger cargo vessels with the 47 feet harbor depth achieved in mid-2022, concurrent with the completion of deep-water berths. Auto units totaled 553,029 in 2022 compared to 623,212 units in 2021, the decline primarily a result of a global shortage of auto parts and supplies. Auto revenue dollars held up well, declining only 1% due to fixed lease acreage-based contracts. Breakbulk tonnage increased to 989,058 tons, a 35% increase over prior year, primarily driven by demand for forest products – paper, wood pulp and lumber. Collectively, Containers (48%), Autos (25%), and Breakbulk (10%) make up 83% of total revenues. Cruise revenues for 2022 were \$2,562 and reflect approximately seven months of cruise activity beginning in March of 2022. Other lines of business including liquid bulk and dry bulk were steady year over year.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands of dollars)

	2022	2021	2020
Operating revenue	\$ 61,233	\$ 61,853	\$ 63,507
Operating expenses			
Salaries and benefits	18,913	15,882	18,610
Services and supplies	5,559	3,806	3,952
Security services	4,405	4,374	5,039
Business travel and training	322	141	272
Promotion, advertising, dues and memberships	647	539	579
Utility services	743	632	850
Repairs and maintenance	2,138	1,846	1,829
Berth maintenance dredging	4,920	3,986	5,394
Miscellaneous	155	163	163
Total operating expenses	37,802	31,369	36,688
Operating income before depreciation	23,431	30,484	26,819
Depreciation	30,989	30,031	29,659
Operating (loss) income	(7,558)	453	(2,840)
Non-operating revenue (expense)			
Interest expense	(7,028)	(7,261)	(8,487)
Interest income	184	10	230
Shared revenue from primary government	9,769	9,847	1,847
Intragovernmental grant revenue	18,758	-	-
Gain on contract termination	109,114	-	-
Capital contributions from/(to) tenants	22,093	-	(1,092)
Capital contributions to other government agencies	-	-	(1,025)
(Loss) gain on sale/disposition of assets	(317)	(150)	13
Other non-operating expenses	(94)	(853)	(884)
Total non-operating revenue (expense)	152,479	1,593	(9,398)
Income (loss) before capital contributions	144,921	2,046	(12,238)
Capital contributions	25,996	35,619	50,847
Changes in net position	170,917	37,665	38,609
NET POSITION			
Beginning of year	507,902	470,237	431,628
End of year	\$ 678,819	\$ 507,902	\$ 470,237

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

Total operating expenses before depreciation for 2022 were \$37,802 an increase of \$6,433 over prior year expenses before depreciation of \$31,369. Prior fiscal year 2021 included COVID-19 cost containment measures, whereas fiscal year 2022 expense levels returned to more normalized levels. Salaries and benefits in 2022 were \$18,913, an increase of \$3,031 over 2021, of which \$1,483 was attributable to variances in "year-end valuation accounting" for pension costs. Other factors accounting for the increase included a return to full staffing levels, post COVID, and the addition of nine security personnel previously part of outsourced contract security. Workers' Compensation Insurance expense included a two years catchup assessment totaling \$675. Fuel costs in 2022 increased \$615 largely due to diesel (85%) price increases. Berth maintenance dredging expense increased \$934 in fiscal year 2022, reflective of increased dredge volumes.

Net non-operating revenues (expenses) for 2022 totaled \$152,479, and included several large non-recurring and recurring transactions. Most notable was a gain on contract termination in the amount of \$109,114, the outcome of an early exit of a tenant with a 30-year contract, causing an accelerated recognition of unearned revenue amounts (see note E). The Authority also received Coronavirus State and Local Fiscal Recovery Funds (ARPA Funds) totaling \$17,716 in 2022, recorded as intergovernmental grant revenue. Tenant contributions for construction totaled \$22,093. Noteworthy in fiscal years 2022 and 2021 is a significant increase in shared revenue from primary government of \$9,769 and \$9,847, respectively, compared to \$1,847 in fiscal year 2020. The increase is a result of certain debt obligations previously recorded on the books of the City, on behalf of the Authority, serviced by this revenue source being fully satisfied at year end 2020. Beginning in 2021 and forward, the Authority receives the full share of these interlocal revenues.

Capital contributions in 2022, which includes state, local and federal grant contributions totaled \$25,996, compared to \$35,619 in prior year. Included in 2021, was a local capital contribution of \$4,161 from the City of Jacksonville, which was in addition to \$35,000 provided in fiscal year 2020, specifically to support the final phase of the 47 feet harbor deepening project.

At the close of fiscal year 2022, the Authority had a net position of \$678,819, an increase of \$170,917 from \$507,902 at fiscal year-end 2021.

Revenue, Expenses and Changes in Net Position 2021 vs 2020

Total operating revenues for fiscal year 2021 were \$61,853, a decline in total revenues of 3%, compared to revenues of \$63,507 in fiscal year 2020. Container volumes in 2021 rebounded to a record 1,407,310 TEUs, and accounted for 51% of all revenues. Autos also rebounded in 2021, to 623,212 units and account for about 25% of all revenues. The absence of cruise revenues continued into all of fiscal year 2021, whereas fiscal year 2020 had reported about \$1.9 million in cruise related revenues. Bulk cargo volumes including breakbulk, dry bulk, and liquid bulk were relatively constant year over year, and collectively account for about 13% of total revenues. Container volumes growth in 2021, up 130,149 TEUs, reflected increased volumes in Puerto Rico and Caribbean trade lanes, as well as Asian trade.

Total operating expenses before depreciation for 2021 were \$31,369, a decrease of \$5,319 from prior year expenses before depreciation of \$36,688. The Authority continued COVID-19 cost containment measures into early 2021, gradually returning to more normalized levels by year end. Salaries and benefits declined \$2,728, to \$15,882 in 2021, of which \$3,198 was attributable to variances in accounting for pension costs. Berth maintenance dredging expense declined \$1,408 in fiscal year 2021. The Authority was able to maintain employment of all existing personnel and incurred no furloughs of staff for both fiscal years 2020 and 2021.

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

Net non-operating revenues (expenses) for 2021 totaled \$1,593, compared to (\$9,398) in 2020, a \$10,991 favorable increase. Noteworthy in fiscal year 2021 is a significant increase in shared revenue from primary government totaling \$9,847, compared to \$1,847 in 2020. The increase is a result of certain debt obligations recorded on the books of the City, on behalf of the Authority, serviced by this revenue source, being fully satisfied at year end 2020. Interest expense on debt totaled \$7,261 in 2021, a reduction of \$1,226 from fiscal year 2020, primarily resulting from a bond refunding transaction in 2020.

Capital contributions in 2021, which include state, local, and federal grant contributions totaled \$35,619, compared to \$50,847 in 2020. Included in 2021, was a second capital contribution of \$4,161 from the City of Jacksonville, which was in addition to \$35,000 provided in fiscal 2020, provided specifically to support the funding of the final phase of the 47 feet harbor deepening project.

At the close of fiscal year 2021, the Authority had a net position of \$507,902, an increase of \$37,665 from \$470,237 at fiscal year-end 2020.

Net Position

2022 vs. 2021

At September 30, 2022, the Authority's net position was \$678,819 compared to \$507,902 at year end 2021, an increase of \$170,917. Significant additions in 2022, were the receipt of \$18,758 in intragovernmental grant revenue, largely ARPA funds of \$17,716, tenant contributions for construction of \$22,093, and a \$109,114 gain on contract termination effectively reducing total liabilities and deferred inflows in the same amount (eliminating unearned revenue balances). Other recurring sources of support include shared revenue from primary government of \$9,769 and state and federal grants of \$25,996.

(In thousands of dollars)

	2022	2021	2020
NET POSITION			
Current assets	\$ 61,669	\$ 54,109	\$ 42,662
Noncurrent assets (excluding capital assets)	31,496	23,373	31,614
Capital assets	856,329	849,826	849,045
Deferred outflows of resources	10,077	9,266	11,284
Total assets and deferred outflows	<u>959,571</u>	<u>936,574</u>	<u>934,605</u>
Current liabilities	20,615	24,563	24,675
Bonds and notes outstanding (net of current portion)	206,067	214,291	222,152
Other noncurrent liabilities and deferred inflows	54,070	189,818	217,541
Total liabilities and deferred inflows	<u>280,752</u>	<u>428,672</u>	<u>464,368</u>
Net position			
Net investment in capital assets	621,944	468,910	440,981
Restricted for debt service	18,391	18,080	17,468
Restricted – other	3,071	2,926	2,991
Unrestricted	35,413	17,986	8,797
Total net position	<u>\$ 678,819</u>	<u>\$ 507,902</u>	<u>\$ 470,237</u>

Total assets and deferred outflows at year end 2022 were \$959,571, Capital asset net increases were \$6,503. Current assets improved with unspent ARPA funds adding \$13,095 at year end, partly offset by \$5,540 in reduced grant receivable balances. Noncurrent assets were \$31,496 and include tenant funds provided for construction of \$15,535, partly offset by \$7,037 in a reduction of long-term grant receivables.

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

Total liabilities and deferred inflows were \$280,752 at year end 2022, compared to \$428,672 in 2021. Bonds and notes outstanding (net of current portion), declined \$8,224, primarily from scheduled debt service. Other noncurrent liabilities and deferred inflows were reduced significantly in 2022, reflecting paydowns of other borrowings (line of credit and bridge loan) totaling \$29,730. The elimination of unearned revenue balances associated with the aforementioned gain on contract termination resulted in a \$6.3 million reduction (unearned revenue) in current liabilities and \$106.8 million reduction (unearned revenue) in other noncurrent liabilities and deferred inflows.

Total net position at year end 2022 was \$678,819, reflecting net investment in capital assets of \$621,944, amounts restricted for debt service of \$18,391, unrestricted balances of \$35,413 and repair and replacement funds of \$3,071.

Net Position

2021 vs. 2020

At September 30, 2021, the Authority's net position was \$507,902 compared to \$470,237 at year end 2020. Operating income before depreciation was \$30,484, compared to \$26,819 in 2020. The Authority's operations are also supported by state, local and federal grants, totaling \$35,619 in 2021, primarily dedicated to capital improvements. The Authority is also supported through an interlocal agreement with the City of Jacksonville, which provided \$9,847 in fiscal year 2021, see Note A.22 for additional information.

Total assets and deferred outflows at year end 2021 were \$936,574, capital Asset net increases in 2021 were nominal compared to large harbor deepening additions of \$77,344, and \$52,004 in fiscal years 2020 and 2019, respectively. Funding for the Harbor Deepening project was completed in fiscal year 2020 and included contributions from federal, state and local grants, as well as tenant and Authority support. See Note C for additional information. Depreciation expense was \$30,031 in 2021, compared to \$29,659 in 2020.

Total liabilities and deferred inflows were \$428,672 at year end 2021, compared to \$464,368 in 2020. Bonds and notes outstanding (net of current portion), declined \$7,861, primarily from scheduled debt service. Other noncurrent liabilities and deferred inflows were reduced significantly in 2021, reflecting paydowns of other borrowings (line and of credit and bridge loan) totaling \$16,567, and deferred revenue balances reductions of \$8,070. In addition to normal deferred lease revenue amortization, the Authority returned a \$4 million previous tenant lease prepayment, opting for future throughput fees instead. See Note F for additional information. Deferred inflows of resources for pensions and related net pension liability declined \$2,971.

Total net position at year end 2021 was \$507,902, reflecting net investment in capital assets of \$468,910, amounts restricted for debt service of \$18,080 and unrestricted balances of \$17,986.

Cash Flows

2022 vs 2021

Cash flows from operating activities in 2022 were \$23,758 compared to \$20,571 in prior year. Fiscal year 2021 included a return of funds to a tenant in the amount of \$4 million. The tenant had paid substantial upfront rents in fiscal year 2020, by mutual agreement the Authority refunded the \$4 million, in exchange for increased throughput tonnage rates.

Cash flows from noncapital financing activities in 2022 were \$27,485, compared to \$9,847 in 2021. This increase is attributable to the receipt of intragovernmental grant revenue (ARPA Funds) awarded in the amount of \$17,716 in fiscal year 2022.

