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January 31, 2023

Honorable Members of the City Council  
City of Jacksonville  
c/o Office of Council Auditor  
Attn: Heather Reber  
117 West Duval Street, Suite 200  
Jacksonville, FL 32202

We are pleased to confirm our understanding of the services we are to provide for the City of Jacksonville, Florida (the "City") for the year ending September 30, 2023.

### **Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the City as of and for the year ending September 30, 2023. We will also audit the separately issued financial statements of the governmental activities and each major fund, including the disclosures, which collectively comprise the basic financial statements, of the City of Jacksonville, Florida, Downtown Investment Authority, the Renew Arlington Community Redevelopment Agency, the Jacksonville International Airport Community Redevelopment Agency, and the KingSoutel Crossing Community Redevelopment Agency (collectively, the "CRAs") as of and for the year ending September 30, 2023. We will also audit the separately issued Schedule of Activity for the Landfill Closure Escrow Account (the "Landfill Escrow Schedule") of the City of Jacksonville, Florida for the year ended September 30, 2023, and the related notes. We will also audit the special-purpose financial statements of each major fund and the aggregate remaining fund information of the accounts maintained by ASM for the City of Jacksonville, Florida ("ASM") as of and for the year ended September 30, 2023, and the related notes to the special-purpose financial statements, which collectively comprise the special-purpose financial statements. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of Management of the Finance and Administration Department of the City of Jacksonville, Florida ("Management") regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis (the City and CRAs).
- 2) Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Funds and the related Notes to the Schedules (the City).

- 3) Budgetary Comparison Schedules and the related notes to the Schedules (the CRAs).
- 4) GASB-required supplementary pension and OPEB Schedules and the related notes to the Schedules (the City).

We have also been engaged to report on supplementary information other than RSI that accompanies the financial statements and schedules. We will subject the following supplementary information to the auditing procedures applied in our audits of the financial statements and schedules and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and schedules or to the financial statements and schedules themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements and schedules as a whole in a report combined with our auditors' reports on the financial statements and schedules.

- 1) Combining Individual Fund and Component Units Statements and Schedules (the City).
- 2) Combining Special-Purpose Statements of Individual Subfunds (ASM).
- 3) Supplementary Long-Term Bond and Debt information (the City).
- 4) Supplementary Self-Insurance information (the City).
- 5) General Fund sub fund information (the City).
- 6) Schedule of expenditures of federal and state awards and related notes to the Schedule (the City).
- 7) Schedules of Activity – Landfill Closure Escrow Account (the Landfill Escrow Schedule)

In connection with our audit of the basic financial statements of the City, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- 1) Transmittal Letter (the City).
- 2) Statistical Section (the City).

In addition to our audits we will also issue separate examination reports over compliance with certain sections of Florida Statutes as required by the rules of the Auditor General as detailed in the Other Services – Examinations section of this letter.

The objectives of our audits 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 issue auditors' reports that include our opinions about whether the City's financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards* (The City and CRAs).
- Internal control over compliance related to major federal programs and state projects and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and each major project in accordance with the State Single Audit Act and Chapter 10.550, Rules of the Auditor General of the State of Florida (the City).

### **Auditors' Responsibilities for the Audits of the Financial Statements and Single Audit**

We will conduct our audits in accordance with GAAS (the City, the CRAs, the Landfill Escrow Schedule, and ASM); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (the City and the CRAs); the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance; and Chapter 10.550, Rules of the Auditor General of the State of Florida (the City), and will include tests of accounting records, a determination of major program(s) and project(s) in accordance with Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs or on major projects. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of certain receivables and certain assets and liabilities by correspondence

with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

While our planning procedures have not concluded and additional significant risks may be identified, we have identified the following significant risks of material misstatement as part of our audit planning:

- Risk of improper revenue recognition due to fraud (the City, the CRAs, the Landfill Escrow Schedule, and ASM).
- Risk of management override of internal controls (the City, the CRAs, the Landfill Escrow Schedule, and ASM).
- Multiple complex information systems and modules (the City, the CRAs, the Landfill Escrow Schedule, and ASM).
- Monitoring of federal award and state assistance compliance for funds passed through to subrecipients (the City).
- Valuation of sophisticated investments reported in the City's pension plans (the City).

Our audits of financial statements and schedules does not relieve you of your responsibilities.

#### **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our reports on internal control issued pursuant to *Government Auditing Standards* for the City and the CRAs.

As required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program and each major state assistance project of the City. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance or Chapter 10.550, Rules of the Auditor General of the State of Florida.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinions. However, during the audits, we will communicate to Management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's and CRA's compliance with provisions of applicable laws,

regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide opinions on overall compliance, and we will not express such an opinion in our reports on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal awards and state assistance applicable to major federal programs and major state projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *State Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major federal programs and major state projects. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. For state projects that are included in the State Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the State Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on City's compliance with requirements applicable to each of its major federal programs and each of its major state projects in our report on compliance issued pursuant to the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida.

