

# **OFFICE OF THE COUNCIL AUDITOR**

## **FY 2013/2014 PROPOSED BUDGET**

### **FINANCE COMMITTEE MEMBERS**

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**Meeting #2**  
**August 9, 2013**

**COUNCIL AUDITOR'S OFFICE  
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**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL COUNSEL(S/F 011)**

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**PROPOSED BUDGET BOOK – Page # 271-272  
ON SCREEN-Page # 285-286**

**BACKGROUND:**

This accounts for the Duval Legislative Delegation and the Judgments, Claims and Losses Division which provides resources to be used for the defense of the City against legal action.

**REVENUES:**

There are no revenues for the General Fund divisions of this department.

**EXPENDITURES:**

Significant changes in expenditures are as follows:

1. Salaries:
  - There are no changes to salaries.
2. Employer Provided Benefits:
  - The net increase of \$4,412 is mainly due to increases in pension contributions of \$3,540 and hospitalization insurance of \$957. These increases were slightly offset by a decrease in workers' compensation insurance of \$85.
3. Internal Service Charges:
  - The net decrease of \$2,837 is mainly due to decreases in charges from mailroom allocation of \$1,781, copier consolidation of \$422, helpdesk of \$402, and copy center charges of \$164.
4. Utilities & Building Maintenance Allocations
  - The Administration is proposing to remove and replace two Public Works allocations with internal service charges for Building Maintenance and Utilities. These proposed internal service charges are intended to reflect the costs for utility consumption, applicable debt service, and building maintenance in the individual City Departments' budgets.
5. Other Operating Charges:
  - The net decrease of \$26,781 is mainly attributable to a decrease of \$27,269 in monies used to pay small settlements, judgments and claims against the City. To offset this decrease, there are increases of \$399 in professional services, \$40 in travel expense, and \$40 in dues, subscriptions, and memberships.
6. Extraordinary Lapse:
  - The extraordinary lapse was eliminated for fiscal year 2013/14.

**SERVICE LEVEL CHANGES:**

There are no significant service level changes.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL COUNSEL(S/F 011)**

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**PROPOSED BUDGET BOOK – Page # 271-272  
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**EMPLOYEE CAP CHANGES:**

There were no employee cap changes.

**RECOMMENDATIONS:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
13.88% REDUCTION  
OFFICE OF GENERAL COUNSEL (011)**

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**Reductions in Controllable Costs from Mayor's Tentative Budget to Proposed Budget:**

<b>FY2013/14 - Controllable Costs Only</b>			
<b>Mayor's Tentative Budget</b>	<b>Mayor's Proposed Budget</b>	<b>Increase / (Decrease) in Controllable Costs</b>	
		<b>Dollar</b>	<b>%</b>
196,463	169,195	(27,268)	-13.88%

Based on the table above, the Office of General Counsel (011) did cut its tentative budget by 13.88%.

**13.88% Reductions as Represented by the Department/Budget Office:**

<b>Reductions*</b>		
<b>Dollar impact</b>	<b>Ranking</b>	<b>Description</b>
\$ 27,269	1	Reduce Judgment, Liens and Losses
<u>\$ 27,269</u>		

\*The reductions list was prepared by the Department and Budget Office. We received the listing from the Budget Office and summarized it for simplicity. The rankings are per the Department with one being the least impact to service levels.

**Recommendations Related to Mayor's Reductions:**

We recommend that the City Council review the above reductions to determine whether any or all of the above items should be funded in FY 2013/14.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL COUNSEL(S/F 551)**

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**PROPOSED BUDGET BOOK – Page # 273-275  
ON SCREEN-Page # 287-289**

**BACKGROUND:**

This internal service accumulates and allocates the cost of the General Counsel's Office and recovers its costs via charges to its users/customers which include the City, independent authorities and boards/commissions of the government.

**REVENUES:**

1. Miscellaneous Revenue:

- The net decrease of \$48,405 is mainly attributable to a decrease in anticipated investment pool earnings of \$49,405. This decrease was slightly offset by an increase in miscellaneous sales and charges of \$1,000.

2. Transfers from Fund Balance:

- This is a one-time appropriation of retained earnings of \$765,848.

3. Charges for Services:

- The net decrease of \$406,820 is the result of lower billings to other departments and agencies mostly due to the higher vacancies of staff.

**EXPENDITURES:**

Significant changes in expenditures are as follows:

4. Salaries & Benefits Lapse:

- The lapse totaling \$306,581 (a decrease of \$12,826) is calculated based on employee turnover history within the Office of General Counsel.

5. Contingencies:

- This is a new line item representing a \$250,000 reserve to pay settlements, judgments, and claims against the City. City Council approval is required prior to distribution of funds. There is no service level impact. Please note, within the Office of General Counsel's subfund 011 there is a proposed \$119,981 for misc. non-departmental expenditures which performs a similar task; however approval from Council is not required for sums under \$50,000.

6. Salaries:

- The net decrease of \$162,687 is mainly due to replacing more experienced staff with less experienced staff. Specifically, there are decreases of \$130,023 in permanent and probationary salaries, \$31,382 in leave rollback/sellback, and \$1,282 in special pay.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL COUNSEL(S/F 551)**

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**PROPOSED BUDGET BOOK – Page # 273-275  
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7. Employer Provided Benefits:

- The net increase of \$315,224 is mainly due to increases in pension contributions of \$298,994, hospitalization insurance of \$15,651, and defined contribution pension of \$7,472. These increases were slightly offset by a decrease in workers' compensation insurance of \$6,650.

8. Internal Service Charges:

- The net decrease of \$40,127 is mainly due to a new allocation method resulting in decreases in charges from ITD of \$45,893. These and other small decreases were slightly offset by an increase in copy center charges of \$9,900.

9. Utilities & Building Maintenance Allocations

- The Administration is proposing to remove and replace two Public Works allocations with internal service charges for Building Maintenance and Utilities. These proposed internal service charges are intended to reflect the costs for utility consumption, applicable debt service, and building maintenance in the individual City Departments' budgets.

10. Other Operating Charges:

- The net increase of \$13,904 is mainly due to a new line item for evictions and other court costs of \$6,000, an increase in miscellaneous services and charges of \$5,999, and an increase in dues, subscriptions, and memberships of \$3,853. This increase was slightly offset by a decrease in office supplies of \$1,653 and postage of \$430.

11. Indirect Cost:

- The increase of \$959 is based on the annual indirect cost study performed by an independent consulting firm.

**SERVICE LEVEL CHANGES:**

There are no significant service level changes.

**EMPLOYEE CAP CHANGES:**

There are no employee cap changes.

**RECOMMENDATION:**

The Office of General Counsel erroneously billed \$171,229 to the Workers Compensation activity in Self Insurance (S/F 561) in the proposed budget. This charge for services needs to be eliminated since the Office of General Counsel does not provide support to Workers Compensation since this was outsourced in FY 2012/13. To offset this incorrect charge for services, revenue will need to be decreased and a corresponding reduction will need to be made

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL COUNSEL(S/F 551)**

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**PROPOSED BUDGET BOOK – Page # 273-275  
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to the Contingency line item within the Office of General Counsel's proposed budget. This will also result in adjustments needing to occur within Self-Insurance (S/F 561) and Insured Programs (S/F 581). This has no impact to the Special Council Contingency.



**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
13.88% REDUCTION  
OFFICE OF GENERAL COUNSEL (551)**

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**Reductions in Controllable Costs from Mayor's Tentative Budget to Proposed Budget:**

FY2013/14 - Controllable Costs Only			
Mayor's Tentative Budget	Mayor's Proposed Budget	Increase / (Decrease) in Controllable Costs	
		Dollar	%
5,997,795	6,272,423	274,628	4.58%

Based on the table above, the Office of General Counsel (551) did not cut its tentative budget by 13.88%.

**13.88% Reductions as Represented by the Department/Budget Office:**

We were informed that the Transfer from Fund Balance of \$765,848 was largely utilized to realize the 13.88% reduction mandated since this would reduce the amounts billed to the users. Taking this into account the reduction was 8.19%.

**Recommendations Related to Mayor's Reductions:**

We recommend that the City Council review the above reductions to determine whether any or all of the above items should be funded in FY 2013/14.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
OFFICE OF ETHICS, COMPLIANCE, & OVERSIGHT (S/F 011)**

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**PROPOSED BUDGET BOOK – Page # 267-268  
ON SCREEN-Page # 281-282**

**BACKGROUND:**

This accounts for the Office of Ethics, Compliance, and Oversight which addresses citywide ethics issues.

**REVENUES:**

There are no revenues for this department.

**EXPENDITURES:**

Significant changes in expenditures are as follows:

1. Salaries:

- The increase in salaries of \$65,000 is due to the addition of one full-time employee (AMIO – Assistant Management Improvement Officer). Duties of the AMIO include but are not limited to assisting the OECO Director with day to day tasks, citywide ethics training, whistleblower monitoring, secretarial support, and the monitoring and supervision of volunteers/interns.