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

Net cash used in capital and related financing activities totaled \$23,090. Large outflows include funding for acquisition and construction of capital assets of \$34,786, principal and interest debt service payments of \$15,256. Additionally, the Authority paid off a bridge loan balance of \$25,000, and also a net paydown on the line of credit of \$4,730. The Authority also incurred a \$4,064 outlay associated with a tenant lease termination (see Note E). Significant inflows include state and federal contributions-in-aid of construction of \$38,645 and tenant contributions for construction for \$22,093.

Cash and cash equivalents at the end of 2022 were \$69,752 compared to \$41,415 in 2021. The cash balance of \$69,752 at September 30, 2022 is comprised of \$17,349 in unrestricted cash, \$13,095 in current restricted cash (ARPA funds), \$15,535 in construction funds, \$20,702 in restricted debt service and reserve funds and \$3,071 for renewal and replacement funds.

Cash Flows

2021 vs 2020

Cash flows from operating activities in 2021 were \$20,571 compared to \$30,218 in prior year. Most of this \$9,647 reduction was related to a \$6 million prepaid lease payment received in 2020 and a subsequent \$4 million return of these funds in 2021, pertaining to a contract amendment in 2021 which allows for ongoing increased "throughput" payments instead.

Cash flows from noncapital financing activities in 2021 were \$9,847, representing an increase of \$8,000 over \$1,847 in 2020. These receipts from the primary government increased in 2021 as a result of the satisfaction of all debt obligations originally issued and recorded by the City. These shared revenues had been pledged to pay the debt service on these obligations.

Net cash used in capital and related financing activities totaled \$33,212, which include outlays for acquisition and construction of capital assets of \$31,369, principal and interest debt service payments of \$14,686, and paydown of other interim borrowings (City bridge loan and net line of credit activity) of \$16,567. Significant inflows include state and federal contributions-in-aid of construction of \$26,183 and an additional contribution from the City of \$4,161 supporting the harbor deepening project.

Cash and cash equivalents at the end of 2021 were \$41,415 compared to \$44,199 in 2020. The cash balance of \$41,415 at September 30, 2021 is comprised of \$17,004 in unrestricted cash, \$345 in construction funds, \$21,140 in restricted debt service and reserve funds and \$2,926 for renewal and replacement funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, land improvements, harbor deepening and related costs, buildings and building improvements and equipment. At September 30, 2022, the Authority had commitments for future construction work of approximately \$63,036. Additional information regarding capital assets can be found in the accompanying notes to the financial statements (see Note C).

2022 vs. 2021

At September 30, 2022, the Authority's capital assets, net of depreciation, grew to \$856,329, compared to prior year net capital assets of \$849,826. Capital project additions for 2022 were \$37,838; major projects include terminal construction and rehab \$13,329, wharf rehabilitation projects \$5,976, and dredge material management sites \$9,032. Capital spending was partly funded by local, state and federal grants totaling \$25,996 in 2022. Depreciation expense for 2022 was \$30,989, compared to \$30,031 in 2021.

Jacksonville Port Authority

Management's Discussion and Analysis (unaudited)

2021 vs. 2020

At September 30, 2021, the Authority's capital assets, net of depreciation, grew to \$849,826, compared to prior year net capital assets of \$849,045. Capital project additions for 2021 were \$30,981; major projects include wharf rehabilitation projects totaling \$13,057, dredge material management sites \$5,089, bridge rehabilitation \$2,130 and harbor deepening of \$1,509. Capital spending was partly funded by local, state and federal grants totaling \$35,619 in 2021. Depreciation expense for 2021 was \$30,031, compared to \$29,659 in 2020.

Long-Term Debt

2022 vs. 2021

At September 30, 2022, the Authority had outstanding bonds and notes payable of \$214,103, a decrease of \$7,860 from \$221,963 at end of fiscal year 2021 (both net of unamortized bond premiums). Line of credit balances outstanding at September 30, 2022 were \$10,749, compared to \$15,479 at prior year-end. In 2022 the Authority paid off all outstanding balances on an original \$37,700 bridge loan from primary government, balances at prior year end 2021 was \$25,000.

2021 vs. 2020

At September 30, 2021, the Authority had outstanding bonds and notes payable of \$221,963, a decrease of \$7,352 from \$229,315 at end of fiscal year 2020 (both net of unamortized bond premiums). Line of credit balances outstanding at September 30, 2021 were \$15,479, compared to \$19,346 at prior year-end. The Authority paid down balances of \$12,700 on a \$37,700 bridge loan from primary government, to \$25,000 at year-end 2021. Both the line of credit borrowings and the bridge loan serve as funding sources for large grant-funded capital project in progress (harbor deepening and wharf rehabilitation), whereby associated repayment amounts pending from FDOT grant reimbursement agreements will provide total repayment for both obligations, to be paid in full by 2023.

The Authority exceeded its required minimum debt service coverage ratio for the 2022 fiscal year.

Budgetary Highlights

The City Council of the City of Jacksonville, Florida approves and adopts the Authority's annual operating and capital budget. The Authority did not experience any budgetary stress during the fiscal years ended September 30, 2022 and 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to each of those groups. Questions concerning any information included in this report or any request for additional information should be addressed to the Chief Financial Officer, Jacksonville Port Authority, P.O. Box 3005, Jacksonville, FL 32206-0005.

Jacksonville Port Authority

Statements of Net Position
September 30, 2022 and 2021
(In thousands of dollars)

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 17,349	\$ 17,004
Restricted cash and cash equivalents	20,958	8,149
Accounts receivable, net	7,251	7,309
Notes and other receivables	120	420
Grants receivable	13,914	19,454
Inventories and prepaid items	2,077	1,773
Total current assets	<u>61,669</u>	<u>54,109</u>
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	15,910	15,917
Restricted for capital projects:		
Cash and cash equivalents	15,535	345
Notes receivable	51	74
Grants receivable	-	7,037
Capital assets, net	856,329	849,826
Total noncurrent assets	<u>887,825</u>	<u>873,199</u>
Total assets	<u>949,494</u>	<u>927,308</u>
Deferred outflow of resources	<u>10,077</u>	<u>9,266</u>
Total assets and deferred outflow of resources	<u>959,571</u>	<u>936,574</u>

(continued)

Jacksonville Port Authority

Statements of Net Position
September 30, 2022 and 2021
(In thousands of dollars)

	2022	2021
Liabilities		
Current liabilities		
Accounts payable	2,257	2,202
Accrued expenses	683	1,066
Accrued interest payable	2,180	2,928
Construction contracts payable	3,139	2,326
Retainage payable	3,620	1,382
Unearned revenue	700	6,987
Bonds and notes payable	8,036	7,672
Total current liabilities	<u>20,615</u>	<u>24,563</u>
Noncurrent liabilities		
Unearned revenue	14,592	120,952
Accrued expenses	2,290	3,291
Other obligations	8,537	8,537
Net pension liability	16,545	6,690
Bridge loan from primary government	-	25,000
Line of credit note	10,749	15,479
Bonds and notes payable	206,067	214,291
Total noncurrent liabilities	<u>258,780</u>	<u>394,240</u>
Total liabilities	<u>279,395</u>	<u>418,803</u>
Deferred inflow of resources for pensions	<u>1,357</u>	<u>9,869</u>
Net Position		
Net investment in capital assets	621,944	468,910
Restricted for		
Debt service	18,391	18,080
Repair and replacement	3,071	2,926
Unrestricted	35,413	17,986
Total net position	<u>\$ 678,819</u>	<u>\$ 507,902</u>

See Notes to the Financial Statements.

Jacksonville Port Authority

Statements of Revenue, Expenses and Changes in Net Position

For the Years Ended September 30, 2022 and 2021

(In thousands of dollars)

	2022	2021
Operating revenue	<u>\$ 61,233</u>	<u>\$ 61,853</u>
Operating expenses		
Salaries and benefits	18,913	15,882
Services and supplies	5,559	3,806
Security services	4,405	4,374
Business travel and training	322	141
Promotions, advertising, dues and memberships	647	539
Utility services	743	632
Repairs and maintenance	2,138	1,846
Berth maintenance dredging	4,920	3,986
Miscellaneous	155	163
Total operating expenses	<u>37,802</u>	<u>31,369</u>
Operating income before depreciation	23,431	30,484
Depreciation expense	<u>30,989</u>	<u>30,031</u>
Operating (loss) income	<u>(7,558)</u>	<u>453</u>
Non-operating revenues (expenses)		
Interest expense	(7,028)	(7,261)
Investment income	184	10
Shared revenue from primary government	9,769	9,847
Intragovernmental grant revenue	18,758	-
Gain on contract termination	109,114	-
Contributions from tenants	22,093	-
Loss on sale/disposition of assets	(317)	(150)
Other non-operating (expenses)	(94)	(853)
Total non-operating income (expenses)	<u>152,479</u>	<u>1,593</u>
Income before capital contributions	144,921	2,046
Capital contributions	<u>25,996</u>	<u>35,619</u>
Change in net position	170,917	37,665
Net position		
Beginning of year	507,902	470,237
End of year	<u>\$ 678,819</u>	<u>\$ 507,902</u>

See Notes to the Financial Statements.

Jacksonville Port Authority

Statements of Cash Flows

For The Years Ended September 30, 2022 and 2021

(In thousands of dollars)

	2022	2021
Cash flows from operating activities		
Receipts from customers	\$ 62,023	\$ 56,815
Payments for services and supplies	(19,165)	(19,178)
Payments to/for employees	(19,100)	(17,066)
Net cash provided by operating activities	<u>23,758</u>	<u>20,571</u>
Cash flows from noncapital financing activities		
Receipts from primary government	9,769	9,847
Intragovernmental grant revenue	17,716	-
Net cash provided by noncapital financing activities	<u>27,485</u>	<u>9,847</u>
Cash flows from capital and related financing activities		
Proceeds from capital debt	88,870	-
Principal paid on debt refunding	(88,870)	-
Bridge loan from primary government	(25,000)	(12,700)
Contribution from primary government	-	4,161
Line of credit advances	10,000	10,844
Line of credit payments	(14,730)	(14,711)
Contributions from tenants for construction	22,093	-
Contributions-in-aid of construction (grants)	38,645	26,183
Acquisition and construction of capital assets	(34,786)	(31,369)
Principal paid on capital debt	(7,672)	(7,163)
Interest paid on capital debt	(7,584)	(7,523)
Proceeds from sale of assets	52	42
Costs associated with contract termination	(4,064)	
Other	(44)	(976)
Net cash used in capital and related financing activities	<u>(23,090)</u>	<u>(33,212)</u>
Cash flows provided from investing activities		
Interest on investments	184	10
Net cash provided by investing activities	<u>184</u>	<u>10</u>
Net increase (decrease) in cash and cash equivalents	28,337	(2,784)
Cash and cash equivalents		
Beginning of year	41,415	44,199
End of year	<u>\$ 69,752</u>	<u>\$ 41,415</u>

(continued)

Jacksonville Port Authority

Statements of Cash Flows

For The Years Ended September 30, 2022 and 2021

(In thousands of dollars)

	2022	2021
Reconciliation of operating (loss) income to net cash provided by operating activities		
Operating (loss) income	\$ (7,558)	\$ 453
Adjustment to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	30,989	30,031
Decrease in accounts receivable and other current assets	(47)	(738)
Increase (decrease) in deferred outflow of resources – pension	(1,177)	1,653
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(324)	627
Unearned revenue	532	(8,484)
Pension	9,855	(11,379)
Increase (decrease) in deferred inflows of resources – pension	(8,512)	8,408
Total adjustments	31,316	20,118
Net cash provided by operating activities	\$ 23,758	\$ 20,571
Noncash investing, capital and financing activities		
Construction costs paid on account	\$ 6,759	\$ 3,708
Grants receivable	13,914	26,491

See Notes to the Financial Statements.

Jacksonville Port Authority

Notes to Financial Statements

Note A – Summary of Significant Accounting Policies

1. Reporting entity

The Jacksonville Port Authority (the Authority) was created in 1963 by Chapter 63-1447 of the Laws of Florida, to own and operate marine facilities in Duval County, Florida. The Authority is governed by a seven-member board. Three board members are appointed by the Governor of Florida and four are appointed by the Mayor and confirmed by the City Council of the City of Jacksonville, Florida. The City Council reviews and approves the Authority's annual budget.