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the accounts maintained by ASM for the City of Jacksonville, Florida are free of material misstatement, we will perform tests of ASM's compliance with the terms, covenants, provisions, or conditions of Sections 7.3, 7.4, 9.1, 10.2, 10.3, 11.6, Exhibit A.II.M.2, and Exhibit A.II.M.5, inclusive, of the Facilities Management Contract between the City and ASM dated June 23, 2022 (the "Management Agreement"), as they relate to accounting matters. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our reports on compliance issued pursuant to the Management Agreement.

### **Other Services**

We will also assist in the preparing the financial statements (including conversion entries in accordance with GASB 34, where applicable) and related notes, RSI, and Supplementary Information of ASM and the CRAs, in conformity with accounting principles generally accepted in the United States of America and Rules of the Auditor General of the State of Florida based on information provided by Management.

We will also assist in the preparing the Schedule of Activity for the Landfill Closure Escrow Account, related notes, and supplementary information in accordance with the provisions of Rule 67-701.630(5) of the Florida Administrative Code for the City (the "Landfill Escrow Schedule") based on information provided by Management.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the services previously defined in this section "Other Services". We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management agrees to assume all management responsibilities for the financial statements and related notes of ASM and the CRAs and the Landfill Escrow Schedule, and any and all other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes of ASM and the CRAs and the Landfill Escrow Schedule and that they have reviewed and approved the financial statements and related notes of ASM and the CRAs and the Landfill Escrow Schedule prior to their issuance and have accepted responsibility for them. Further, Management agrees to oversee the nonaudit services by designating an



individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Other Services – Examination Reports**

We will examine the City of Jacksonville, Florida (the “City”), the City’s Downtown Investment Authority, the Renew Arlington Community Redevelopment Agency, the Jacksonville International Airport Community Redevelopment Agency, and the KingSoutel Crossing Community Redevelopment Agency (cumulatively, the “CRAs”) for compliance, in all material respects, with the specific requirements of the “Specified Statute Sections” defined herein, as noted, for the year ended September 30, 2023:

- Section 218.415, Florida Statutes (the City and CRAs);
- Sections 365.172(10) and 365.173(2)(d), Florida Statutes (the City);
- Section 61.181, Florida Statutes (the City); and
- Sections 28.35 and 28.36 (the City); and
- Sections 29.008 and 29.0085 (for the City’s [operating as Duval County, Florida] Statement of County Funded Court-Related Functions); and
- Sections 163.387(6) and (7), Florida Statutes (CRAs).

The objectives of our examinations are to (1) obtain reasonable assurance about whether the City and CRAs complied with the requirements of the Specified Statute Sections; and (2) to express opinions as required by the Specified Statute Sections, as to whether the City and CRAs complied, in all material respects, with the Specified Statute Sections.

Our examinations will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include examining, on a test basis, your records and other procedures to obtain evidence necessary to enable us to express our opinions. We will issue written reports upon completion of our examinations. Our reports will be addressed to the City of Jacksonville, Florida, Members of the City Council or to the Duval County, Florida, County Commissioners, or to the governance of the CRAs as appropriate. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions. If our opinions are other than unmodified, we will discuss the reasons with Management and the Council Auditor’s Office in advance. If, for any reason, we are unable to complete the examinations or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examinations are properly planned and performed in accordance with the attestation standards.

We will plan and perform the examinations to obtain reasonable assurance about whether the City and CRAs are compliant with the Specified Statute Sections. Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, or known and suspected fraud or noncompliance with laws or regulations, or internal control deficiencies that may exist. However, we will inform you of any known and suspected fraud and noncompliance with laws or regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention unless clearly trivial.

We understand that Management will provide us with the information required for our examinations and that they are responsible for the accuracy and completeness of that information. We may advise

Management about appropriate criteria, but the responsibility for the subject matter remains with Management.

Management is responsible for ensuring the City and CRAs are compliant with the Specified Statute Sections. Management is responsible for, and agree to provide us with, a written assertion about whether the City and CRAs are in compliance with the Specified Statute Sections. Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the measurement, evaluation, or disclosure of the subject matter; (2) additional information that we may request for the purpose of the examination; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

At the conclusion of the engagement, Management agrees to provide us with certain written representations in the form of separate representation letters.