2. Employer Provided Benefits

- The net increase of \$6,898 is due to addition of one full-time employee resulting in increases in hospitalization insurance of \$5,890, Medicare of \$938, and life insurance of \$70.

3. Internal Service Charges:

- The net decrease of \$20,437 is mainly due to the reduction in legal allocation to OGC in the amount of \$20,126 and mailroom charges of \$888. This reduction was offset slightly by an increase in copy center of \$299 and helpdesk services of \$276.

4. Utilities & Building Maintenance Allocations

- The Administration is proposing to remove and replace two Public Works allocations with Public Works allocations for Building Maintenance and Utilities through an internal service charge. These proposed allocations are intended to reflect the costs for utility consumption, applicable debt service, and building maintenance in the individual City Departments' budgets.

5. Other Operating Charges:

- The net decrease of \$1,082 is mainly due to decreases in travel expense of \$500, dues, subscriptions, and memberships of \$475, other operating supplies of \$75, and office supplies of \$50. There was a slight increase of general liability insurance of \$18.

6. Extraordinary Lapse:

- The extraordinary lapse was eliminated for fiscal year 2013/14.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
OFFICE OF ETHICS, COMPLIANCE, & OVERSIGHT (S/F 011)**

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**PROPOSED BUDGET BOOK – Page # 267-268  
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**SERVICE LEVEL CHANGES:**

Service level increases are expected regarding the implementation of Whistleblower legislation (intake, monitoring and evaluation), secretarial support, increases in citywide ethics training, and additional oversight in best standards for anti-corruption programs.

**EMPLOYEE CAP CHANGES:**

The employee cap increases to (1) full-time employee. Please note, per Ordinance 2013-167-E, appointed employees hired on or after July 1, 2013 within the Office of Ethics, Compliance, and Oversight who choose to join a city-sponsored retirement program shall only be eligible to join the General Employees Defined Contribution Plan.

In addition, part-time hours have increased by 1,300 hours.

**RECOMMENDATION:**

We recommend part-time hours be reduced by 1,300 hours to the fiscal year 2012/13 level. The Department agrees with our recommendation. There is no impact to Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
13.88% REDUCTION  
OFFICE OF ETHICS, COMPLIANCE AND OVERSIGHT (011)**

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**Reductions in Controllable Costs from Mayor's Tentative Budget to Proposed Budget:**

<b>FY2013/14 - Controllable Costs Only</b>			
<b>Mayor's Tentative Budget</b>	<b>Mayor's Proposed Budget</b>	<b>Increase / (Decrease) in Controllable Costs</b>	
		<b>Dollar</b>	<b>%</b>
77,687	142,804	65,117	83.82%

Based on the table above, the Office of Ethics, Compliance and Oversight did not cut its tentative budget by 13.88%.

**13.88% Reductions as Represented by the Department/Budget Office:**

<b>Reductions*</b>		
<b>Dollar impact</b>	<b>Ranking</b>	<b>Description</b>
\$ 500	6	Reduce Travel
75	5	Reduce Other Operating Supplies
50	4	Reduce Operating Supplies
275	3	Reduce Dues, Subscriptions & Membership
<u>\$ 900</u>		

\*The reductions list was prepared by the Department and Budget Office. We received the listing from the Budget Office and summarized it for simplicity. The rankings are per the Department with one being the least impact to service levels.

**Recommendations Related to Mayor's Reductions:**

We recommend that the City Council review the above reductions to determine whether any or all of the above items should be funded in FY 2013/14.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
PUBLIC HEALTH  
GENERAL FUND (S/F 011)**

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**PROPOSED BUDGET BOOK – Page #325-326  
ON SCREEN-Page #339-340**

**BACKGROUND:**

The Duval County Health Department is a partnership between the State of Florida and the City of Jacksonville. The funding for the Duval County Health Department comes from the State of Florida, the City of Jacksonville, and from county fees for vital statistics, communicable disease, primary care and environmental health.

**REVENUE:**

There are no revenues associated with the Duval County Health Department.

**EXPENDITURES:**

1. Utilities and Building Maintenance Allocations

- The Administration is proposing to remove and replace two Public Works allocations with internal service charges for Building Maintenance and Utilities. These proposed internal service charges are intended to reflect the costs for utility consumption, applicable debt service, and building maintenance in the individual City Departments' budgets.

2. Other Operating Expenses

- The increase of \$39,317 is primarily due to the increase of \$40,662 in civil defense – guard service. The increase in guard service is due to a reduction in funding from the State to cover a portion of this cost.

3. Grants, Aids and Contributions

- The increase of \$22,589 is primarily due to an overstatement of the required City match to obtain Federal/State grants. See recommendation below.

The actual City's total match of \$795,878 will allow the Duval County Health Department to receive \$1,689,762 in grant funding, for a total grant award of \$2,485,640.

**EMPLOYEE CAP CHANGES:**

None

**SERVICE LEVEL CHANGES:**

None

**CAPITAL OUTLAY CARRYFORWARDS:**

None

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
PUBLIC HEALTH  
GENERAL FUND (S/F 011)**

**PROPOSED BUDGET BOOK – Page #325-326  
ON SCREEN-Page #339-340**

<b>Program Name</b>	<b>Total Award Federal/State/ Others + City</b>	<b>Federal/State /Others Contribution</b>	<b>City Required Contribution</b>	<b>Mayor's Proposed Budget Match</b>	<b>Amount Over/Under Budgeted</b>
LIP-NE Florida Metabolic Syndrome Institute *	\$1,500,000	\$1,107,600	\$392,400	\$405,500	\$13,100
AGAPE Community Health Center General Grant **	195,867	114,915	80,952	86,052	5,100
Emergency Room Alternative Program**	700,000	410,690	289,310	298,000	8,690
Healthy Kids, Healthy Communities (Robert Wood Johnson Foundation)	89,773	56,557	33,216	30,000	(3,216)
<b>Total</b>	<b>\$2,485,640</b>	<b>\$1,689,762</b>	<b>\$795,878</b>	<b>\$819,552</b>	<b>\$23,674</b>

\* The \$1,500,000 grant award comes from three different sources, Federal (\$880,050), State (\$227,550), and City (\$392,400).

\*\* The grant award comes from Federal and City funds. The State did not contribute to this grant.

**CONCERN:**

Based on discussions during the FY 2012/13 Budget Review as represented on the Budget Ordinance Schedule B6, the LIP-NE Florida Metabolic Syndrome Institute Grant and the Healthy Kids Healthy Communities Grant were in the third year of a three-year grant. However, these grants, which end in the FY 2012/13, have been listed as continuation grants for the FY 2013/14.

**RECOMMENDATIONS:**

We recommend that Grants, Aids & Contributions be decreased by \$23,674 that were overstated based on the required City match amounts provided by the Duval County Health Department. This will have a positive impact of \$23,674 in the Special Council Contingency.

We recommend that Budget Ordinance Schedule B6 for Health Department Grants be revised to reflect the correct dollar amounts as shown below.

<b>Program Name</b>	<b>Federal/State/ Other Funding</b>	<b>City Match</b>	<b>Total Award</b>
LIP-NE Florida Metabolic Syndrome Inst.	1,107,600	392,400	1,500,000
AGAPE Community Health Center General Grant	114,915	80,952	195,867
Emergency Room Alternative Program	410,690	289,310	700,000
Healthy Kids, Healthy Communities (Robert Wood Johnson Foundation)	56,557	33,216	89,773
	<b>\$1,689,762</b>	<b>\$795,878</b>	<b>\$2,485,640</b>

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
13.88% REDUCTION  
PUBLIC HEALTH (011)**

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**Reductions in Controllable Costs from Mayor's Tentative Budget to Proposed Budget:**

<b>FY2013/14 - Controllable Costs Only</b>			
<b>Mayor's Tentative Budget</b>	<b>Mayor's Proposed Budget</b>	<b>Increase / (Decrease) in Controllable Costs</b>	
		<b>Dollar</b>	<b>%</b>
3,999	4,001	2	0.06%

Based on the table above, the Public Health (011) did not cut its tentative budget by 13.88%.

**13.88% Reductions as Represented by the Department/Budget Office:**

<b>Reductions*</b>		
<b>Dollar impact</b>	<b>Ranking</b>	<b>Description</b>
\$ 555	1	Reduce Civil Defense Guard Service
<u>\$ 555</u>		

\*The reductions list was prepared by the Department and Budget Office. We received the listing from the Budget Office and summarized it for simplicity. The rankings are per the Department with one being the least impact to service levels.