The Authority is a component unit of the City of Jacksonville, Florida (the City), as defined by Governmental Accounting Standards Board (GASB) Section 2100 of Codification, *The Financial Reporting Entity*. The Authority's financial statements include all funds and departments controlled by the Authority or which are dependent on the Authority. No other agencies or organizations have been included in the Authority's financial statements.

2. Basic financial statements

The Authority is considered a special purpose government engaged in a single business-type activity. Business-type activities are those activities primarily supported by user fees and charges. The Authority maintains a proprietary fund, which reports transactions related to activities similar to those found in the private sector. As such, the Authority presents only the statements required of enterprise funds, which include the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

3. Fund structure

The operations of the Authority are recorded in a single proprietary fund. Proprietary funds distinguish operating revenues and expenses from non-operating revenue and expenses. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operation. The principal operating revenues for the Authority's proprietary fund are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

4. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue or capital contributions when all eligibility requirements imposed by the provider are met.

Operating revenues of the Authority include revenues from facility leases, which are recognized over the term of the lease agreements. All other revenues, such as fees from wharfage, throughput and dockage, are recognized as services are provided.

The Authority's policy is to use restricted resources first, then unrestricted resources, when both are available for use to fund activity.

Jacksonville Port Authority

Notes to Financial Statements

Note A – Summary of Significant Accounting Policies (Continued)

5. New pronouncements not yet adopted

GASB Statement No. 91, Conduit Debt Obligations was issued in May 2019, and will be effective for the Authority in fiscal year 2023. 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. Management does not expect this to have a significant impact on the financial statements of the Authority.

GASB Statement No. 96, Subscription – Based Information Technology Arrangements was issued in May 2020, and will be effective for the Authority in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. 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. Management is currently evaluating the impact of this standard to the Authority's financial statements.

GASB Statement No. 101, Compensated Absences was issued in June 2022, and will be effective for the Authority in fiscal year 2024. Earlier application is encouraged. The objective of this standard is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Management is currently evaluating the impact of this standard to the Authority's financial statements.

6. Budgeting procedures

The Authority's charter and related amendments, City Council resolutions and/or Board policies have established the following budgetary procedures for certain accounts maintained within its enterprise fund. These include:

Prior to July 1 of each year, the Authority shall prepare and submit its budget to the City Council for the ensuing fiscal year.

The City Council may increase or decrease the appropriation requested by the Authority on a total basis or a line-by-line basis; however, the appropriation from the City Council for construction, reconstruction, enlargement, expansion, improvement or development of any marine project or projects authorized to be undertaken by the Authority, shall not be reduced below \$800,000.

Once adopted, additional appropriations may only be through action of the City Council.

The Authority is authorized to transfer within Operating/Non-Operating Schedules and the Capital Schedule as needed. Transfers between schedules are allowable up to \$50,000. Once the \$50,000 limit is reached, City Council approval must be obtained. Operating budget item transfers require Chief Executive Officer or Chief Financial Officer approval. Line-to-line capital budget transfers of \$50,000 or less require the same approval levels. Line-to-line capital budget transfers of more than \$50,000 require the same approval levels, with additional notification to the Board if deemed necessary by either of the above-mentioned parties. Any Capital Budget transfer creating a new capital project greater than \$1,000,000 requires Board approval. All appropriations lapse at the end of each fiscal year and must be re-appropriated.

Jacksonville Port Authority

Notes to Financial Statements

Note A – Summary of Significant Accounting Policies (Continued)

7. Cash and cash equivalents

Cash and cash equivalents consist of demand deposits, money market funds and the Florida State Board of Administration investment pool. Cash equivalents are investments with a maturity of three months or less when purchased.

8. Accounts receivable

Management considers all accounts to be fully collectible; however, the Authority has established an allowance for doubtful accounts based upon collections experience. The allowance for doubtful accounts for the years ended September 30, 2022 and 2021 was \$92,000.

9. Leases

The Authority, as a landlord port, has various leases which convey usage of property, facilities, equipment, terminal privileges, and space to its tenants. As lessor, the Authority administers the leases as a Marine Terminal Operator (MTO), as defined by the Federal Maritime Commission (FMC). Additionally, lessees (tenants) are also defined as MTOs. The Authority takes the position that all its lease agreements and tariff are regulated and *subject to external laws, regulations, or legal rulings*, and meet the definition under the accounting standard as *certain regulated leases*. The Authority has no material ancillary operational activities outside the scope of those defined as a “terminal facility” by FMC regulations

The Authority implemented GASB Statement 87, *Leases* in fiscal year 2022. In accordance with the standard, recognition and measurement for *certain regulated leases* under *GASB 87, paragraphs 42 and 43*, prescribes that *lessors should recognize inflows of resources based upon payment provisions of the lease contract and provide disclosures*, as provided in paragraph 60 of GASB Statement 87 for leases for which external laws, regulations or legal rulings apply. Please see note D for required disclosures.

The Authority owns all its facilities and has no property or equipment leases defined as long term, and accordingly reports no lease obligations.

10. Grants receivable

Grants received from federal and state government agencies that are restricted for the acquisition of construction of capital assets are recorded as capital contributions when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grant, have been incurred. Grants receivable are classified as current unless deferred receipts arrangements are prescribed by grantor agreement.

11. Investments

The Authority's investments are reported at fair value using quoted market price or other fair value techniques as required by GASB Statement No. 72, *Fair Value Measurements* (GASB 72). Fair value is defined by GASB 72, as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Categories within the fair value hierarchy include: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 are unobservable inputs. As of September 30, 2022 and 2021, the Authority did not hold any investments.

Jacksonville Port Authority

Notes to Financial Statements

Note A – Summary of Significant Accounting Policies (Continued)

12. Restricted assets

Certain proceeds of revenue bonds and notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, as their use is limited by applicable debt agreements. Restricted cash also includes renewals and replacement funds restricted for capital improvements and other funds as specifically designated by contributors or by grant agreement.

13. Capital assets

Capital assets are carried at cost less accumulated depreciation. Capital assets are defined by the Authority as assets with an individual cost of \$5,000 or greater, and an estimated useful life of more than one year.

Capital assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

<u>Asset Class</u>	<u>Estimated Service Life (Years)</u>
Buildings	20-30
Other improvements	10-50
Equipment	3-30

When capital assets are disposed of, the related cost and accumulated depreciation are recorded as gains or losses on disposition.

Costs incurred for harbor deepening are accounted for as non-depreciable land improvements. Costs incurred for the development of dredge spoil sites are recorded as land improvements and amortized over 20 years. Berth maintenance dredging is expensed as incurred.

14. Inventories and prepaid items

Inventories are stated at cost using the average cost method. Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items.

15. Deferred outflows/inflows of resources

In addition to assets, the statements of net position include a separate section for deferred outflows of resources. These separate financial statements section, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The Authority currently reports the net deferred loss on refunding of debt and deferred outflows related to pensions in this category.

In addition to liabilities, the statements of financial position include a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports deferred inflows related to pensions in this category.

Jacksonville Port Authority

Notes to Financial Statements

Note A – Summary of Significant Accounting Policies (Continued)

16. Unearned revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the financial statements. Unearned revenue consists primarily of unearned lease revenue.

17. Compensated absences (accrued leave plan)

Compensated absences consist of paid time off, which employees accrue each pay period. Individual leave accrual rates vary based upon position and years of service criteria. A liability is accrued as the benefits are earned by the employee for services already rendered and to the extent it is probable the employer will compensate the employees for the benefits. Maximum leave accrual balances cap at 480 hours for union employees, and 350 hours for non-union employees.

18. Conduit debt

On February 28, 2022, a Surrender and Termination of Lease agreement was executed by the Authority and its tenant Trapac Jacksonville, LLC. On that date, per the agreement, Mitsui O.S.K. (MOL) redeemed the outstanding balance of Special Facilities Bonds (Mitsui O.S.K. Lines, Ltd. Project), Series 2007 Bonds (Par amount of redeemed bonds were \$57,050,000). Please see Note E for additional information.

19. Long-term obligations

In the financial statements, long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the related obligation using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable premium or discount. Costs of issuance are expensed as incurred.

20. Pensions

In the statement of net position, liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates.

21. Other post-employment benefits (OPEB)

The Authority obtains actuarial valuation reports for its post-employment benefit plan (other than pensions) and records the total OPEB liability as required under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

22. Net position

In the financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, deferred balances from debt refunding and prepaid lease revenues (unearned revenues) that are attributable to the acquisition, construction or improvement of these assets will reduce this category.

Jacksonville Port Authority

Notes to Financial Statements

Note A – Summary of Significant Accounting Policies (Continued)

Restricted Net Position – This category represents the net position of the Authority which is restricted by constraints placed on the use by external groups such as creditors, grantors, contributors or laws and regulations.

Unrestricted Net Position – This category represents the net position of the Authority, which is not restricted for any project or other purpose.

23. Shared revenue from primary government

Shared revenue from primary government represents the Authority's share of the Communications Service Tax received by the City, millage payments from the Jacksonville Electric Authority (JEA) pursuant to City Ordinance Code and the Interlocal Agreement, as well as a fixed contribution from the City. These revenues had been pledged to pay debt service on bond obligations issued by the city and designated for port expansion projects. All previous debt obligations issued by the City, on behalf of the Authority, were paid off at year-end 2020. Shared revenue from primary government was \$9,769,000 and \$9,847,000 in 2022 and 2021, respectively.

24. Intragovernmental grant revenue

Intragovernmental grant revenues are accounted for as non-operating revenues in the period they are received or recognized, as defined by the grant agreement. Most common are reimbursements for specific federal security grants for security or public safety operational expenditures. Also included are Federal Emergency Management Agency (FEMA) funds received for disaster relief, examples would include federal assistance for costs incurred for hurricane preparation and recovery. In fiscal year 2022, the Authority received Coronavirus State Fiscal Recovery Funds under the American Rescue Plan Act (ARPA) in the amount of \$17,716,224 accounted for as operating grants.

25. Contributions from tenants for construction

Tenant Contributions are accounted for as contributions within non-operating income (in a non-exchange transaction). Whereby the tenant contributes funding for a construction project they would have otherwise undertaken, but the project is administered by the Authority when federal or state grants are involved.

26. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B – Deposits and Investments

Cash and Deposits

At September 30, 2022 and 2021, the carrying amount of the Authority's cash deposit accounts was \$20,551,000 and \$20,063,000, respectively. The Authority's cash deposits are held by banks that qualify as a public depository under the Florida Security for Community Deposits Act as required by Chapter 280, Florida Statutes. The Authority's cash deposits are fully insured by the Public Deposits Trust Fund.

Jacksonville Port Authority

Notes to Financial Statements

Note B – Deposits and Investments (Continued)

Cash equivalents consist of deposits with the State Board of Administration (SBA) for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

Investments

The Authority formally adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the Authority's cash and investment assets.

The Authority's investment policy allows for the following investments: The State Board of Administration's Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, Corporate Bonds, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds) and Intergovernmental Investment Pools.

In instances where unspent bond proceeds, scheduled bond payments held by a third-party trustee, or other bond reserves as prescribed by bond covenants are held, the Authority will look first to the Authority's Bond Resolution for guidance on qualified investments and then to the Authority's investment policy.

Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates adversely affecting the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. The policy of the Authority is to maintain an amount equal to three months, or one quarter, of the budgeted operating expenses of the current fiscal year in securities with maturities of less than 90 days. The weighted average duration of the portfolio will not exceed 3 years at the time of each reporting period. As of September 30, the Authority had the following investments and effective duration presented in terms of years:

2022

(in thousands of dollars)

Investment Type

Investments Subject to Interest Rate Risk

Money market funds

Total investments

Fair Value	Investment Maturities (in Years)	
	Less Than 1	1-5
\$ 20,570	\$ 20,570	\$ -
\$ 20,570	\$ 20,570	\$ -

2021

(in thousands of dollars)

Investment Type

Investments Subject to Interest Rate Risk

Money market funds

Total investments

Fair Value	Investment Maturities (in Years)	
	Less Than 1	1-5
\$ 21,352	\$ 21,352	\$ -
\$ 21,352	\$ 21,352	\$ -

Jacksonville Port Authority

Notes to Financial Statements

Note B – Deposits and Investments (Continued)

Total investments amounts shown above are classified as restricted cash and cash equivalents, reflecting money market funds held for debt service obligations (and related proceeds), on the statements of net position.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

Commercial paper of any United States company or foreign company domiciled in the United States that is rated, at the time of purchase, 'Prime-1' by Moody's and 'A-1' by Standard & Poor's (prime commercial paper), or equivalent as provided by two nationally recognized rating agencies. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated 'A' or better by at least two nationally recognized rating agencies.