### **Responsibilities of Management for the Financial Statements and Single Audit**

Our audit will be conducted on the basis that Management acknowledges and understand responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements and schedules that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards and state financial assistance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedules, schedule of expenditures of federal awards and state financial assistance, and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance; and for compliance with applicable laws and regulations (including federal and state statutes), rules, and the provisions of contracts and grant agreements (including award and financial assistance agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedules, schedule of expenditures of federal awards and state financial assistance, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements and schedules, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from Management about the financial statements; schedule of expenditures of federal awards and state financial assistance; federal award programs and state financial assistance projects; compliance with laws, regulations, contracts, and grant agreements; the Landfill Escrow Schedule; and related matters.

Management's responsibilities include adjusting the financial statements and schedules to correct material misstatements and confirming to us in the management representation letters that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements and schedules of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, Management is responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida, it is Management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state financial assistance; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare summary schedules of prior audit findings and separate corrective action plans. The summary schedules of prior audit findings should be available for our review prior to the dates of the audit reports.

Management is responsible for identifying all federal awards and state financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida. Management agrees to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards and state financial assistance. Management also agrees to include the audited financial statements of the City with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) they are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida; (2) they believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) they have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). Management agrees to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letters that (1) they are responsible for presentation of the supplementary information in accordance with GAAP; (2) they believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) they have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes



relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. Management is also responsible for providing Management's views on our current findings, conclusions, and recommendations, as well as their planned corrective actions for the report, and for the timing and format for providing that information.

### **Dispute Resolution**

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or other dispute resolution procedure, they will first try, in good faith, to resolve the dispute through non-binding mediation. All parties agree that an alternative form of dispute resolution shall not be undertaken by either party until the expiration of fifteen (15) calendar days following notice being provided to the other party indicating that the dispute cannot be settled through mediation. The mediation will be administered by the American Arbitration Association under its *Dispute Resolution Rules for Professional Accounting and Related Services Disputes*. The costs of any mediation proceedings shall be shared equally by all parties.

### **Governing Law; Venue**

This agreement and performance hereunder shall be governed by the laws of the State of Florida, without reference to any conflict of laws rules or principles. Any action or proceeding arising out of or in any way relating to this agreement must be brought in a state court having jurisdiction in Duval County, Florida, and each party irrevocably submits to the jurisdiction and venue of any such court in any such action or proceeding and agrees to waive any defenses to venue and jurisdiction within Duval County, Florida, including *forum non conveniens*.

### **Electronic Data Communication and Storage and Use of Third Party Service Provider**

In the interest of facilitating our services to the City, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to the City may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

The City, the CRAs, ASM and its officers, agents, and employees recognize and accept that we have no control over, and shall not be responsible for, the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. The City consents to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to the City, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and the City to share data, engagement information, knowledge, and deliverables in a protected environment. The City, the CRAs, ASM and its officers, agents, and employees agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools. While we may back up the City's files to facilitate our services, the City is solely responsible for the backup of its files and records; therefore, we recommend that the City also maintain its own backup files of these records. In the event the City suffers a loss of any files or records due to accident, inadvertent mistake, or Act of God, copies of which the City has provided to us pursuant to this agreement, we shall

not be responsible or obligated to provide the City a copy of any such file or record which we may retain in our possession.

### **Engagement Administration, Fees, and Other**

We understand that Management's employees will prepare all cash, accounts receivable, or other confirmations and/or schedules we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is Management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with Management the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide electronic copies of our reports to the City; however, Management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Carr, Riggs, and Ingram, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Auditor General of the State of Florida or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify Management of any such request. If requested, access to such audit documentation will be provided under the supervision of Carr, Riggs, and Ingram, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Auditor General of the State of Florida. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

April Shuping is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We understand that the City has designated the Council Auditor's Office to oversee the engagement for the City. The engagement partner will keep both the Council Auditor's Office and Management informed of the engagement status throughout the term of the engagement.

This is a fixed price contract. Our gross fee for these services, including out-of-pocket costs will be \$368,500 for the fiscal year ending September 30, 2023 engagement. Fees for any extension of the contract will be negotiated at that time.

Our invoices for these fees will be rendered at August 1<sup>st</sup> (30% of the total contract price), December 1<sup>st</sup> (30%), March 1<sup>st</sup> (30%), and on or after the issuance of all deliverables identified herein (10%) and are payable on presentation in accordance with the provisions of Chapter 218, Part VII (Florida Prompt Payment Act), Florida Statutes. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to

compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fees are based on anticipated cooperation from Management's personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep the Council Auditor's Office informed of any problems or situations we encounter and will discuss it with the Council Auditor's Office to arrive at a new fee estimate before we incur the additional costs, and our fees will be adjusted accordingly.

## Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' reports, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with Management and the Council Auditor's Office in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the City of Jacksonville, Florida and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Very truly yours,

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

Carr, Riggs, and Ingram, LLC

## RESPONSE:

This letter correctly sets forth the understanding of the City of Jacksonville, Florida.

Governance signature: \_\_\_\_\_

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

Date: \_\_\_\_\_