**Recommendations Related to Mayor's Reductions:**

We recommend that the City Council review the above reductions to determine whether any or all of the above items should be funded in FY 2013/14.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
JACKSONVILLE HOUSING FINANCE AUTHORITY  
HOUSING FINANCE AUTHORITY (S/F 721)**

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**PROPOSED BUDGET BOOK – Page # 171-172  
ON SCREEN – PDF Page # 185-186**

**BACKGROUND:**

The Jacksonville Housing Finance Authority (JHFA) provides funds to support the development of housing for low-to-moderate income families through the issuance of tax exempt bonds. The bond proceeds are utilized to make low interest loans.

**REVENUE:**

Jacksonville Housing Finance Authority:

1. Miscellaneous Revenue

- The decrease of \$9,550 is due to lower anticipated mortgage interest income. Mortgage interest income is collected from the receipt of earnings on interest bearing mortgages. Aligned with the Jacksonville Affordable Housing Program, these mortgages are intended to assist persons with low income and those with special housing needs attain affordable housing.

2. Other Sources

- The decrease of \$15,470 is mainly due to a reduction of \$12,493 in proceeds from bond monitoring fees and \$2,977 in issuer fees.

Non-Departmental / Fund Level Activities:

1. Miscellaneous Revenue

- The increase of \$12,098 is due to higher projected investment pool earnings.

2. Transfers From Fund Balance

- The increase of \$44,260 is attributable to an increase in expenditures that would not be covered by revenues.

**EXPENDITURES:**

1. Employer Provided Benefits

- The net decrease of \$3,064 is due mainly to a decrease in group hospitalization insurance costs of \$4,420 and workers' compensation insurance of \$8,772. These reductions were somewhat offset by an increase in pension contributions of \$9,768.

2. Internal Service Charges

- The net increase of \$5,749 is partially due to an increase of \$7,538 in legal fees allocation. This was offset by a decrease of \$1,829 in mailroom charges.



**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
JACKSONVILLE HOUSING FINANCE AUTHORITY  
HOUSING FINANCE AUTHORITY (S/F 721)**

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**PROPOSED BUDGET BOOK – Page # 171-172  
ON SCREEN – PDF Page # 185-186**

**3. Other Operating Expenses**

- The net increase of \$40,513 is primarily due to the addition of \$24,998 for Training and Travel to allow for the attendance of board members and JHFA staff, as approved by the JHFA Board of Directors, at industry-specific conferences and training opportunities throughout the year. Because the Board is primarily made up by new appointments, these training opportunities are important for the continuing education and training in Tax Exempt Mortgage Revenue Bonds and other associated Affordable Housing initiatives that may arise. Also contributing to the increase is the addition of \$14,792 in Miscellaneous Services and Charges to allow for budgetary capacity, as may be required, for any unanticipated costs that may arise in association with the Authority's Single Family 2013 Loan Program. Those costs could include, but are not limited to, costs associated with the marketing of the new program, servicing and or trustee fees required in the implementation of the program or per-hour fees required and authorized under the various professional contracts currently in place. As these costs become determined, any funds required will be transferred to the appropriate line item budget prior to expenditures.

**4. Indirect Cost**

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

**SERVICE LEVEL CHANGES:**

There appear to be no significant service level changes to the budget.

**EMPLOYEE CAP CHANGES:**

There are no changes in authorized positions.

**RECOMMENDATIONS:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
NEIGHBORHOODS  
COMMUNITY DEVELOPMENT (S/F 1A1)**

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**PROPOSED BUDGET BOOK – Page # 205-206  
ON SCREEN – PDF Page # 219-220**

**BACKGROUND:**

In accordance with a recommendation from the Affordable Housing Task Force in 2006, federal and state housing and community development grants are not included in the Mayor's annual budget and are handled through separate legislation. Subfund 1A1 receives a Federal grant which is subsequently transferred to the General Fund to subsidize the City's Independent Living program. In addition, Subfund 1A1 receives a transfer from the Northwest/Northside Tax Increment District which must be deposited in the CDBG subfund pursuant to Ordinance 1999-1206-E.

**REVENUE:**

1. Intergovernmental Revenue

- The revenue from the federal funding to the Independent Living Program is assumed to remain at \$121,220.

2. Transfers from Other Funds

- This represents a transfer from the Northside East Tax Increment District as an annual repayment for the \$1.5 million grant to the Museum of Modern Art for the acquisition of the building at Duval and Laura Streets. The Tax Increment District is repaying the grant over 20 years without interest. This is the fourteenth annual payment.

**EXPENDITURES:**

1. Grants, Aids and Contributions

- This represents grants and aids to the Clara White Mission (\$22,449) and Catholic Charities Bureau (\$52,551).

2. Transfers to Other Funds

- This is the transfer of federal funding to the Independent Living Program.

**SERVICE LEVEL CHANGES:**

None

**EMPLOYEE CAP CHANGES:**

There are no authorized positions in this subfund.

**CAPITAL OUTLAY CARRYFORWARD:**

None

**RECOMMENDATIONS:**

None

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL EMPLOYEES PENSION TRUST (S/F 611)**

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**PROPOSED BUDGET BOOK – Page # 119-120  
ON SCREEN-Page # 133-134**

**BACKGROUND**

The General Employees Pension Trust is the City's defined benefit pension fund for general employees. This fund records both employee and employer contributions, investment earnings, benefit payments and administrative expenses for the General Employees' Pension Fund. For FY 2013/14, the employers' pension contribution rate for general employees is 28.21% with 0.3% being distributed to the Disability Pension Plan (S/F 614). Overall, the employer contribution rate is going from 20.81% to 28.21%. The employees' contribution rate is 8% with 0.3% being distributed to the Disability Pension Plan (S/F 614).

In addition to the City's General Employees, this plan covers newly hired employees at Independent Agencies such as the Jacksonville Housing Authority and JEA. This plan also includes Clerk of the Court court-related personnel who perform a state function and are funded by the state of Florida.

**REVENUE**

1. Miscellaneous Revenue

- This represents the amount of revenue needed from the Plan to fund the budgeted expenditures.

**EXPENDITURES**

1. Salaries

- The decrease of \$8,426 is primarily associated with the elimination of the budgeted leave sellback of \$7,281.

2. Employer Provided Benefits

- The \$17,409 increase is primarily due to the increased pension contribution rates, which raised the pension contribution by \$16,643.

3. Internal Service Charges

- The \$10,256 increase is primarily due to increases of \$5,503 in copy center allocation charge, \$3,081 in mailroom allocation charge and \$2,902 in OGC legal allocation charge. These decreases were somewhat offset by a net decrease of \$1,230 in ITD allocation charges.

4. Utilities and Building Maintenance Allocation

- The Administration is proposing to remove and replace two Public Works allocations with internal service charges for Building Maintenance and Utilities. These proposed internal service charges are intended to reflect the costs for utility consumption, applicable debt service, and building maintenance in the individual City Departments' budgets.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL EMPLOYEES PENSION TRUST (S/F 611)**

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**PROPOSED BUDGET BOOK – Page # 119-120  
ON SCREEN-Page # 133-134**

5. Other Operating Expenditures

- The \$99,239 decrease is attributable to a reduction in professional services of \$87,000 and postage of \$17,300. The main cause of the reduction in postage is the change in frequency of the bi-weekly deposit slips as detailed below. The reason for the decrease in professional services is that the ratio for money manager fees was adjusted and resulted in an increase in Correctional Officers' Pension fund (S/F 613). The decrease in this subfund was partially offset by an overall increase in professional services due to increased money manager fees, which are tied to investment returns.
- For the General Employees Pension Plan the money manager fees (\$9,543,000), custodial fees (\$195,000) and portfolio consultant fees (\$285,000) are budgeted at a total of \$10,023,000.

6. Supervision Allocation

- This amount represents the administration cost of the Pension Administration activity, which is allocated to Correctional Officers' Pension fund (S/F 613). The method of the allocation was updated from the prior year to make the allocation based on market value of assets.

7. Indirect Cost

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

**SERVICE LEVEL CHANGES:**

The deposit slips mailed out to retirees will be reduced in frequency from biweekly to whenever there is a change in the payment (or deductions) amount as well as the last payroll period each calendar year for tax purposes.

**EMPLOYEE CAP CHANGES:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL EMPLOYEES PENSION TRUST (S/F 611)**

**PROPOSED BUDGET BOOK – Page # 119-120  
ON SCREEN-Page # 133-134**

**SCHEDULE OF INVESTMENTS AT MARKET PER THE CITY OF JACKSONVILLE  
CHIEF INVESTMENT OFFICER:**

	<b>June 30, 2012</b>	<b>June 30, 2013</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Bonds and Notes	\$ 440,408,430	\$ 364,976,297	\$ (75,432,133)	-17%
Common/Preferred				
Stock	\$ 946,914,401	\$ 1,136,755,957	\$ 189,841,556	20%
Cash Equivalents	\$ 19,903,982	\$ 48,677,229	\$ 28,773,247	145%
Real Estate	\$ 240,381,880	\$ 281,393,943	\$ 41,012,063	17%
Other	\$ -	\$ -	\$ -	NA
<b>Total</b>	<b>\$ 1,647,608,693</b>	<b>\$ 1,831,803,426</b>	<b>\$ 184,194,733</b>	<b>11%</b>

This includes General Employees (S/F 611), Corrections (S/F 613), and Disability (S/F 614) trust funds.