Corporate bonds issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum 'A' by Moody's and a minimum long-term debt rating of 'A' by Standard & Poor's, or equivalent as provided by two nationally recognized rating agencies.

Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, 'P-1' by Moody's Investors Service and 'A-1' Standard & Poor's, or equivalent as provided by two nationally recognized rating agencies.

State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least 'Aa' by Moody's and 'AA' by Standard & Poor's for long-term debt, or rated at least 'VMIG-2'

by Moody's and 'A-2' by Standard & Poor's for short-term debt (one year or less), or equivalent as provided by two nationally recognized rating agencies.

Federal instrumentalities or U.S. Government sponsored agencies which are non-full faith and credit agencies limited to the following:

- Federal Farm Credit Bank (FFCB)
- Federal Home Loan Bank or its Authority banks (FHLB)
- Federal National Mortgage Association (FNMA)
- Federal Home Loan Mortgage Corporation (Freddie Macs)

Money market funds shall be rated 'AAAm' or better by Standard & Poor's or the equivalent by another rating agency.

Jacksonville Port Authority

Notes to Financial Statements

Note B – Deposits and Investments (Continued)

As of September 30, the Authority had the following credit exposure as a percentage of total investments:

2022

Security type:

Money market funds

Total

<u>Credit Rating</u>	<u>% of Portfolio</u>
AAAm	100.00%
	<u>100.00%</u>

2021

Security type:

Money market funds

Total

<u>Credit Rating</u>	<u>% of Portfolio</u>
AAAm	100.00%
	<u>100.00%</u>

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian and all securities purchased by and all collateral obtained by the Authority should be properly designated as an asset of the Authority. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida.

Concentration of Credit Risk

The Authority's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the Authority's investment portfolio.

A maximum of 100% may be invested in non-negotiable interest-bearing time certificates of deposit, time deposit accounts, demand deposit accounts, or savings accounts in banks organized under State of Florida law. To include national banks organized under the laws of the United States and doing business in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits

Act, Chapter 280, Florida Statutes, or such deposits are with a national bank whose short-term ratings are at least A-1 by Standard Poor's, or P-1 by Moody's Rating agency.

A maximum of 100% of available funds may be invested in the Local Government Surplus Funds Trust Fund, in Savings Accounts and in the United States Government Securities: 50% of available funds may be invested in United States Government Agencies with a 25% limit on individual issuers; 100% of available funds may be invested in Federal Instrumentalities with a 40% limit on individual Issuers; 25% of available funds may be invested in Interest Bearing Time Deposit with a 15% limit on individual issuers; 50% of available funds may be invested in Repurchase Agreements with a 25% limit on individual issuers; 20% of available funds may be directly invested in Commercial Paper with a 10% limit on individual issuers; 15% of available funds may be directly invested in Corporate Bonds with a 5% limit on individual issuers; 20% of available funds may be directly invested in Bankers Acceptances with a 10% limit on individual issuers; 20% of available funds may be invested in State and/or Local Government Taxable and/or Tax-Exempt Debt with a 25% limit of individual funds and 25% of available funds may be invested in intergovernmental investment pools.

Jacksonville Port Authority

Notes to Financial Statements

Note B – Deposits and Investments (Continued)

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based upon 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; Level 3 inputs are unobservable inputs. The Authority had no fair value measurements at September 30, 2022 or 2021.

Note C – Capital Assets

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

2022 (in thousands of dollars)	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 145,447	\$ -	\$ -	\$ 145,447
Harbor deepening and related costs	279,996	-	-	279,996
Construction in progress	61,438	37,393	(56,736)	42,095
Total capital assets not being depreciated	486,881	37,393	(56,736)	467,538
Depreciable capital assets				
Buildings	96,484	41	-	96,525
Improvements	595,433	55,766	(65)	651,134
Equipment	146,837	1,374	(7,611)	140,600
Total depreciable capital assets at historical cost	838,754	57,181	(7,676)	888,259
Less accumulated depreciation for:				
Buildings	65,358	3,159	-	68,517
Improvements	328,934	22,275	(57)	351,152
Equipment	81,517	5,555	(7,273)	79,799
Total accumulated depreciation	475,809	30,989	(7,330)	499,468
Depreciable capital assets, net	362,945	26,192	(346)	388,791
Capital assets, net	\$ 849,826	\$ 63,585	\$ (57,082)	\$ 856,329

Jacksonville Port Authority

Notes to Financial Statements

Note C – Capital Assets (Continued)

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

2021 <i>(in thousands of dollars)</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 144,763	\$ 684	\$ -	\$ 145,447
Harbor Deepening and related costs	278,487	1,509	-	279,996
Construction in progress	37,450	28,510	(4,522)	61,438
Total capital assets not being depreciated	460,700	30,703	(4,522)	486,881
Depreciable capital assets				
Buildings	96,484	-	-	96,484
Improvements	592,754	2,679	-	595,433
Equipment	147,883	2,121	(3,167)	146,837
Total depreciable capital assets at historical cost	837,121	4,800	(3,167)	838,754
Less accumulated depreciation for:				
Buildings	62,200	3,158	-	65,358
Improvements	307,483	21,451	-	328,934
Equipment	79,093	5,422	(2,998)	81,517
Total accumulated depreciation	448,776	30,031	(2,998)	475,809
Depreciable capital assets, net	388,345	(25,231)	(169)	362,945
Capital assets, net	\$ 849,045	\$ 5,472	\$ (4,691)	\$ 849,826

Land Improvements – Harbor Deepening and Dredge Spoil Sites

The Authority has entered into cooperative agreements with the United States Army Corps of Engineers (USACE) to share in costs to deepen the channel of open access waterways to agreed-upon depths. To date, the Authority's share (as Non-Federal Sponsor) of these costs amounts to approximately \$280 million. These costs, referred to as harbor deepening costs, are classified as non-depreciable land improvements on the Authority's financial statements. Pursuant to the agreement, the USACE provides for the continued maintenance of the channel at the deepened depth in perpetuity. Similarly, dredge spoil sites are also managed in conjunction with the USACE and costs associated with the improvement and expansions of these sites are accounted for as improvements made to land, which is included in other capital assets and amortized over a 20-year life. To date, the Authority's share of these costs total, net of depreciation is approximately \$30 million. Costs incurred and paid by the USACE (Federal Sponsor / Government) for both harbor deepening and dredge spoil sites, are not capitalized or recorded on the books of the Authority.

Jacksonville Port Authority

Notes to Financial Statements

Note D – Leasing Operations

In accordance with GASB 87 paragraph 43, lessors who are regulated by external laws, regulators, or legal rulings, should only recognize current inflows of resources and provide the required disclosures outlined in paragraph 60.

Required Disclosures

The Authority leases property to terminal operators for the purpose of cargo movement generated from foreign commerce. Capital assets held for lease have a cost of approximately \$892,184,000 and accumulated depreciation of \$410,838,000 as of September 30, 2022. All assets including cranes and other equipment include language in contracts such as – a minimum complement of cranes (not specified), tenant acreage is exclusive to the extent that the port properties are segregated for operational and security purposes.

Inflows of resources for leases for the fiscal year ending September 30, 2022, were \$52,689,736 of which \$28,010,148 were contractual annual guarantees and required rents. Inflows of resources in this reporting period that are related to variable payments not included in expected future minimum payments were \$24,679,588. The Authority has no lease agreements with terms and conditions which allow the lessee to solely terminate the lease or abate payments. The Authority looks to its pledged revenues to support its debt obligations, but no lease agreement calls for lease payments as security for debt obligations. Minimum future rental receipts and contractual minimum annual guarantees for each of the next five years and thereafter, excluding contingent or volume variable amounts on non-cancelable operating facility leases at September 30, 2022, are as follows:

<i>(in thousands of dollars)</i>	Total
2023	\$ 27,785
2024	28,637
2025	29,529
2026	28,997
2027	27,139
2028-2032	126,399
2033-2037	119,662
2038-2042	115,206
2043-2047	104,999
2048-2052	100,187
2053-2057	44,245
	<u>\$ 752,785</u>

Note E – Lease with Mitsui O.S.K. Lines, Ltd. (MOL)

In 2005, the Authority entered into a lease agreement with Mitsui O.S.K. Lines (MOL), LTD., Japanese Corporation, whereby the Authority agreed to construct a 158-acre container terminal for exclusive use by MOL. The 30-year lease term began at the date of project completion, which occurred January 2009. MOL was responsible for all operational costs of the facility over the lease term. MOL subsequently assigned the lease to TraPac, Inc (Trapac), a wholly-owned subsidiary of MOL.

Jacksonville Port Authority

Notes to Financial Statements

Note E – Lease with Mitsui O.S.K. Lines, Ltd. (MOL) (Continued)

Project Financing

The lease agreement stipulates that MOL would provide project financing arrangements for the first \$195 million, the financing includes:

\$100 million in Special Purpose Bonds, Series 2007 (SPB), issued in April 2007 as conduit debt designated for the MOL project. MOL was solely responsible for repayment supported by an irrevocable direct-pay Letter of Credit from Sumitomo Mitsui Banking Corporation.

Additionally, the Authority issued \$95 million of its own debt, whereby MOL TraPac agreed to provide scheduled monthly rent payments to the Authority to meet these debt service requirements. Remaining scheduled rent payments and related debt service obligations were fully extinguished in 2022.

Surrender and Termination of Lease Agreement

On February 28, 2022, the Authority and TraPac executed a surrender and termination of lease agreement in connection with the sale of 100% of the issued and outstanding equity in TraPac to Ceres Terminal Holdings LLC. Per the terms of the agreement, the lease was hereby amended to provide that, upon and subject to the satisfaction of the closing, the expiration date of the lease shall be February 28, 2022, and the Term shall expire as if such date were the Expiration Date set forth in the Lease for the termination thereof.

All debt obligations pertaining to project financing have been satisfied in full by MOL/TraPac, including final rent payments remitted in 2022 to meet the Authority's remaining associated debt service obligations. Additionally, the redemption of the Special Purpose Bonds, Series 2007 by MOL occurred on February 28, 2022. An associated SWAP agreement (between SMBC Capital Markets, Inc. and TraPac) was also terminated at a cost of approximately \$8.1 million. The SWAP (interest rate hedging transaction) was in place with the original issuance of the SPB. The lease agreement called for the Authority and MOL to each share 50% of the SWAP termination fee. The Authority's SWAP termination shared cost was approximately \$4.1 million, and is recorded net (an offset) with the gain on the contract termination transaction (net \$109 million).

Revenue Recognition

Lease revenue is recognized on a straight-line basis over the 30-year lease term, in accordance with lease accounting guidance. Revenue recognition for years ending September 30, 2022 and 2021, were \$2,801,446 and \$6,286,923, respectively. With the surrender and termination of the lease in mid-year 2022, the Authority recognized a gain on termination of contract of approximately \$109 million. As a result of this transaction, the Authority no longer reports any associated unearned revenue balances at September 30, 2022. Amounts reported at September 30, 2021, were approximately \$112 million.

Note F – Lease with SSA Atlantic, LLC (SSA)

In fiscal year 2019, the Authority executed a 25-year lease agreement with (SSA). The lease includes approximately 77 acres initially, with plans for future development totaling 100+ acres. As part of the agreement, SSA advanced \$18 million of rent payments, which are being recognized on a straight-line basis over the lease term, in accordance with lease accounting guidance. Unearned revenue at September 30, 2022 and 2021, was \$15,292,000 and \$15,993,000 respectively.

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan

Retirement Benefits

The Authority provides retirement benefits to its employees through the Florida Retirement System (FRS), the Florida Retirement System Health Insurance Subsidy (HIS) and an FRS Deferred Retirement Option Program (DROP). Additionally, the Authority provides an implicit rate subsidy for retiree insurance (an age adjusted premium benefit), which is addressed in Note I – Other Post-Employment Benefits.

