

City of Jacksonville Beach Lifeguard & Beach Cleanup Attestation

June 16, 2009

Report #669

Released on : September 15, 2009



INDEPENDENT AUDITOR'S REPORT

Report # 669

Honorable Members of the City Council
City of Jacksonville

We have examined the accompanying Summary of Lifeguard and Beach Cleaning Expenditures for the City of Jacksonville Beach for the year ended September 30, 2008. This statement is the responsibility of the City of Jacksonville Beach's management. Our responsibility is to express an opinion on this statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining on a test basis, evidence supporting the Summary of Lifeguard and Beach Cleaning Expenditures and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The City of Jacksonville provides the City of Jacksonville Beach with monies for the personnel and operating expenses of their lifeguards and the cleanup of trash and litter on the beach. Section 4(b) of the Interlocal Agreement approved by Resolution 96-481-132 states that "Jacksonville's obligation to pay for lifeguards and beach cleanup is limited to costs reasonably necessary for providing these services." Our examination disclosed certain expenditures which do not appear to have been reasonably necessary.

In our opinion, except as noted above, the Summary of Lifeguard and Beach Cleaning Expenditures for the City of Jacksonville Beach referred to above, presents fairly the expenditures for the year ending September 30, 2008, in all material respects, based on the criteria of Resolution 96-481-132, which approved the Interlocal Agreement.

Kirk A. Sherman, CPA
Council Auditor
June 16, 2009

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



June 16, 2009

Report #669

Honorable Members of the City Council
City of Jacksonville

Harry Royal, Finance Director
City of Jacksonville Beach

Finding

We noted exceptions to the reasonableness of expenditures totaling \$3,652.76, which include:

- Hotel accommodations in connection with a lifeguard competition in North Carolina for \$669.74
- Travel reimbursement to employees in connection with lifeguard competitions for \$1,987.52
- Rental of a tent for “opening day” festivities at Jacksonville Beach for \$348.00
- Purchase of can coolers for beverages (koozies) for \$647.50

Recommendation

Although Jacksonville Beach’s lifeguard and beach cleanup expenditures exceeded the amount of funding provided by the City of Jacksonville, we feel that the expenditures noted above are not “reasonably necessary” and therefore, should be reclassified to another account.

Auditee Response – Received from Harry Royal, City of Jacksonville Beach Finance Director

In regard to the draft findings in the Council auditor’s report, I would like to offer the following comments:

1. As reflected in the attached schedule, even if all lifeguard operating expenses were excluded, lifeguard payroll and beach cleanup expenditures still exceeded what Jacksonville paid us by \$63,643.
2. The resolution on the inter-local agreement states that Jacksonville’s obligation is limited to costs reasonably necessary for providing lifeguard and beach cleanup expenditures. It does not state that Jacksonville payments are on a pro rata or matching basis. Therefore any eligible expenditure is a 100% reimbursable cost.
3. We don’t agree with your finding that the exceptions that certain expenditures were not reasonable.
 - A. The travel expenditures for lifeguard competition events were in conjunction with the lifeguard training program and are used as an impetus for the lifeguards to encourage improvement in their skill levels. In addition, at the lifeguard competitions they learn about new lifeguard techniques and practices.

- B. The rental of the tent for opening day activities was to use the tent on the beach as a place to handout ocean safety information to the public attending the activities and also have a blood drive for the American Red Cross.

 - C. The koozies have ocean safety information and beach rules on them and are handed out when we perform customer service surveys with beach goers to determine their satisfaction level with lifeguard services. The koozies are also handed out at the Beaches Opening Day Parade as a method of informing our customers on the beach rules and ocean safety.
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Respectfully submitted,

Kirk A. Sherman, CPA
Council Auditor
June 16, 2009

**City of Jacksonville Beach
 Summary of Lifeguard and Beach Cleaning Expenditures
 FY 2008**

	<u>Total Expenditures</u>	<u>Eligible Expenditures</u>
Lifeguards:		
Acct. # 001-0602-575.xx-xx		
Personal Services:	\$476,338.70	\$476,338.70
Operating Expenses:	\$130,561.91	\$130,561.91
Capital Outlay:	\$31,773.00	\$0.00
Sub-total	<u>\$638,673.61</u>	<u>\$606,900.61</u>

Beachcleaning Expenditures:

Account #: 430-0713-534-34-00
 Vendor: Beachcombers

Service Month	Invoice Number	Check Number	Check Date	Purchase Order No.	Amount Paid
Oct-07	1276	208722	11/01/07	988928	\$11,165.00
Nov-07	1291	209284	11/29/07	988928	\$11,165.00
Dec-07	1296	209955	01/03/08	988928	\$11,165.00
Jan-08	1307	210541	01/29/08	988928	\$11,165.00
Feb-08	1312	211281	02/28/09	988928	\$11,165.00
Mar-08	1323	212043	03/27/08	988928	\$11,165.00
Apr-08	1326	212817	04/29/08	988928	\$11,165.00
May-08	1337	213612	05/29/08	988928	\$11,165.00
Jun-08	1340	214452	07/03/08	988928	\$11,165.00
Jul-08	1352	214989	07/31/08	988928	\$11,165.00
Aug-08	1355	215659	09/02/08	988928	\$11,165.00
Sep-08	1366	216389	10/02/08	988928	\$11,165.00

Sub-total	<u>\$133,980.00</u>	<u>\$133,980.00</u>
Allocated portion of liability insurance:	\$4,844.00	\$4,844.00
Total Expenditures	<u>\$777,497.61</u>	<u>\$745,724.61</u>

Less Revenue from City of Jacksonville: \$546,676.00

Excess of Revenue over Eligible Expenditures -\$199,048.61