**CITY OF JACKSONVILLE GENERAL EMPLOYEES RETIREMENT PLAN FUNDING  
PROGRESS**

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2012 (Per General Employees Retirement Plan Actuarial Valuation Report)

<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Assets</b>	<b>UAAL</b>	<b>Funded Ratio</b>
<b>(a)</b>	<b>(b)</b>	<b>(a-b)</b>	<b>(b/a)</b>
2,434,274,957	1,518,577,926	915,697,031	62.38%

**RECOMMENDATIONS:**

1. Section 8.4 of the Budget Ordinance needs to be updated to properly reflect that the employer contribution rate for General Employees Pension Plan (27.91%) with the inclusion of the Disability Plan (0.3%) is 28.21%.
2. We recommend that Dues, Subscriptions & Memberships be increased by \$5,000 to include the funding needed to subscribe to the Social Security Death Master File Service in FY 2013/14. Additionally, the Department requests \$1,000 for membership fees that were left out of the budget in error. This will require revenues be increased by \$6,000. This has no impact to the Special Council Contingency.
3. The Department requests that Postage (\$25,200) and Miscellaneous Services and Charges (\$24,000) be reduced due to further savings from the reduced number of deposit slips being sent out and the insourcing of the mailing out of the required deposit statements. This will require revenue be reduced by \$49,200. This has no impact to Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
CORRECTIONAL OFFICERS' PENSION FUND (S/F 613)**

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**PROPOSED BUDGET BOOK – Page # 121-122  
ON SCREEN-Page # 135-136**

**BACKGROUND:**

The Correctional Officers' Pension Fund was established to provide pension benefits for the correctional officers of the City of Jacksonville. The employer contribution for FY 2013/14 is 49.93% which is up from 39.11% in FY 2012/13. The employee contribution is 8%. In addition, the Correctional Officers' Pension Fund is funded by an administrative surcharge of \$20 per person arrested and booked into the City's correctional facilities.

**REVENUE:**

1. Fines and Forfeits:
  - This amount represents the revenue received from the administrative surcharge of \$20 per person arrested and booked into the City's correctional facilities.
2. Miscellaneous Revenue:
  - This revenue represents the Payroll Deductions paid by the covered employees in the Correctional Officers' Pension Plan.

**EXPENDITURES:**

1. Other Operating Expenses:
  - The \$360,000 increase is consultant fees paid to the money managers to manage the investments of the plan. The costs are prorated between this plan and the General Employees Trust fund (S/F 611) based on asset values.
2. Supervision Allocation:
  - This amount represents the administration cost of the Pension Administration activity which is charged to this fund by the General Employees Pension fund (SF 611). The reduction is attributable to the change in the methodology of how costs are administrative costs are allocated to this plan. The new allocation method is based on the market value of assets.

**EMPLOYEE CAP CHANGES:**

There are no positions in this subfund.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
CORRECTIONAL OFFICERS' PENSION FUND (S/F 613)**

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**PROPOSED BUDGET BOOK – Page # 121-122  
ON SCREEN-Page # 135-136**

**CITY OF JACKSONVILLE CORRECTIONAL OFFICERS' PENSION FUND  
FUNDING PROGRESS:**

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2012 (Per Correctional Officers' Pension Fund Actuarial Valuation Report)

<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Assets</b>	<b>UAAL</b>	<b>Funded Ratio</b>
<b>(a)</b>	<b>(b)</b>	<b>(a-b)</b>	<b>(b/a)</b>
251,035,516	109,473,919	141,561,597	43.61%

**RECOMMENDATIONS:**

We recommend that Sheriffs Fines and Estreatures be reduced by \$140,000 based on recent revenue collections. This will result in an offsetting increase to the Employers Contribution City of Jacksonville of \$140,000. There is no impact to Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
DISABILITY PENSION TRUST (S/F 614)**

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**PROPOSED BUDGET BOOK – Page # 123-124  
ON SCREEN-Page # 137-138**

**BACKGROUND:**

The Disability Pension Trust is the disability plan for general employees who participate in the General Employees Pension Plan (S/F 611). This fund records both employee and employer contributions, investment earnings, benefit payments and administrative expenses for the General Employees' Pension Fund. For FY 2013/14, the employers' pension contribution rate for general employees is 28.21% with 27.91% being distributed to the General Employees Pension Trust (S/F 611) and 0.3% being distributed to this subfund. The employees' contribution rate is 8% with 7.7% being distributed to the General Employees Pension Trust (S/F 611) and 0.3% being distributed to this subfund.

In addition to the City's General Employees, this plan covers newly hired employees at Independent Agencies such as the Jacksonville Housing Authority and JEA. This plan also includes Clerk of the Court court-related personnel who perform a state function and are funded by the state of Florida.

**REVENUE:**

Miscellaneous Revenue

- This represents the amount of revenue needed from the Plan to fund the budgeted expenditures.

**EXPENDITURES:**

Other Operating Expenses

- The decrease of \$30,000 is associated with a decrease in actual pension disability physical examination fees in the current year.

**EMPLOYEE CAP CHANGES:**

There are no positions in this subfund.

**CITY OF JACKSONVILLE GENERAL EMPLOYEES DISABILITY PROGRAM  
FUNDING PROGRESS**

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2012 (Per Disability Program Actuarial Valuation Report)

<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Assets</b>	<b>UAAL</b>	<b>Funded Ratio</b>
<b>(a)</b>	<b>(b)</b>	<b>(a-b)</b>	<b>(b/a)</b>
11,678,567	5,049,000	6,629,567	43.23%

**RECOMMENDATION:**

None.



**City Council Auditor's Office**  
**Comments and Recommendations**  
**Police & Fire Pension Administration (S/F 621)**  
**2013/14 Proposed Budget**

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**BACKGROUND:**

The Police and Fire Pension Fund is not included in the Mayor's Proposed Budget because the Police and Fire Pension Fund is governed by an appointed Board of Trustees. Pursuant to Sections 5.07, 14.01 and 14.02 of the City Charter; Sections 121.101 (d) of the Ordinance Code and Section 25 of the Settlement Agreement dated March 5, 2001, the Board is required to submit its budget to the City Council for approval.

The Police and Fire Pension Fund budget is divided into Administrative Expenditures (\$8,882,396), Building Operations (\$150,380) and Parking Garage Operations (\$61,060) for a total budget of \$9,093,836, which is an increase of \$369,669 from the current budget of \$8,724,167.

**ADMINISTRATIVE EXPENDITURES:**

	2012/13	FY 2013/14	Change from FY 2012/13	
Administrative Expenditures	Approved	Proposed	Dollar	Percent
Personnel Services	\$ 1,201,691	\$ 1,195,992	\$ (5,699)	-0.47% (A)
Operating Expenses	7,149,223	7,686,404	537,181	7.51% (B)
Capital Outlay	52,378	-	(52,378)	-100.00%
	<u>\$ 8,403,292</u>	<u>\$ 8,882,396</u>	<u>\$ 479,104</u>	<u>5.70%</u>

- (A) Personnel services are decreasing only slightly. The proposed budget includes the elimination of one employee; however, this decrease in salaries and benefits is almost completely offset by an increase in budgeted pension contributions. This is at least partially attributable to the increase in General Employee Pension Contribution; however, we are unable to confirm the accuracy of this line item as noted in our concern below.
- (B) The change in Operating Expenses is caused by increases in Professional Services due to increases in Money Managers Fees and the reinstatement of the City Council \$650,000 reduction in FY 2012/13 budget. The increases are somewhat offset by decreases to the City's Information Technology Division charges which were incorrectly reflected in the FY 2012/13 Police and Fire Pension Fund Budget. Additionally there were reductions in Miscellaneous Services and Charges. See chart below for Professional Services Contract details.