GASB No. 68

As a participating employer, the Authority follows accounting guidance under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The GASB 68 component of pension expense captures and records the Authority's proportionate share of net pension liability of both the FRS Pension Plan and Health Insurance Program, along with the Authority's related allocation of deferred outflows and deferred inflows and pension expense impacts. The GASB 68 pension expense accrual has no current year impact on pension funding. The employer share of FRS and HIS pension funding contributions are recorded as expense when contributed. The two elements (accrual and contributions) are combined to show total pension expense of the Authority.

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement and consists of the two cost-sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The Authority's pension expense for FRS and HIS totaled \$2,117,971 and \$264,479 for the fiscal years ended September 30, 2022 and 2021, respectively. Included in pension expense is the amortization of deferred inflows and outflows as well as the changes in the net pension liability.

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

Florida Retirement System (FRS) Pension Plan

Plan Description: The FRS Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Senior Management Service Class</i>	2.00

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for fiscal years 2022 and 2021, were as follows:

Notes: Employer rates include 1.66% for the postemployment health insurance subsidy program.

Class	Employee	Percent of Gross Salary	
		2022 Employer	2021 Employer
FRS, Regular	3.00	11.91	10.82
FRS, Senior Management Service	3.00	31.57	29.01
DROP – Applicable to Members from all above classes	0.00	18.60	18.34

The Authority's contributions, for FRS and HIS totaled \$1,955,376 and employee contributions totaled \$375,917 for the fiscal year ended September 30, 2022. The Authority's contributions, for FRS and HIS totaled \$1,640,690 and employee contributions totaled \$340,433 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2022, the Authority reported a liability of \$12,764,006 for its proportionate share of the FRS Plan's net pension liability, compared to \$2,480,995 at September 30, 2021. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportionate share of the net pension liability was based on the Authority's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the Authority's proportionate share was .0343%, which was an increase of 0.0015% from its proportionate share measured as of June 30, 2021, of 0.0328%.

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

For the fiscal year ended September 30, 2022, the Authority recognized the Plan pension expense of \$1,951,619. Fiscal year 2021 showed pension expense of \$10,616, which, in addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, for 2022 and 2021, as shown:

<u>Description</u>	<u>2022</u>	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	606,217	\$ -
Change of assumptions		1,571,941	-
Net difference between projected and actual earnings on FRS pension plan investments		842,806	-
Changes in proportion and differences between Authority FRS contributions and proportional share of contributions		573,444	489,378
Authority FRS contributions subsequent to the measurement date		406,143	-
Total		<u>\$ 4,000,551</u>	<u>\$ 489,378</u>

<u>Description</u>	<u>2021</u>	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	425,247	\$ -
Change of assumptions		1,697,620	-
Net difference between projected and actual earnings on FRS pension plan investments		-	8,665,570
Changes in proportion and differences between Authority FRS contributions and proportional share of contributions		358,517	690,432
Authority FRS contributions subsequent to the measurement date		315,926	-
Total		<u>\$ 2,797,310</u>	<u>\$ 9,356,002</u>

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

The deferred outflows of resources related to pensions, totaling \$406,143, resulted from the Authority's contributions to the Plan subsequent to the measurement date and will be recognized as a reduction of the net pension liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	Amount
2023	\$ 482.7
2024	391.7
2025	373.7
2026	343.4
2027	658.0
Thereafter	855.6

Actuarial Assumptions: The total pension liabilities in the July 1, 2022 and 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Inflation	2.40%	2.40%
Salary Increase	3.25%	3.25%
Investment Rate of Return	6.70%	6.80%

PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation reports.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following tables:

July 1, 2022 actuarial assumptions:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed inflation – Mean			2.4%	1.3%

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

July 1, 2021 actuarial assumptions:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100%			
Assumed inflation – Mean			2.4%	1.2%

Discount Rate: The discount rate used to measure the total pension liability was 6.7%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.7%) or 1 percentage-point higher (7.7%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability			
As of July 1, 2022	\$ 22,074,470	\$ 12,764,006	\$ 4,979,350
As of July 1, 2021	\$ 11,095,178	\$ 2,480,995	\$ (4,719,495)

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems, Annual Comprehensive Financial Report.

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description: The HIS Pension Plan (HIS Plan) is a cost-sharing multiple employer defined benefit pension plan established under Section 112.363, Florida Statutes and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

Benefits Provided: For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive HIS Plan benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Authority's contributions to the HIS Plan totaled \$223,739 for the fiscal year ended June 30, 2022, and \$203,674 for the fiscal year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022, the Authority reported a net pension liability of

\$3,780,704 for its proportionate share of the HIS Plan's net pension liability, compared to \$4,209,146 at September 30, 2021. The net pension liability was measured as of June 30, 2022, and the total pension

liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportionate share of the net pension liability was based on the Authority's 2021-22 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the Authority's proportionate share was 0.0356%, a 0.0013% increase in its proportionate share measured as of June 30, 2021, of 0.0343%.

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

For the fiscal year ended June 30, 2022, the Authority recognized the HIS Plan pension expense of \$166,352 and \$253,863 for fiscal year 2021. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>2022</u>	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 114,753	\$ 16,635
Change of assumptions	216,712	584,872
Net difference between projected and actual earnings on HIS pension plan investments	5,474	-
Changes in proportion and differences between Authority HIS contributions and proportional share of contributions	159,433	266,979
Authority HIS contributions subsequent to the measurement date	60,503	-
Total	\$ 556,875	\$ 868,486

<u>Description</u>	<u>2021</u>	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 140,849	\$ 1,763
Change of assumptions	330,745	173,428
Net difference between projected and actual earnings on HIS pension plan investments	4,388	-
Changes in proportion and differences between Authority HIS contributions and proportional share of contributions	59,860	348,191
Authority HIS contributions subsequent to the measurement date	46,984	-
Total	\$ 582,826	\$ 523,382

The deferred outflows of resources related to pensions, totaling \$60,503, resulted from the Authority's contributions to the Plan subsequent to the measurement date and will be recognized as a reduction of the net pension liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>2022</u>	<u>Amount</u>
2023	\$ (83.8)
2024	(80.3)
2025	(40.7)
2026	(40.3)
2027	(41.4)
Thereafter	(85.6)

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

Actuarial Assumptions: The total pension liabilities in the July 1, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Inflation	2.40%	2.40%
Salary Increase	3.25%	3.25%
Investment Rate of Return	3.54%	2.16%

Mortality rates were based on the Generational RP-2010 with Projection Scale MP 2018.

Discount Rate: The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.54%) or 1 percentage-point higher (4.54%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability			
As of July 1, 2021	\$ 4,325,435	\$ 3,780,704	\$ 3,329,949
As of July 1, 2020	\$ 4,866,180	\$ 4,209,146	\$ 3,670,853

Jacksonville Port Authority

Notes to Financial Statements

Note G – Pension Plan (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided, the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$721,967 for the fiscal year ended September 30, 2022, and \$584,052 for the fiscal year ended September 30, 2021.

Jacksonville Port Authority

Notes to Financial Statements

Note H – Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (the 457 Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The 457 Plan, which is available to all full-time employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All plan assets are held by trustees for the exclusive benefit of plan participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's statements of net position.

The Authority also makes matching contributions to a separate retirement plan created in accordance with IRC Section 401(a). The Authority contributes a specified amount for each dollar the employee defers to the 457 Plan. All 401(a) Plan assets are held by trustees for the exclusive benefit of plan participants and beneficiaries. Thus, the assets and liabilities relating to the 401(a) plan are not reflected on the Authority's statements of position. The Authority's 401(a) matching contributions were \$191,000 and \$172,000 for the years ended September 30, 2022 and 2021, respectively.

Note I – Other Post-Employment Benefits (OPEB)

Plan Description

The Authority maintains a single employer medical benefits plan that it makes available both to current and retired employees. Retiree employees have a one-time benefit option to continue coverage under the group plan upon retirement. Retirees pay the full insurance premium with no direct subsidy from the Authority. The medical plan is an experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their dependents. The OPEB portion of the benefits (referred to as OPEB) refers to the benefits applicable to current and future retirees based upon GASB 75. The Authority currently has 129 active participants in the group medical plan and 3 participating retirees.

OPEB Liability

GASB 75 requires the recording of the OPEB liability. The OPEB liability is the actuarial present value of the total projected benefits allocated to years of employment prior to the measurement date. The Authority recognizes an implicit rate subsidy (age-adjusted premium benefit), which is calculated based on the annual required contribution of the employer, as determined in accordance with parameters of GASB 75. The OPEB expense reflects the annual change in the employer's OPEB liability, with deferred recognition provided for certain items. GASB 75 calls for the Authority to have an OPEB valuation performed every two years. The Authority does not accumulate assets to pay benefits but rather finances the program on a pay-as-you-go basis.

Jacksonville Port Authority

Notes to Financial Statements

Note I – Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions

Valuation Date: 10/1/2021 (9/30/2021 census)

Discount Rate: 2.43% per annum (beginning of year) 4.77% per annum (end of year). *Source: The S&P 20 AA Municipal Bond Index*

Salary Scale: 3.0% per annum

Health Care Cost Trend Rate: 6.5% per annum trending down 0.5% each year until reaching the ultimate trend of 4.5%

Mortality: PUB-2010 mortality table with MP-2021 projection.

Asset Valuation Method: Market value.

Amortization Basis: Experience gains/losses: average expected future working lifetime of the whole group. assumption changes: average expected future working lifetime of the whole group.

Changes in Total OPEB Liability

The following data presents the changes in the total OPEB Liability for fiscal years ended September 30:

	2022	2021
Balance, beginning of year	\$ 404,992	\$ 315,914
Service cost	16,442	15,206
Interest cost	9,397	7,917
Differences between expected and actual experience	(5,422)	18,890
Changes in assumptions or other inputs	(35,873)	83,659
Benefit payments	(36,594)	(36,594)
Net change	(52,050)	89,078
Balance, end of year	\$ 352,942	\$ 404,992

Deferred inflows and outflows associated with the Authority's total OPEB liability are not considered significant by management and accordingly have not been recorded in the Authority's financial statements.

Jacksonville Port Authority

Notes to Financial Statements

Note I – Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate

Health Care Cost Trend Sensitivity, calculated using trend rates that are one percent lower or higher than the current rate assumption:

	Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2022	8.0%	\$324,864	\$352,942	\$385,958
As of September 30, 2021	6.5%	\$375,074	\$404,992	\$440,071

Discount Rate Sensitivity: The discount rate was based upon a 20-year tax-exempt municipal bond fund, below are the changes as impacted by a 1% lower or higher than the current rate assumption:

	Discount Rate	Total OPEB Liability		
		1% Decrease	Current Rate	1% Increase
As of September 30, 2022	4.77%	\$324,864	\$352,942	\$385,958
As of September 30, 2021	2.43%	\$420,284	\$404,992	\$389,095

Note J – Risk Management

The Authority participates in the City's experience rated self-insurance plan which provides for auto liability, comprehensive general liability and workers' compensation coverage, up to \$1,200,000 per occurrence for workers' compensation claims. The Authority has excess coverage for individual workers' compensation claims above \$1,200,000. The Authority's expense is the premium charged by the City's self-insurance plan. Workers' compensation and general liability insurance premiums amounted to \$856,000 and \$176,000 for the years ended September 30, 2022 and 2021, respectively. Fiscal year 2022 amounts included a multi-year assessment catchup premium of \$566,000.

The Authority is also a participant in the City's property insurance program which is provided through commercial insurance policies. Premium expense amounted to \$597,000 and \$535,000 for the years ended September 30, 2022 and 2021, respectively.

As a part of the Authority's risk management program, the Authority also purchases certain additional commercial insurance policies to cover exposures such as special risk employees and business interruption coverage. The Authority does not retain any risk on their policies and settlements have not exceeded insurance coverage for each of the last three fiscal years.

Jacksonville Port Authority

Notes to Financial Statements

Note K – Long-Term Debt and Other Noncurrent Liabilities

Long-term liability activity for the years ended September 30, was as follows:

<i>(In thousands of dollars)</i>	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and notes payable					
Revenue bonds	\$ 42,400	\$ -	\$ -	\$ 42,400	\$ -
Revenue and Refunding bonds	1,850	-	(905)	945	945
Revenue Notes – Tax Exempt	169,196	88,870	(95,247)	162,819	6,571
Revenue Note – Taxable	3,305	-	(390)	2,915	520
Unamortized original issue premium amounts	5,212	-	(188)	5,024	-
Total bonds and notes payable	221,963	88,870	(96,730)	214,103	8,036
Liability for pollution remediation	798	-	(59)	739	-
Compensated absences and other	1,771	433	(245)	1,959	356
Line of credit	15,479	10,000	(14,730)	10,749	-
Bridge loan from primary government	25,000	-	(25,000)	-	-
Reserve for grants assessment	970	-	(970)	-	-
Other obligation	8,537	-	-	8,537	-
	<u>\$ 274,518</u>	<u>\$ 99,303</u>	<u>\$ (137,734)</u>	<u>\$ 236,087</u>	<u>\$ 8,392</u>
	2021				
<i>(In thousands of dollars)</i>	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and notes payable					
Revenue bonds	\$ 42,400	\$ -	\$ -	\$ 42,400	\$ -
Revenue and Refunding bonds	2,715	-	(865)	1,850	905
Revenue Notes – Tax Exempt	175,393	-	(6,197)	169,196	6,377
Revenue Note – Taxable	3,405	-	(100)	3,305	390
Unamortized original issue premium amounts	5,402	-	(190)	5,212	-
Total bonds and notes payable	229,315	-	(7,352)	221,963	7,672
Liability for pollution remediation	876	-	(78)	798	-
Compensated absences and other	1,539	533	(301)	1,771	338
Line of credit	19,346	10,844	(14,711)	15,479	-
Bridge loan from primary government	37,700	-	(12,700)	25,000	-
Reserve for grants assessment	970	-	-	970	-
Other obligation	8,537	-	-	8,537	-
	<u>\$ 298,283</u>	<u>\$ 11,377</u>	<u>\$ (35,142)</u>	<u>\$ 274,518</u>	<u>\$ 8,010</u>

Jacksonville Port Authority

Notes to Financial Statements

Note K – Long-Term Debt and Other Noncurrent Liabilities (Continued)

Long-term liabilities at September 30, consisted of the following:

<i>(in thousands of dollars)</i>	2022	2021
Tax Exempt Revenue Note, Series 2017, due in varying amounts through 2028. Interest rate is fixed at 2.25%.	\$ 16,725	\$ 18,900
Revenue and Refunding Bonds, Series 2012, including serial bonds due in varying amounts through 2023. Interest rates range from 4.00% to 5.0%.	945	1,850
Tax Exempt Revenue Note, Series 2010, due in varying amounts through 2030. Interest rate is fixed at 2.69%.	15,274	16,654
Tax Exempt Bank Note Crane 2014, Subordinate Obligation due in varying amounts through 2034. Interest rate is fixed at 3.04%.	16,430	17,496
Revenue Bonds, Series 2018B, due in varying amounts thru 2048. Interest rate is fixed at 5%.	42,400	42,400
Tax Exempt Revenue Note, Series 2018A, due in varying amounts through 2033. Interest rate is fixed at 2.872%.	25,520	27,276
Taxable Revenue Note, Series 2020A, due in varying amounts through 2024. Interest rate is fixed at 2.66%	2,915	3,305
Taxable Revenue Note, Series 2020B, due in varying amounts through 2038. Interest rate (taxable) was 2.66% thru 2022.	-	88,870
Tax Exempt Revenue Note, Series 2022, due in varying amounts through 2038. Interest rate is fixed at 2.10%.	88,870	
Tax Exempt Bridge Loan from primary government, due in varying amounts through 2023. Outstanding balance paid in mid 2022. Interest rates based upon the city's commercial paper rate.	-	25,000
\$50 million Line of Credit Note, Subordinate Obligation, interest due semi-annually in varying rates, 1.09% to 3.15% in 2021 and 2022. Principal due February 2028, per December 12, 2022 renewal.	10,749	15,479
	219,828	257,230
Less current portion	8,036	7,672
	\$ 211,792	\$ 249,558

Jacksonville Port Authority

Notes to Financial Statements

Note K – Long-Term Debt and Other Noncurrent Liabilities (Continued)

In January 2009, the Authority established a \$50 million multi-year Line of Credit with Regions Bank, which has been subsequently renewed for multi-year terms since that time. An eighth renewal was executed on December 12, 2022 and is due and payable February 2028. The current agreement allows for additional renewal options up to 1-5 years through 2029. It is the intention of the Authority to use the line for a revolving medium term or long-term funding source designated for the Authority's capital spending program. All amounts currently on the line of credit will be paid from FDOT grants reimbursement, pending receipt in fiscal year 2023. The outstanding balance on the Line of Credit at September 30, 2022 was \$10,749,000.

In November 2010, the Authority executed a loan agreement with Regions Bank, Tax-Exempt Revenue Note Series 2010, for the purpose of paying off the Series 2000 Revenue Bonds and to establish a required reserve account. The Regions Bank, Tax Exempt Note Series 2010, has a final maturity of 2030. The outstanding balance as of September 30, 2022 was \$15,274,000.

In September 2012, the Authority issued \$87,410,000 in Revenue and Refunding Bonds, Series 2012. The bonds were issued to refund \$65,020,000 of the Authority's outstanding Series 2008 Bonds and to finance new capital project spending. The Series 2012 issue had a final maturity of 2038. In 2020, the 2012 Bonds were advance refunded with the issuance of the 2020A and 2020B Bonds, with the exception of 5% of the outstanding balance. These remaining obligations have a maturity date of November 2022. The outstanding balance as of September 30, 2022 was \$945,000.

In September 2014, the Authority executed a loan agreement in the amount of \$25,000,000 to support the acquisition of new three cranes. The agreement has a fixed term rate of 3.04%. The SunTrust Bank Note issue has a final maturity of 2034. The outstanding balance as of September 30, 2022 was \$16,430,000.

In November 2017, the Authority executed a loan agreement with Regions Bank, the Tax-Exempt Revenue Note, Series 2017, for the purpose of paying off the balance of the 2008 Bonds. The original amount of the loan was \$23,120,000, at a fixed term rate of 2.25%, with a final maturity of 2028. The outstanding balance as of September 30, 2022 was \$16,725,000.

In August 2018, the Authority executed a \$28,982,000 loan agreement with Chase Bank, N.A., Tax-Exempt Revenue Note Series 2018A, for the purpose of financing or refinancing expenditures relating to the cost of portions of the Authority's capital program and to pay down the Authority's Line of Credit. The agreement has a fixed term rate of 2.872% with a term of 15 years. The outstanding balance as of September 30, 2022 was \$25,520,000.

In August 2018, the Authority issued \$42,400,000 in Revenue Bonds, Series 2018B, for the purposes of financing the Authority's capital improvement program, largely the harbor deepening project. The bonds have a fixed term rate of 5.00% with a term of 30 years. The outstanding balance as of September 30, 2022 was \$42,400,000.

In March 2020, the Authority executed loan agreements with Truist Bank for the purpose of advance refunding \$84,695,000 (95%) of the Series 2012 bonds. The transaction effectively defeased 95% of the outstanding Series 2012 Bonds in advance of their 2022 call date in a Cinderella Bonds transaction. The transaction resulted in two bank notes, the Taxable Revenue Note, Series 2020A for \$3,405,000, at 2.66%, and the Taxable Revenue Note, Series 2020B for \$88,870,000, ranging from 2.10% to 2.66%. On August 3, 2022, the Revenue Refunding Bond, Series 2022 \$88,870,000 (Tax-Exempt) were exchanged for Taxable Revenue Note, Series 2020B in the same amount. The remaining Taxable Revenue Note, Series 2020A (maturity date 2024), had an outstanding balance as of September 30, 2022 of \$2,915,000.

Jacksonville Port Authority

Notes to Financial Statements

Note K – Long-Term Debt and Other Noncurrent Liabilities (Continued)

In August 2022, the Authority executed an agreement with Truist Commercial Equity, Inc. to issue Tax-Exempt Revenue Refunding Bond, Series 2022 for \$88,870,000 for the purposes of redeeming the Taxable Revenue Note, Series 2020B in the same amount (see March 2020 note – Cinderella Bonds transaction). The bond has a tax-exempt interest rate of 2.10%, with a maturity date of November 2038.

Bridge loan from primary government

In August 2020, the Authority executed the 2020 Tax Exempt Bridge Loan with the City in the amount of \$37,700,000. The purpose of the loan was to provide bridge financing for an FDOT Grant, in like amount, for the Harbor Deepening Project Contract C. The related FDOT grant calls for reimbursements to occur based upon project progress expenditures. FDOT funds collected by the Authority are concurrently remitted against the outstanding balance on the loan from the city. The Authority paid off this bridge loan in full in mid-2022, with no balance outstanding at September 30, 2022.

Bond covenants

The Authority's debt resolutions place restrictions on the issuance of additional bonds, designate required funding of related bond reserves and requires certain monies for debt service payments be held in trust funds. The Authority has also agreed in its bond covenants to establish and maintain rates charged to customers that will be sufficient to generate certain levels of operating revenues and operating income in excess of its annual debt service on the various outstanding bonds. The Authority has agreed to maintain net operating revenues in excess of 125% of the senior debt service obligations and 100% of the total subordinate debt service obligations.

Debt Maturities

Required debt service for the outstanding bonds and notes payable for the next five years and thereafter to maturity as of September 30, 2022, was as follows:

Years ending	(in thousands of dollars)	Interest	Principal
2023		\$ 5,550	\$ 8,036
2024		5,795	8,668
2025		5,565	8,920
2026		5,334	9,183
2027		5,098	9,438
2028 – 2032		21,656	53,624
2033 – 2037		14,615	56,800
2038 – 2042		7,946	30,670
2043 – 2047		4,004	16,090
2048 – 2052		387	7,650
		<u>\$ 75,950</u>	<u>\$ 209,079</u>

Jacksonville Port Authority

Notes to Financial Statements

Note K – Long-Term Debt and Other Noncurrent Liabilities (Continued)

Original Issue Discount and Deferred Loss on Refundings (in thousands of dollars)

Unamortized premiums on bonds were \$5,024 and \$5,212 in 2022 and 2021, respectively. Unamortized deferred loss on debt refundings was \$5,520 and \$5,886 in 2022 and 2021, respectively.

Deferred outflow/inflow of resources

Deferred outflow of resources as shown on the statements of net position include unamortized loss on debt refundings and defeasance transactions. Additionally, deferred outflows and inflows are recorded for changes related to pensions activities.

(in thousands of dollars)

	2022	2021
Deferred loss on debt refundings	\$ 5,520	\$ 5,886
Deferred outflow pension (see Note G)	3,380	3,380
Total deferred outflow of resources	<u>\$ 8,900</u>	<u>\$ 9,266</u>
Deferred inflow of resources – pension (see Note G)	<u>\$ 9,869</u>	<u>9,869</u>

Other Noncurrent Liabilities

Unearned revenue balances were approximately \$15,292,000 and \$127,939,000 for years ended September 30, 2022 and 2021, respectively. The current portion was \$700,000 and represents one year of rent amortization on SSA rents collected but unearned. See Note E and Note F for further explanation regarding unearned lease rents revenue recognition.

The Authority has accrued reserves in the amount of \$739,000 for specific pollution remediation liability. These reserves are reviewed annually for any additional liability and adequacy and adjusted accordingly.

OPEB liabilities for retiree medical benefits were \$353,000 and \$405,000 at September 30, 2022 and 2021, respectively. See Note I for additional information.

Note L – Other Obligation

The Authority entered into a Project Cooperation Agreement with the USACE in 2001 for Construction of the improvement features of the Jacksonville Harbor Federal Navigation Project. This project was completed in 2010, and cooperatively resulted in 40 feet depth of general navigation features in the Jacksonville Harbor.

The Project Cooperation Agreement committed Federal Government funding of 65% towards project costs and required the Authority to fund 25% of the project costs. The agreement also required that the Authority be responsible for the remaining 10% of total projects costs, payable over a period of up to a 30-year amortization. As a result, an estimated liability amount of \$8,537,000 is currently recorded as other obligations by the Authority. As of September 30, 2022, repayment terms had not been determined.

Jacksonville Port Authority

Notes to Financial Statements

Note M – Commitments and Contingencies

Construction Related

At September 30, 2022, the Authority had commitments for future construction work of approximately \$63,036,000, primarily for terminal construction projects and improvements, and Dredge Material Management Areas development.