**City Council Auditor's Office  
Comments and Recommendations  
Police & Fire Pension Administration (S/F 621)  
2013/14 Proposed Budget**

***Professional Services Contracts Detail***

<b>Services</b>	<b>FY 2012/13 Approved</b>	<b>FY 2013/14 Proposed</b>	<b>Dollar Change</b>	<b>Percent Change</b>	
Money Managers	\$ 5,935,000	\$ 6,292,248	\$ 357,248	6.02%	(C)
Actuary	107,000	110,200	3,200	2.99%	
Auditor	36,000	35,000	(1,000)	-2.78%	
Investment Advisor	244,000	245,864	1,864	0.76%	
Investment Custodian	90,000	80,000	(10,000)	-11.11%	
Investment Money Managers STIF Expenses	-	40,000	40,000		(D)
Legal	358,000	348,000	(10,000)	-2.79%	
Lobbyist	-	45,000	45,000		(E)
Medical	30,000	10,000	(20,000)	-66.67%	
Appraiser for Buildings - Real Estate Investments	-	10,000	10,000		(F)
City Council Reduction in Budget	(650,000)	-	650,000		
	<u>\$ 6,150,000</u>	<u>\$ 7,216,312</u>	<u>\$ 1,066,312</u>	<u>17.34%</u>	

(C) Per Police and Fire Pension Fund, the fees paid to the Money Managers are tied to the performance of the investments. The better the investments perform the more fees the managers earn and vice versa.

(D) This is not a new cost. In the past this cost was netted against the Short Term Investment Fund (STIF) revenue.

(E) This cost was previously within the Miscellaneous Services and Charges account and is for Governance Services, LLC.

(F) Costs of valuation of Police and Fire Pension Fund owned buildings.

**BUILDING OPERATIONS:**

The Police and Fire Pension Fund owns the building located at One West Adams Street in which the administrative staff of the Fund is housed. The Fund leases out additional office space in the building.

	<b>FY 2102/13 Approved</b>	<b>FY 2013/14 Proposed</b>	<b>Dollar Change</b>	<b>Percentage Change</b>	
<b>Revenues</b>	\$ 387,419	\$ 414,022	\$ 26,603	6.87%	
<b>Expenses</b>					
<b>Operating</b>	\$ 242,900	\$ 150,380	\$ (92,520)	-38.09%	(G)
<b>Capital Outlay</b>	40,375	-	(40,375)	-100.00%	
<b>Total Expenses</b>	\$ 283,275	\$ 150,380	\$ (132,895)	-46.91%	
<b>Surplus/(Deficit)</b>	<u>\$ 104,144</u>	<u>\$ 263,642</u>	<u>\$ 159,498</u>	<u>153.15%</u>	

**City Council Auditor's Office  
Comments and Recommendations  
Police & Fire Pension Administration (S/F 621)  
2013/14 Proposed Budget**

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(G) Per the Police and Fire Pension Fund, the decrease is associated with expected decreases in costs and a change to the allocation of utility and insurance costs between the Parking Garage and Building Operations.

**PARKING GARAGE OPERATIONS:**

The Police and Fire Pension Fund owns the Monroe Street Parking Garage which has approximately 240 parking spaces. The fund leases out to various entities and individuals.

	<b>FY 2102/13</b>	<b>FY 2013/14</b>	<b>Dollar</b>	<b>Percentage</b>
	<b>Approved</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
<b>Revenues</b>	\$ 76,179	\$ 71,084	\$ (5,095)	-6.69%
<b>Expenses</b>				
<b>Operating</b>	\$ 12,200	\$ 61,060	\$ 48,860	400.49% (H)
<b>Capital Outlay</b>	25,400	-	(25,400)	-100.00%
<b>Total Expenses</b>	\$ 37,600	\$ 61,060	\$ 23,460	62.39%
<b>Surplus/(Deficit)</b>	<u>\$ 38,579</u>	<u>\$ 10,024</u>	<u>\$ (28,555)</u>	-74.02%

(H) The increase is mainly due to the funding of a project to waterproof the stairwells.

**HAVERTY'S (JAKE GODBOLD) BUILDING REVENUE:**

The Police and Fire Pension Fund owns the building located at 407 N. Laura Street. Pursuant to an agreement approved by Ordinance 2006-951-E, the City makes lease payments amounting to an annual rate of 11.9% of all costs incurred by Police and Fire Pension Administration for renovation of the building but not to exceed \$10 million in costs. The annual rent payment went from \$1,190,000 to \$1,332,800 on May 1, 2013. The Police and Fire Pension Fund Proposed Budget includes revenue of \$1,332,800 for FY 2013/14.

Ordinance 2013-187-E was approved by City Council on May 28, 2013 to re-purchase the Haverty's Building for an amount not to exceed \$15,475,000. The City notified the Police and Fire Pension Fund on July 24, 2013 of the intent to purchase and must close on the purchase within 90 days. See recommendation below regarding the impact to this subfund.

**MARKET VALUE OF INVESTMENTS: Per Northern Trust, Investment Custodian**

The Market value of the assets changed from \$1,121,322,527 as of June 30, 2012 to \$1,293,868,150 as of June 30, 2013, which is an increase of \$172,545,623.

**City Council Auditor's Office  
Comments and Recommendations  
Police & Fire Pension Administration (S/F 621)  
2013/14 Proposed Budget**

**EMPLOYEE CAP CHANGES:**

One vacant position was eliminated to reduce the employee cap from eight to seven.

Position Description 2012/2013	2012/13 Approved	Position Description 2013/14	2013/14 Proposed	Dollar Change	%	
Executive Director/Administrator	\$ 289,620	Executive Director/Administrator	\$ 299,622	\$ 10,002	3%	(I)
Deputy Executive Director (Vacant)	83,546	Eliminated	-	(83,546)	-100%	(J)
Controller	98,256	Controller	100,642	2,386	2%	
Pension Benefits Manager	89,100	Pension Benefits Manager	92,368	3,268	4%	
Executive Assistant	61,128	Executive Assistant	61,861	733	1%	
Building Services Manager	64,107	Building Services Manager	64,885	778	1%	
Senior Pension Benefits Specialist	55,296	Senior Pension Benefits Specialist	56,463	1,167	2%	
Pension Benefits Specialist	48,495	Pension Benefits Specialist	50,272	1,777	4%	
Part-Time Economic Research Analyst	20,800	Part-Time Economic Research Analyst	20,800	-	0%	
	<b>\$ 810,348</b>		<b>\$ 746,913</b>	<b>\$ (63,435)</b>	<b>-8%</b>	

(I) The 5th Amendment to the Restated Employment Contract between the Police and Fire Pension Fund and the Executive Director states "Effective for the first pay period after January 1st 2011, the salary of the Executive Director - Administrator shall be raised to the average salary of the Executive Director of the Jacksonville Aviation Authority, the Jacksonville Port Authority and the Jacksonville Transportation Authority as reported to the Board by the Independent Compensation Consultant. The Salary increase for the Executive Director - Administrator will accrue and be paid in December, 2011." Also it should be noted that after January 1st of each year the Agreement is in effect, the Executive Director's salary will be increased by 3%.

(J) The Deputy Executive Director position became vacant during Fiscal Year 2011-2012. They have chosen not to fund the position in FY 2013/14 and will eliminate the position from the cap.

**POLICE AND FIRE PENSION PLAN FUNDING POSITIONS**

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2012 (Per PFPF Actuarial Valuation Report)

Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	UAAL	Funded Ratio
(a)	(b)	(a-b)	(b/a)
2,762,976,506	1,078,906,587	1,684,069,919	39.05%

**CONCERN:**

The amount proposed for pension contributions associated with staff of the Police and Fire Pension Fund is not consistent with the amounts dictated within recent actuarial reports. We have requested additional support regarding this issue; however, have not been provided an adequate response to date.

**City Council Auditor's Office  
Comments and Recommendations  
Police & Fire Pension Administration (S/F 621)  
2013/14 Proposed Budget**

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**RECOMMENDATIONS:**

1. We recommend \$15,559 be reduced within various Information Technology Department internal service charges. This would make the budgeted expense within the Police and Fire Pension Fund budget match that of what is budgeted as a charge with the City's Information Technology Division. This will result in a corresponding decrease to Trust Fund Revenues. We also recommend Schedules AB & AC of the Budget Ordinance be revised to reflect these changes. This has no impact to the Special Council Contingency.
2. Based on the passage of Ordinance 2013-187-E, we recommend the budgeted revenues for Haverty's rent be reduced from \$1,332,800 to \$111,067. We also recommend that budgeted Rental Revenue on Schedule AB be adjusted to reflect total budgeted rental. The impact of these changes will result in Rental Revenue on Schedule AB be increased from \$211,440 to \$596,173 with a corresponding decrease Trust Fund Revenues. This has no impact to the Special Council Contingency.
3. We also recommend the removal of the supplemental information at the bottom of Schedules AB and AC and that information included in the section be moved up into Schedules AB & AC. This has no impact to the Special Council Contingency.