Environmental Remediation

The Authority owns several parcels of property located at the southernmost portion of the Talleyrand Marine Terminal which were used by previous owners to conduct fertilizer blending and packaging and other operations involving the use of chemicals. Property adjacent to these parcels, owned by an unrelated third-party has also been identified to contain contaminants attributed to its former use. In conjunction with the Florida Department of Environmental Protection (FDEP), the Authority developed an Interim Remedial Action Plan (IRAP), which includes a site soil and groundwater treatment system, allowing for the groundwater to be captured by wells and discharged to a nearby publicly owned treatment works facility (POTW). The Authority had originally established a \$1.5 million reserve for project and ongoing operations costs of the groundwater treatment system, of which \$739,000 remains at September 30, 2022, for ongoing operations and monitoring costs.

Collective Bargaining Agreement

The Authority's workforce is made up of approximately 160 employees. Union employees represent about 40% of the total. The current union contract runs through September 30, 2025.

Note N – Significant Customers

For the fiscal year ended September 30, 2022, the Authority had five customers with significant operating revenues (10% or more of total revenues): Crowley Liner Services (16%), SSA Atlantic (14%), Tote Maritime (11%), APS East Coast (10%).

Note O – Capital Contributions

Federal Contributions

The Authority received monies from federal funding awards designated for constructing various capital assets and capital improvements. Contributions of \$3,002,265 and \$653,225 were recorded for the years ended September 30, 2022 and 2021, respectively.

State Contributions

Amounts from state funding awards totaled \$22,993,142 and \$30,804,926 for the years ended September 30, 2022 and 2021, respectively.

Local Contributions

Amounts from local funding from the City, designated for the Harbor Deepening project, totaled \$0 and \$4,160,988 for the years ended September 30, 2022 and 2021, respectively.

**JACKSONVILLE PORT AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)**

**Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years*
(in dollars)**

	2022	2021	2020	2019	2018
Total OPEB liability – beginning	\$ 404,992	\$ 315,914	\$ 294,914	\$ 317,699	\$ 319,347
Service cost	16,442	15,206	15,000	16,000	14,896
Interest cost	9,397	7,917	12,000	12,098	11,984
Differences between expected and actual experience	(5,422)	18,890	-	67,260	-
Changes in assumptions or other inputs	(35,873)	83,659	-	(115,492)	(18,451)
Benefit payments	(36,594)	(36,594)	(6,000)	(2,651)	(10,077)
Net change	(52,050)	89,078	21,000	(22,785)	(1,648)
Total OPEB liability – ending	\$ 352,942	\$ 404,992	\$ 315,914	\$ 294,914	\$ 317,699
Covered employee payroll	\$ 10,920,134	\$ 10,092,846	\$ 9,887,483	\$ 9,578,318	\$ 9,164,400
Total OPEB liability as a percentage of covered payroll	3.23%	4.01%	3.20%	3.08%	3.47%

* Changes in total OPEB Liability for the fiscal years prior to 2018 were not available, and accordingly, not included in the schedule.

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(amounts expressed in dollars)**

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the FRS net pension liability	0.0343%	0.0328%	0.0317%	0.0341%	0.0358%	0.0374%	0.0353%	0.0352%
Authority's proportionate share of the FRS net pension liability	\$12,764,006	\$2,480,995	\$13,754,260	\$11,740,361	\$10,797,420	\$11,070,761	\$8,917,567	\$4,546,261
Authority's covered-employee payroll	\$12,713,611	\$12,269,541	\$12,234,777	\$12,246,587	\$12,533,283	\$12,195,198	\$11,910,007	\$11,486,853
Authority's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	100.40%	20.22%	112.42%	95.86%	86.15%	90.78%	74.87%	39.58%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 are available.

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS
(amounts expressed in dollars)**

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the HIS net pension liability	0.0365%	0.0343%	0.0353%	0.0370%	0.0370%	0.0398%	0.0383%	0.0373%
Authority's proportionate share of the HIS net pension liability	\$3,780,704	\$4,209,146	\$4,315,437	\$4,137,205	\$3,917,903	\$4,250,943	\$4,461,658	\$3,806,082
Authority's covered-employee payroll	\$12,713,610	\$12,269,541	\$12,234,777	\$12,246,587	\$12,533,283	\$12,195,198	\$11,910,007	\$11,486,853
Authority's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	29.74%	34.31%	35.27%	33.78%	31.26%	34.86%	37.46%	33.13%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 are available.

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 LAST TEN FISCAL YEARS
 (amounts expressed in dollars)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 1,731,637	\$ 1,437,015	\$ 1,217,755	\$ 1,167,644	\$ 1,202,882	\$ 1,046,313	\$ 947,884	\$ 948,391
FRS contributions in relation to the contractually required FRS	1,731,637	1,437,015	1,217,755	1,167,644	1,202,882	1,046,313	947,884	948,391
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 12,713,610	\$ 12,269,541	\$ 12,234,777	\$ 12,246,587	\$ 12,553,283	\$ 12,195,198	\$ 11,910,007	\$ 11,486,853
FRS contributions as a percentage of cover-employee payroll	13.6%	11.7%	10.0%	9.5%	9.6%	8.6%	8.0%	8.3%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 are available.

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS
(amounts expressed in dollars)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 223,739	\$ 203,674	\$ 203,097	\$ 203,293	\$ 208,052	\$ 202,440	\$ 197,706	\$ 157,222
HIS contributions in relation to the contractually required HIS	223,739	203,674	203,097	203,293	208,052	202,440	197,706	157,222
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 12,713,610	\$ 12,269,541	\$ 12,234,777	\$ 12,246,587	\$ 12,533,283	\$ 12,195,198	\$ 11,910,007	\$ 11,486,853
HIS contributions as a percentage of cover-employee payroll	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.4%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 are available.



SUPPLEMENTAL INFORMATION

JAXPORT
JACKSONVILLE PORT AUTHORITY

Jacksonville Port Authority

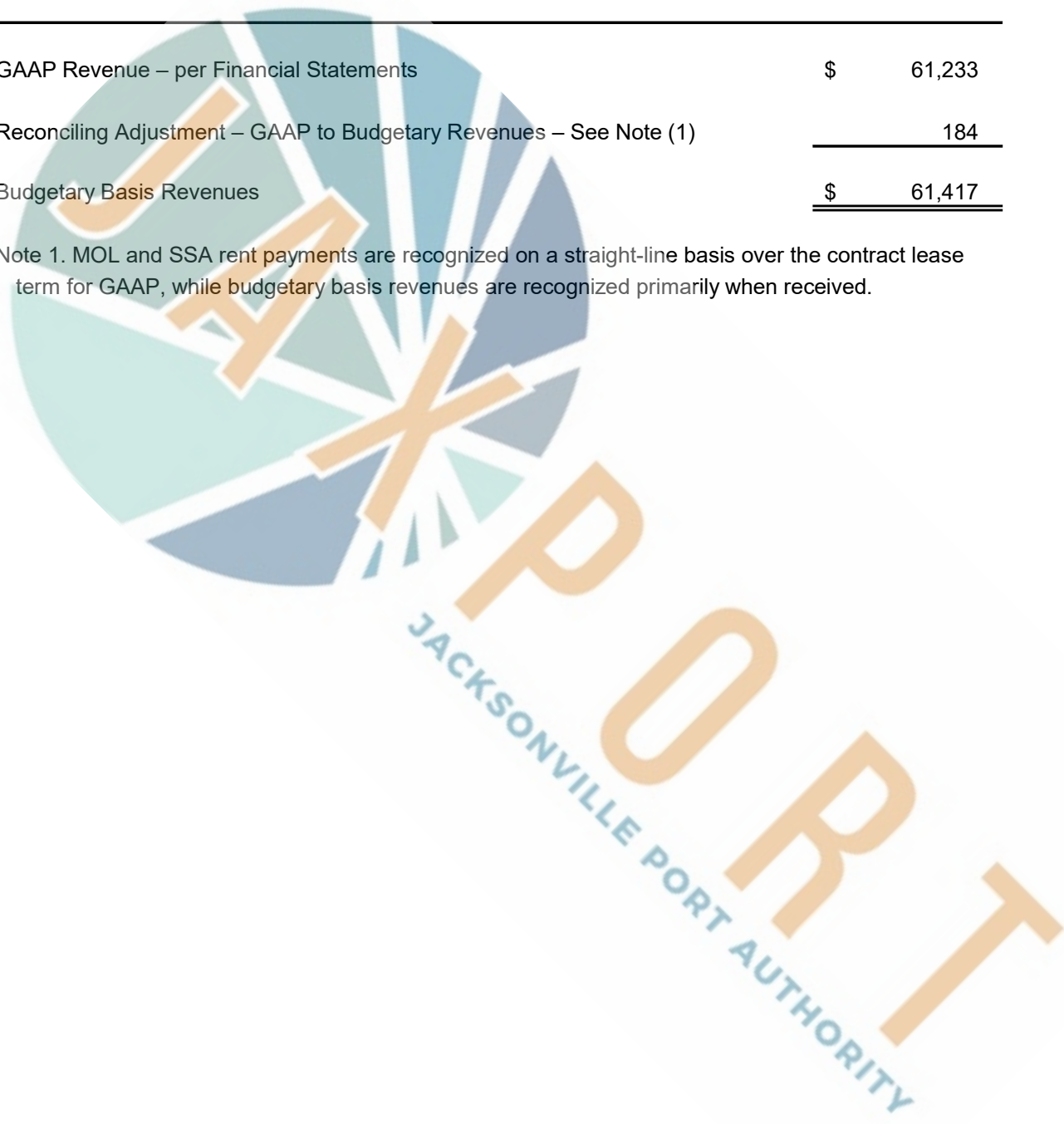
Revenue Recognition

GAAP to Budgetary Basis Reconciliation

For the Fiscal Year Ended September 30, 2022

GAAP Revenue – per Financial Statements	\$ 61,233
Reconciling Adjustment – GAAP to Budgetary Revenues – See Note (1)	<u>184</u>
Budgetary Basis Revenues	<u>\$ 61,417</u>

Note 1. MOL and SSA rent payments are recognized on a straight-line basis over the contract lease term for GAAP, while budgetary basis revenues are recognized primarily when received.



Jacksonville Port Authority, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2022

Agency/Program	ALN/ CFSA Number	Grant Number	Expenditures
FEDERAL AWARDS			
Direct Awards:			
<u>U.S. Department of Homeland Security</u>			
Port Security Grant Program	97.056	EMW-2020-PU-00121	\$ 311,223
Port Security Grant Program – Operating	97.056	EMW-2021-PU-00128	26,411
Total U.S. Department of Homeland Security			337,634
<u>US Department of Transportation (MARAD)</u>			
FY19 Build Grant Program	20.933	693JF72040002	2,691,042
Total U.S. Department of Transportation			2,691,042
<u>FEMA – Hurricane Disaster Assistance</u>			
FEMA	97.036	Hurricane Dorian	975,310
COVID 19 – FEMA	97.036	COVID 19	40,478
Total FEMA Hurricane Disaster Assistance			1,015,788
<u>Coronavirus State and Local Fiscal Recovery Funds (ARPA)</u>			
COVID 19 – State Issued (State of Florida)	21.027	G1Z79	13,716,224
COVID 19 – Local Issued (City of Jacksonville)	21.027	N/A	4,000,000
Total Coronavirus Recovery Funds (ARPA)			17,716,224
Total Expenditures of Federal Awards			\$ 21,760,688
STATE PROJECTS			
<u>State of Florida Department of Transportation</u>			
Seaport Grants	55.005	GOG95	\$ 575,416
Seaport Grants	55.005	G0496	3,201,749
Seaport Grants	55.005	G1604	(15,660)
Seaport Grants	55.005	G1K24	12,707,957
Seaport Grants	55.005	G1L70	15,660
Seaport Grants	55.005	G1L95	322,743
Seaport Grants	55.005	G1M54	204,693
Seaport Grants	55.005	G1V25	1,269,466
Seaport Grants	55.005	G1P01	3,047,478
Seaport Grants	55.005	G2408	1,466,066
Seaport Grants	55.005	G2756	52,063
Seaport Grants	55.005	G2758	214,460
Total Expenditures of State Financial Assistance			\$ 23,062,091
Total Expenditures of Federal Awards and State Financial Assistance			\$ 44,822,779

See accompanying notes to the Schedule of Federal Expenditures and State Financial Assistance

Jacksonville Port Authority, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance For the Year Ended September 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the Jacksonville Port Authority (Authority), a component unit of the City of Jacksonville, Florida, and is presented using the accrual basis of accounting for grants which are accounted for in proprietary funds. Such expenditures are reported following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Chapter 10.550, Rules of the Florida Auditor General. Wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The accompanying Schedule includes the federal and state award activity of the Authority under programs of the federal and state government for the year ended September 30, 2022. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, and changes in net position or cash flows of the Authority

Note 2. Subrecipients

The Authority did not make sub-awards of state financial assistance during the year ended September 30, 2022.