**POLICE AND FIRE PENSION FUND  
JACKSONVILLE, FLORIDA  
BUDGET FISCAL YEAR 2013/2014**

**ESTIMATED REVENUES**

**SCHEDULE AB**

Trust Fund Revenues	\$ 8,882,396
Rental Revenues	\$ 211,440
<b>Total Estimated Revenues</b>	<b>\$ 9,093,836</b>

**APPROPRIATIONS**

**SCHEDULE AC**

<u>Administration</u>	
Personnel Services	\$ 1,195,992
Operating Expenses	\$ 7,686,404
Capital Outlay	\$ -
<b>Total Administration</b>	<b>\$ 8,882,396</b>
<u>Rental</u>	
Operating Expense	\$ 211,440
Capital Outlay	\$ -
<b>Total Rental</b>	<b>\$ 211,440</b>
<b>Total Appropriations</b>	<b>\$ 9,093,836</b>

The following is the detail breakdown for the HQ Building Operations, Parking Garage Operations and the Godbold City Hall Annex budgets.

	HQ Building Operations	Parking Garage Operations	Godbold City Hall Annex	Totals
Rental Revenues	\$ 414,022	\$ 71,084	\$ 1,332,800	\$ 1,817,906
<b>Total Revenues</b>	<b>\$ 414,022</b>	<b>\$ 71,084</b>	<b>\$ 1,332,800</b>	<b>\$ 1,817,906</b>
Operating Expenses	\$ 150,380	\$ 61,060	\$ -	\$ 211,440
Capital Outlay	\$ -	\$ -	\$ -	\$ -
<b>Total Expenses</b>	<b>\$ 150,380</b>	<b>\$ 61,060</b>	<b>\$ -</b>	<b>\$ 211,440</b>
<b>Surplus/(Deficit)</b>	<b>\$ 263,642</b>	<b>\$ 10,024</b>	<b>\$ 1,332,800</b>	<b>\$ 1,606,466</b>

**POLICE AND FIRE PENSION FUND  
JACKSONVILLE, FLORIDA  
BUDGET FISCAL YEAR 2013/2014**

**REVISED SCHEDULE AB**

**ESTIMATED REVENUES**

Trust Fund Revenues	\$ 8,482,104
HQ Building Operations	414,022
Parking Garage Operations	71,084
Godbold City Hall Annex	111,067
<b>Total Estimated Revenues</b>	<b><u>\$ 9,078,277</u></b>

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**REVISED SCHEDULE AC**

**APPROPRIATIONS**

<u>Administration</u>	
Personnel Services	\$ 1,195,992
Operating Expenses	7,670,845
Capital Outlay	<u>-</u>
Total Administration	<u>\$ 8,866,837</u>
<u>Rental</u>	
HQ Building Operations	\$ 150,380
Parking Garage Operations	61,060
Godbold City Hall Annex	<u>-</u>
Total Rental	<u>\$ 211,440</u>
<b>Total Appropriations</b>	<b><u>\$ 9,078,277</u></b>

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
EMPLOYEE SERVICES  
GENERAL FUND - GSD**

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**PROPOSED BUDGET BOOK – Page #101-102  
ON SCREEN – PDF page #115-116**

**BACKGROUND**

In the General Fund, this department consists of Employee and Labor Relations, Office of the Director, and Talent Management. This department was established by Budget Ordinance 2011-732-E as a replacement of the previous Human Resources Department.

**EXPENDITURES**

1. Salaries
  - The decrease of \$116,913 is primarily due to the elimination of four positions as explained below.
2. Employer Provided Benefits
  - The net increase of \$100,668 is mostly due to increases in pension contributions of \$104,423. This is offset somewhat with a decrease in workers compensation insurance of \$3,654.
3. Internal Service Charges
  - The net decrease of \$152,480 is primarily due to decreases in ITD charges of \$160,832. These decreases are due to declining licensing costs, Help Desk usage, and the completion of project costs. These decreases are slightly offset by an increase of \$10,958 in copy center charges.
4. Utilities & Building Maintenance Allocations
  - The Administration is proposing to remove and replace two Public Works allocations with internal service charges for Building Maintenance and Utilities. These proposed internal service charges are intended to reflect the costs for utility consumption, applicable debt service, and building maintenance in the individual City Departments' budgets.
5. Other Operating Expenses.
  - The net decrease of \$180,548 is mainly attributable to reductions in professional services of \$65,002 (medical and professional examinations and drug testing), miscellaneous services and charges of \$59,233 (primarily for background checks), other rent of \$20,000 (for JSO testing locations), office supplies – Other of \$19,002, and employee training of \$10,402.
6. Extraordinary Lapse
  - The extraordinary lapse from FY 2012/13 has been removed.



**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
EMPLOYEE SERVICES  
GENERAL FUND - GSD**

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**PROPOSED BUDGET BOOK – Page #101-102  
ON SCREEN – PDF page #115-116**

**DIVISIONAL CHANGES:**

- The increase in Employee & Labor Relations is primarily due to several transfers from Talent Management including the transfer of two positions (\$124,044), OGC Legal charges (\$142,398) and employee training (\$26,599). Also included is the new building cost allocation of \$51,587.
- The increase in the Office of the Director is mostly due to an increase in pension contribution (\$73,936) and the new building cost allocation (\$73,788), offset by the elimination of one position (\$43,955) and a decrease in ITD charges (\$51,840).
- The decrease in Talent Management is mainly due to the elimination of three positions (\$193,347) and the transfer of two positions and other expenses as mentioned above. Also included are the decreases in the other operating expenses as mentioned in #5 on the previous page (with the exception of the office supplies) offset by the removal of the FY 2012/13 lapse.

**EMPLOYEE CAP CHANGES**

Four positions are proposed to be eliminated: three (3) in Talent Management and one (1) in the Office of the Director.

**RECOMMENDATIONS:** None

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
13.88% REDUCTION  
EMPLOYEE SERVICES DEPARTMENT (011)**

**Reductions in Controllable Costs from Mayor's Tentative Budget to Proposed Budget:**

<b>FY2013/14 - Controllable Costs Only</b>			
<b>Mayor's Tentative Budget</b>	<b>Mayor's Proposed Budget</b>	<b>Increase / (Decrease) in Controllable Costs</b>	
		<b>Dollar</b>	<b>%</b>
3,349,676	2,963,898	(385,778)	-11.52%

Based on the table above, the Employee Services Department did not meet the 13.88% cut.

**13.88% Reductions as Represented by the Department/Budget Office:**

<b>Reductions*</b>		
<b>Dollar impact</b>	<b>Ranking</b>	<b>Description</b>
\$ 60,318	12	Eliminate Human Resources Specialist position
44,407	11	Eliminate filled personnel clerk position
42,724	10	Eliminate CSA III position
59,231	9	Eliminate employee background checks/screenings to all employees except that required by law.
60,000	8	Eliminate employee physicals/drug & alcohol testing to all employees except that required by law.
90,306	7	Eliminate Manager of Personnel Services Position
60,000	6	Reduce mandated promotional examinations.
10,000	5	Reduce office supplies.
10,400	4	Reduce city-wide training funds.
20,000	3	Eliminate funding for rental facility to hold testing.
3,000	1	Reduce Dues and Subscriptions
<u>\$ 460,386</u>		

\*The reductions list was prepared by the Department and Budget Office. We received the listing from the Budget Office and summarized it for simplicity. The rankings are per the Department with one being the least impact to service levels.

**Recommendations Related to Mayor's Reductions:**

We recommend that the City Council review the above reductions to determine whether any or all of the above items should be funded in FY 2013/14.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
GENERAL CAPITAL PROJECTS (S/F 322)**

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**PROPOSED BUDGET BOOK – Page # 15-16  
ON SCREEN – PDF Page # 23-24**

**BACKGROUND:**

This fund houses appropriated pay-go and Banking Fund borrowed funds prior to FY 2008/09. The only new activity in this fund is an annual loan repayment amount and other non-interest pay-go capital projects.

**REVENUE:**

1. Miscellaneous Revenue

- The funding was provided in FY 2012/13 by an outside entity to fund the initial study for the New World Avenue extension to Chaffee Road CIP project.

2. Transfers From Other Funds

- This amount represents the transfer from the Municipal Stadium fund (S/F 4A1) for a loan repayment which is based upon a repayment schedule that was established at the time the loan was issued.

**EXPENDITURES:**

Cash Carryover

- This is the loan repayment of \$388,000 as mentioned above.

**SERVICE LEVEL CHANGES:**

None.

**EMPLOYEECAP CHANGES:**

There are no positions in this subfund.

**RECOMMENDATIONS:**

None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
EMERGENCY CONTINGENCY (S/F 018)**

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**PROPOSED BUDGET BOOK – Page #79-80  
ON SCREEN – Page #92-93**

**BACKGROUND**

This fund is the General Fund's Emergency Contingency, which was moved to a separate fund pursuant to Municipal Code Section 106.106. The goal, as stated in Municipal Code section 106.107, is that this fund should be approximately equal to seven percent (25.5 days average cash flow) of the total General Fund/General Services District budgeted expenditures. To meet this goal, the proposed budget would need to be \$66.7 million.