Note 3. Indirect Cost Recovery

The Authority did not recover its indirect costs using the 10% de minimus indirect cost rate provided under section 200.414 of the Uniform Guidance.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards

Independent Auditor's Report

Members of the Board of Directors
Jacksonville Port Authority
Jacksonville, Florida

We have audited, in accordance with the 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 Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

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

RSM US LLP

Jacksonville, Florida
February 25, 2023

REPORT
JACKSONVILLE PORT AUTHORITY

Report on Compliance for Each Major Federal Program and the Major State Financial Assistance Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and State of Florida Chapter 10.650, Rules of the Auditor General

Independent Auditor's Report

Members of the Board of Directors
Jacksonville Port Authority
Jacksonville, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited the Jacksonville Port Authority's (the Authority's), a component unit of the City of Jacksonville, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs and state financial assistance projects for the year ended September 30, 2022. The Authority's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and State of Florida Chapter 10.650, Rules of the Auditor General

We have audited the financial statements of the Authority as of and for the year ended September 30, 2022, and have issued our report thereon dated February 25, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Jacksonville, Florida
March 17, 2023

Jacksonville Port Authority

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2022**

I – Summary of Independent Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

Federal Awards

Internal control over major program:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None Reported

Type of auditor’s report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	_____ Yes	_____ X	_____ No
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Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.933	Build Grant Program
97.036	Hurricane Disaster Assistance
21.027	COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)

Dollar threshold used to distinguish between type A and type B programs (Federal and State):

\$ 750,000

Auditee qualified as low-risk auditee?	_____ Yes	_____ X	_____ No
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State Financial Assistance

Internal control over major project:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None Reported

Type of auditor’s report issued on compliance for major project:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General?	_____ Yes	_____ X	_____ No
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Identification of major project:

<u>CSFA Number</u>	<u>Name of State Program or Project</u>
55.005	Seaport Grants

Jacksonville Port Authority

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

II – Financial Statement Findings

No matters to report.

III – Findings and Questioned Costs for Federal Awards

No matters to report.

IV – Findings and Questioned Costs for State Financial Assistance

No matters to report.



Jacksonville Port Authority

**Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022**

The prior year state Single Audits disclosed no findings, and no uncorrected or unresolved findings exist from prior Single Audits. There was no federal Single Audit performed in the prior year.



**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

Members of the Board of Directors
Jacksonville Port Authority
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of the Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, as of and for the year ended September 30, 2022, and issued our report thereon dated February 25, 2023.

Auditor's Responsibility

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financing Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and the Independent Accountant's 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, which are dated February 25, 2023, and the Independent Auditor's Report on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control Over Compliance and the Schedule of Findings and Questioned Costs, which are dated March 17, 2023. Disclosures in those reports and schedule 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 annual financial audit report. In that regard, there were no 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 specific legal authority that established the Authority is disclosed in Note 1 of the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5a. 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 Authority has 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 the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to sections 10.554(1)(i)5b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by the 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 that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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 Authority reported:

- a. The total number of district employees compensated in the last pay period of the districts fiscal year as 165.
- 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 or awarded to employees, whether paid or accrued, regardless of contingency as \$14,354,901.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$100,876.
- 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 shown below:

JACKSONVILLE PORT AUTHORITY
2021-2022 CAPITAL PROJECTS > \$65K

PROJECT NUMBER	PROJECT DESCRIPTION	CONTRACT PAYMENTS
	CLEARING/CIP PARTS	220,576
B2019-08	BIMT TERMINAL IMPROVEMENTS (BERTHS 33/34)	3,342,044
B2020-01	CONTAINER TERMINAL UPGRADES	9,937,990
B2020-02	BREASTING DOLPHIN - BERTH 22	352,158
B2021-02	INTERSECTION IMPROVEMENTS DAVE RAWLS/WM MILLS	389,311
B2021-04	TRASIT SHED #1 REHAB	90,775
B2021-08	MARINE CORP RR CROSSING UPGRADE	238,024
B2021-09	STATIONARY RADAR SPEED SIGNS	129,055
B2021-10	INSTALL RAIL GATES @ 3 CROSSINGS	126,354
B2022-01	TENANT ASPHALT FACILITY REHAB	299,176
B2022-10	T BERTH CONSTRUCTION @ BERTH 20	286,240
B2022-11	TERMINAL DEVELOPMENT (PH1)	104,336
B2022-13	HANJUNG CRANE #8810 UPGRADES	352,681
B2022-14	HANJUNG CRANE #8811 UPGRADES	380,250
B2022-15	HANJUNG CRANE #8841 UPGRADES	380,250
D2019-02	AUGUST DRIVE BRIDGE SHEET PILE WALL (DESIGN)	272,514
D2021-01	SECURITY UPGRADES	142,870
D2022-01	SLOPE PROTECTION	158,526
D2022-02	AUTO TERMINAL EXPANSION	68,445
G2020-02	UPLAND DREDGE MATERIAL MGMT AREA DESIGN & CONSTRUCTION	6,780,413
G2020-03	MISC LAND ACQUISITION	81,085
G2021-04	FY20 PSPG FED SECURITY GRANT PROJECTS	439,943
G2021-06	DMMA BARTRAM ISLAND CELL C DESIGN/PERMITTING	2,252,533
G2021-08	PCOB BUILDING REMODEL	227,094
G2022-05	PCOB BOARD ROOM RENOVATION	67,199
T2018-01	SEAONUS WAREHOUSE REHAB	3,518,051
T2020-01	WESTROCK PROPERTY IMPROVEMENTS	228,880
T2021-02	UNDERDECK CONCRETE REHAB - PH2	1,382,129
T2021-06	PILE INSPECTION & REHAB	345,040
T2021-07	TERMINAL EQUIPMENT STORAGE BLDG	104,348
T2021-08	REPLACE RR TIES TO UPM WAREHOUSE	339,100
T2022-01	RESURFACE LEASED AREAS FY22	212,730
T2022-06	HANJUNG CRANE #8844 UPGRADES	352,681
	OTHER CAPITAL BLOUNT ISLAND	
003.2044.177	TRACTOR WITH SLOPE MOWER	89,000
	OTHER CAPITAL TALLEYRAND	
003.2044.178	ZPMC CRANE GANTRY WHEEL BRAKES	83,232
	OTHER CAPITAL PCOB	
003.2046.xxx	VEHICLE PURCHASES (ALL LOCATIONS)	643,351
003.2035.173	REPLACE AIR HANDLER UNITS (PCOB TENANT AREA)	68,007
003.2035.173	EXECUTIVE CONFERENCE ROOM RENOVATION	72,190

- f. A budget variance based on the budget adopted under Section 189.016(4), *Florida Statutes*, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), *Florida Statutes*, as shown below:

JACKSONVILLE PORT AUTHORITY
QUARTERLY REPORT SUMMARY
For the Twelve Months Ending September 30, 2022
UNAUDITED

BALANCE SHEET				
Cash and Investments	\$	89,751,706	Current Liabilities	\$ 13,413,653
Accounts Receivable & Other Assets		32,291,479	Notes and Bonds Payable	224,851,951
Fixed Assets		856,329,215	Other Liabilities	42,233,666
TOTAL ASSETS		\$ 958,372,400	Net Position	677,873,131
			TOTAL LIABILITIES & EQUITY	\$ 958,372,400
OPERATING & NON-OPERATING ITEMS				
	2021/2022 ORIGINAL BUDGET	2021/2022 AMENDED BUDGET	2021/2022 YTD ACTUAL	FAVORABLE (UNFAVORABLE) BUDGET VARIANCE
OPERATING REVENUES				
Containers	\$ 29,856,732	\$ 29,856,732	\$ 29,623,331	\$ (233,401)
Autos	15,220,500	15,220,500	15,098,099	(122,401)
Military	998,133	998,133	577,644	(420,489)
Break Bulk	4,133,415	4,133,415	5,915,270	1,781,855
Liquid Bulk	1,490,922	1,490,922	1,509,050	18,128
Dry Bulk	2,078,202	2,078,202	2,222,715	144,513
Cruise	1,224,130	1,224,130	2,562,412	1,338,282
Other Operating Revenues	2,778,721	2,778,721	3,908,245	1,129,524
TOTAL OPERATING REVENUES	\$ 57,780,755	\$ 57,780,755	\$ 61,416,786	\$ 3,636,011
OPERATING EXPENDITURES				
Salaries	\$ 13,120,191	\$ 13,120,191	\$ 13,243,244	\$ (123,053)
Employee Benefits	5,913,133	5,913,133	5,967,838	(54,705)
Services & Supplies	4,948,700	4,948,700	5,559,249	(610,549)
Security Services	5,402,169	5,402,169	4,404,830	997,339
Business Travel & Training	576,725	576,725	322,033	254,692
Promotion, Advertising & Dues	734,327	734,327	647,350	86,977
Utility Services	781,944	781,944	743,320	38,624
Repairs & Maintenance	2,077,416	2,077,416	2,235,352	(157,936)
Crane Maintenance Pass Thru	(450,000)	(450,000)	(508,905)	58,905
Berth Maintenance Dredging	5,335,165	5,335,165	4,920,421	414,744
Miscellaneous	163,115	163,115	155,123	7,992
TOTAL OPERATING EXPENDITURES	\$ 38,602,885	\$ 38,602,885	\$ 37,689,855	\$ 913,031
OPERATING INCOME	\$ 19,177,870	\$ 19,177,870	\$ 23,726,911	\$ 4,549,042
NON-OPERATING REVENUES				
Investment Income	\$ 8,688	\$ 8,688	\$ 183,693	\$ 175,005
Operating Grants	73,440	73,440	29,461	(43,979)
Shared Revenue from Primary Govt	9,642,191	9,642,191	9,768,892	126,701
Other Revenue	8,500	8,500	20,712	12,212
	\$ 9,732,819	\$ 9,732,819	\$ 10,002,758	\$ 269,939
NON-OPERATING EXPENSES				
Debt Service	\$ 16,827,725	\$ 16,827,725	\$ 18,970,291	\$ (2,142,566)
Crane Relocation	-	-	504	(504)
Other Expenditures	3,360	3,360	19,562	(16,202)
	\$ 16,831,085	\$ 16,831,085	\$ 18,990,357	\$ (2,159,272)
NET INCOME BEFORE CAPITAL OUTLAY AND CONTINGENCY	\$ 12,079,604	\$ 12,079,604	\$ 14,739,312	\$ 2,659,709
Transfer (to)/from Operating Capital Outlay	\$ (12,079,604)	\$ (12,079,604)	\$ (9,483,495)	\$ 2,596,109
SURPLUS (DEFICIT)	\$ -	\$ -	\$ 5,255,817	\$ 5,255,817
TOTAL REVENUES	\$ 67,513,574	\$ 67,513,574	\$ 71,419,524	
TOTAL APPROPRIATIONS	\$ 67,513,574	\$ 67,513,574	\$ 66,163,707	

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

RSM US LLP

Jacksonville, Florida
March 17, 2023

Independent Accountant's Report on Compliance with Local Government Investment Policies

Members of the Board of Directors
Jacksonville Port Authority
Jacksonville, Florida

We have examined the Jacksonville Port Authority's (the Authority), a component unit of the City of Jacksonville, compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2021 to September 30, 2022. Management of the Authority is responsible for the Authority's compliance with the specific requirements. Our responsibility is to express an opinion on Authority'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 Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2021 to September 30, 2022.

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

RSM US LLP

Jacksonville, Florida
March 17, 2023