**REVENUE**

1. Miscellaneous Revenue
  - Interest earnings for FY 2013 are expected to decrease by \$285,441 due to projected lower returns on investments.
2. Transfers from Fund Balance
  - This amount is the estimated FY 2013 ending cash balance.

**EXPENDITURES**

1. Cash Carryover
  - This amount is the estimated FY 2014 ending cash balance including interest income.

**AUTHORIZED POSITION CAP**

There are no employees associated with this subfund.

**RECOMMENDATIONS:**

None

**COUNCIL AUDITOR'S OFFICE**  
**CITY OF JACKSONVILLE**  
**NORTHWEST/NORTHSIDE EAST TAX INCREMENT DISTRICT USD1B & USD1C (SUB-FUND 181)**  
**2013/14 PROPOSED BUDGET**

**BUDGET BOOK REFERENCE - Page # 67-68**  
**PDF Page # 79-80**

	2012/13 ORIGINAL BUDGET	2013/14 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	PERCENT CHANGE
<b>TAXABLE VALUES &amp; RATES</b>				
Base Year	1981/1984	1981/1984		
<b>Preliminary Taxable Values</b>	\$ 852,968,056	\$ 848,619,734	\$ (4,348,322)	-0.5%
Less Taxable Value in Base Year	416,379,969	416,379,969	-	
<b>Taxable Value Incremental Increases</b>	<b>\$ 436,588,087</b>	<b>\$ 432,239,765</b>	<b>\$ (4,348,322)</b>	<b>-1.0%</b>
Taxable Value Percentage Changes	104.9%	103.8%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
<b>REVENUES</b>				
Ad Valorem Taxes - GF / GSD	\$ 4,162,228	\$ 4,120,773	\$ (41,455)	-1.0%
Transfer from General Fund	2,540,800	2,411,132	(129,668)	-5.1%
<b>Total Revenues</b>	<b>\$ 6,703,028</b>	<b>\$ 6,531,905</b>	<b>\$ (171,123)</b>	<b>-2.6%</b>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
06C ETR, Carling	\$ 2,130,344	\$ 2,135,808	\$ 5,464	0.3%
(A) HUD Section 108, 1997, LaVilla	119,288	15,201	(104,087)	-87.3%
Fiscal Agent Fees	1,550	1,550	-	0.0%
<b>Total Debt Service</b>	<b>\$ 2,251,182</b>	<b>\$ 2,152,559</b>	<b>\$ (98,623)</b>	<b>-4.4%</b>
(B) <b>Contribution to Community Development</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>	<b>0.0%</b>
<b>Other Operating Expenses:</b>				
Vestcor (Lynch Building)- Payback	\$ 1,294,313	\$ 1,294,313	\$ -	0.0%
(C) Library Garage	75,000	-	(75,000)	-100.0%
(D) MPS Urban Core Garage	1,114,876	999,466	(115,410)	-10.4%
JTA/Fidelity Parking Lease	12,000	14,500	2,500	20.8%
(D) MPS Arena and Sports Complex	1,880,657	1,996,067	115,410	6.1%
<b>Total Other Operating Expenses</b>	<b>\$ 4,376,846</b>	<b>\$ 4,304,346</b>	<b>\$ (72,500)</b>	<b>-1.7%</b>
<b>Total Expenditures</b>	<b>\$ 6,703,028</b>	<b>\$ 6,531,905</b>	<b>\$ (171,123)</b>	<b>-2.6%</b>

**FOOTNOTES**

- (A) The final debt service payment on the HUD Section 108, 1997 LaVilla loan will occur in FY 2013/14
- (B) The Contribution to Community Development is for payments on the CDBG loan for the Museum of Modern Art. This is an interest-free loan of \$1,500,000 to be repaid in twenty annual installments of \$75,000. This payment is the 14th installment.
- (C) The City took over management of the Library (Duval St.) garage from Metropolitan Parking Solutions (MPS) effective June 1, 2013. The City's Office of Public Parking will now operate the garage.
- (D) The City has an agreement with MPS in which the City guarantees a return on MPS's investment in three downtown parking garages. The City makes semi annual loans to MPS in order to insure cash flows sufficient to cover all operating and ownership expenses, required reserves, a 6.75% return on the \$3 million ownership equity (8.75% if performance goals are met) and a Debt Service Coverage Ratio of 1.0.

**RECOMMENDATION:**

- The subsidy payments to MPS for the three garages are underbudgeted by \$1,033,547. The revised subsidy payment for the Urban Core garage is \$2,210,353 and the revised subsidy payment for the Arena and Sports Complex garages is \$1,818,727. We recommend increasing the Transfer from General Fund by \$1,033,547 and increasing Other Operating Expenses by the same amount. This will have a negative impact of \$1,033,547 on Special Council Contingency.
- The City's Early Purchase Option for the parking garages expires December 31, 2013. We estimate the cost to purchase the garages under the Early Purchase Option to be approximately \$52,000,000 and the cost to purchase the garages under the normal purchase option to be approximately \$60,000,000, an \$8,000,000 increase if the garages are not purchased by December 31st. We recommend that the Administration provide the Finance Committee with a thorough financial analysis and recommendation regarding the MPS parking garages. The financial analysis must be presented to the Finance Committee in sufficient time for the City to exercise the Early Purchase Option if the decision is made to do so.

**COUNCIL AUDITOR'S OFFICE  
CITY OF JACKSONVILLE  
SOUTHBANK TAX INCREMENT DISTRICT USD1 A (SUB-FUND 182)  
2013/14 PROPOSED BUDGET**

**BUDGET BOOK REFERENCE - Page # 69-70**

**PDF Page # 81-82**

	2012/13 ORIGINAL BUDGET	2013/14 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	PERCENT CHANGE
<b>TAXABLE VALUES &amp; RATES</b>				
Base Year	1980	1980		
Preliminary Taxable Values	\$ 392,008,471	\$ 380,587,972	\$ (11,420,499)	(2.9%)
Less Taxable Value in Base Year	89,127,781	89,127,781	-	
<b>Taxable Value Incremental Increases</b>	<b>\$ 302,880,690</b>	<b>\$ 291,460,191</b>	<b>\$ (11,420,499)</b>	<b>(3.8%)</b>
Taxable Value Percentage Increases	339.8%	327.0%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		

**REVENUES**

Ad Valorem Taxes - GF / GSD	\$ 2,887,524	\$ 2,778,646	\$ (108,878)	(3.8%)
(A) Debt Repayment Revenue (Hilton)	\$ 55,000	\$ 55,000	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ 2,942,524</b>	<b>\$ 2,833,646</b>	<b>\$ (108,878)</b>	<b>(3.7%)</b>

**EXPENDITURES**

Debt Service:				
HUD Section 108, Hampton Inn	\$ 57,976	\$ 67,290	\$ 9,314	16.1%
HUD Section 108, Hilton Hotel	309,036	310,567	1,531	0.5%
05A ETR, Strand	189,274	189,714	440	0.2%
<b>Total Debt Service</b>	<b>\$ 556,286</b>	<b>\$ 567,571</b>	<b>\$ 11,285</b>	<b>2.0%</b>
(B) Other Operating Expenses	1,100,000	950,000	(150,000)	(13.6%)
Transfer to General Fund	1,286,238	-	(1,286,238)	(100.0%)
(C) Cash Carryover	-	1,316,075	1,316,075	N/A
<b>Total Expenditures</b>	<b>\$ 2,942,524</b>	<b>\$ 2,833,646</b>	<b>\$ (108,878)</b>	<b>(3.7%)</b>

**FOOTNOTES**

(A) Hilton is required to repay a portion of the HUD debt, which is first applied to their property taxes. If the taxes are insufficient to cover the obligation, Hilton must make an additional payment to cover the difference.

(B) Other Operating Expenses includes the following items:

	2012/13	2013/14		
San Marco Place (REV grant)	200,000	150,000	(50,000)	(25.0%)
Strand/Peninsula (REV grant)	900,000	800,000	(100,000)	(11.1%)
<b>Total</b>	<b>\$ 1,100,000</b>	<b>\$ 950,000</b>	<b>\$ (150,000)</b>	<b>(13.6%)</b>

(C) Ord. 2012-364-E created Code Sec. 111.640, which states that all monies and interest placed or earned in the Southside Community Redevelopment Area fund (Southbank TID) shall remain in the fund until appropriated and expended for purposes described in Sec. 111.640. Funds placed in cash carryover must be appropriated by the City Council before they can be used.

**RECOMMENDATION:** None.

**COUNCIL AUDITOR'S OFFICE  
CITY OF JACKSONVILLE  
JACKSONVILLE BEACH TAX INCREMENT DISTRICTS USD2 A&B (SUB-FUND 184)  
2013/14 PROPOSED BUDGET**

**BUDGET BOOK REFERENCE- Page # 71-72**

**PDF Page # 83-84**

	<u>2012/13 ORIGINAL BUDGET</u>	<u>2013/14 PROPOSED BUDGET</u>	<u>ORIGINAL TO PROPOSED DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
<b>TAXABLE VALUES &amp; RATES</b>				
Base Years	<u>1983 &amp; 1986</u>	<u>1983 &amp; 1986</u>		
Preliminary Taxable Values	\$ 717,478,064	\$ 730,358,302	\$ 12,880,238	1.8%
Less Taxable Value in Base Years	<u>48,790,640</u>	<u>48,790,640</u>	<u>-</u>	
<b>Taxable Value Incremental Increases</b>	<b><u>\$ 668,687,424</u></b>	<b><u>\$ 681,567,662</u></b>	<b><u>\$ 12,880,238</u></b>	<b>1.9%</b>
Taxable Value Percentage Increases	1370.5%	1396.9%		
Operating Millage Rates	6.7446 mills	6.7446 mills		
Collection Rate	95.0%	95.0%		
<b>REVENUES</b>				
<b>Ad Valorem Taxes - GF / GSD</b>	<b><u>\$ 4,284,528</u></b>	<b><u>\$ 4,367,056</u></b>	<b><u>\$ 82,528</u></b>	<b>1.9%</b>
<b>EXPENDITURES</b>				
<b>Contribution to Jacksonville Beach</b>	<b><u>\$ 4,284,528</u></b>	<b><u>\$ 4,367,056</u></b>	<b><u>\$ 82,528</u></b>	<b>1.9%</b>

**Percentage of USD2 Taxes Received by City of Jacksonville**

	<u>Countywide Levy</u>	<u>USD2 Levy</u>	
2013/14 Beaches Preliminary Taxable Values	\$ 2,486,974,643	\$ 2,486,974,643	
Levy (A)	10.0353 mills	6.7446 mills	
Collection Rate	<u>95.0%</u>	<u>95.0%</u>	
Taxes	\$ 23,709,660	\$ 15,934,967	
Less TIF	<u>-</u>	<u>4,367,056</u>	
<b>Net Revenue to City</b>	<b><u>\$ 23,709,660</u></b>	<b><u>\$ 11,567,911</u></b>	
	100.00%	48.79%	- Percentage of countywide levy collected from USD2 after TIF and Interlocal Agreement reductions.

**FOOTNOTES**

(A) 6.7446 mills is 3.2907 mills less than the General Service District millage. Per interlocal agreement, Jacksonville Beach's millage rate shall be 3.2907 mills less than the General Service District rate. The USD2 levy is 67.21% of the 10.0353 mill rate levied county-wide.

**RECOMMENDATION:** None.

**COUNCIL AUDITOR'S OFFICE  
CITY OF JACKSONVILLE  
JACKSONVILLE INTERNATIONAL AIRPORT AREA REDEVELOPMENT  
TAX INCREMENT DISTRICT GSA (SUB-FUND 185)  
2013/14 PROPOSED BUDGET**

**BUDGET BOOK REFERENCE - Page # 73-74  
PDF Page # 85-86**

	<b>2012/13 ORIGINAL BUDGET</b>	<b>2013/14 PROPOSED BUDGET</b>	<b>ORIGINAL TO PROPOSED DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
<b>TAXABLE VALUES &amp; RATES</b>				
Base Year	1990	1990		
Preliminary Taxable Values	\$ 760,069,939	\$ 751,721,339	\$ (8,348,600)	(1.1%)
Less Taxable Value in Base Year	189,200,262	189,200,262	-	
<b>Taxable Value Incremental Increases</b>	<b>\$ 570,869,677</b>	<b>\$ 562,521,077</b>	<b>\$ (8,348,600)</b>	<b>(1.5%)</b>
Taxable Value Percentage Increases	301.7%	297.3%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
<b>REVENUES</b>				
<b>Ad Valorem Taxes - GF / GSD</b>	<b>\$ 5,442,406</b>	<b>\$ 5,362,814</b>	<b>\$ (79,592)</b>	<b>(1.5%)</b>
<b>Total Revenues</b>	<b>\$ 5,442,406</b>	<b>\$ 5,362,814</b>	<b>\$ (79,592)</b>	<b>(1.5%)</b>
<b>EXPENDITURES</b>				
Debt Service:				
HUD Section 108, 1994, Coach	\$ 547,097	\$ 507,815	\$ (39,282)	(7.2%)
HUD Section 108, 1997, Body Armor	80,824	84,931	4,107	5.1%
05A ETR, RAMCO	1,110,356	1,111,072	716	0.1%
Fiscal Agent Fees	810	810	-	0.0%
<b>Total Debt Service</b>	<b>\$ 1,739,087</b>	<b>\$ 1,704,628</b>	<b>\$ (34,459)</b>	<b>(2.0%)</b>
Other Operating Expenses (A)	350,000	350,000	-	0.0%
Transfer Out to the General Fund	3,353,319	-	(3,353,319)	(100.0%)
Transfer Out to TID Capital Project Subfund 32T (B)	-0-	3,308,186	3,308,186	N/A
<b>Total Expenditures</b>	<b>\$ 5,442,406</b>	<b>\$ 5,362,814</b>	<b>\$ (79,592)</b>	<b>(1.5%)</b>

**FOOTNOTES**

(A) Other Operating Expense includes the following item:

	<b>2012/13</b>	<b>2013/14</b>		
RAMCO (REV)	\$ 350,000	\$ 350,000	\$ -	0.0%
Total	\$ 350,000	\$ 350,000	\$ -	0.0%

(B) This transfer represents funding appropriated by Ord. 2012-492-E for the "Duval Road Expansion" project to improve Duval Rd. between Main St. and Airport Center Dr.

**RECOMMENDATION:** None.



**COUNCIL AUDITOR'S OFFICE  
CITY OF JACKSONVILLE  
SOUTEL-MONCRIEF  
TAX INCREMENT DISTRICT GSK (SUB-FUND 186)  
2013/14 PROPOSED BUDGET**

**BUDGET BOOK REFERENCE- Page # 75-76  
PDF Page # 87-88**

	<u>2012/13 ORIGINAL BUDGET</u>	<u>2013/14 PROPOSED BUDGET</u>	<u>ORIGINAL TO PROPOSED</u>	
			<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
<b>TAXABLE VALUES &amp; RATES</b>				
Base Year	<u>2008</u>	<u>2008</u>		
Preliminary Taxable Values	\$ 102,841,726	\$ 107,824,626	4,982,900	4.8%
Less Taxable Value in Base Year	<u>71,064,917</u>	<u>71,064,917</u>	-	0.0%
<b>Taxable Value Incremental Increases</b>	<b><u>\$ 31,776,809</u></b>	<b><u>\$ 36,759,709</u></b>	<b><u>4,982,900</u></b>	<b>15.7%</b>
Taxable Value Percentage Increases	44.7%	51.7%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
<b>REVENUES</b>				
<b>Ad Valorem Taxes - GF / GSD</b>	<b><u>\$ 302,945</u></b>	<b><u>\$ 350,450</u></b>	<b><u>\$ 47,505</u></b>	<b>15.7%</b>
<b>EXPENDITURES</b>				
<b>Cash Carryover (A)</b>	<b><u>\$ 302,945</u></b>	<b><u>\$ 350,450</u></b>	<b><u>\$ 47,505</u></b>	<b>15.7%</b>
<b>FOOTNOTES</b>				

(A) Funds placed in cash carryover must be appropriated by the City Council before they can be used.

**RECOMMENDATION:** None.

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
DOWNTOWN VISION, INC. (DVI)**

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**BACKGROUND:**

Downtown Vision Inc. (DVI) is a not-for-profit 501(c) organization whose mission is to build and maintain a healthy and vibrant downtown community and to promote downtown as an exciting place to live, work and visit. A public hearing on the assessment roll for DVI is scheduled for August 6, 2013 at the regular City Council Finance Committee meeting.

**REVENUES:**

1. Special Assessment:

- DVI's main source of revenue has been a 1.1 mill special assessment of downtown commercial property owners. The budgeted assessment based on the continued 1.1 mills remains the same at an estimated \$686,000. This amount reflects an increase in properties assessed alongside an increase in the percentage of uncollectable accounts. The estimate assumes a 2.4 percent yearly delinquency rate and that the remaining assessments will be paid on or before November 30 qualifying all property owners for a 4 percent discount.

2. City Contribution:

- The City's contribution remains the same at \$311,660, which includes two downtown cleaners to provide pressure washing, spill removal, other cleaning services and weed and tree abatement.

3. Other Sources

- The increase of \$14,670 is primarily due to an anticipated increase in sponsorship for marketing and special events initiatives.

4. Reserves:

- The \$65,113 decrease in transfers from reserves is caused by a decrease of \$50,443 in Expenditures and an increase of \$14,670 in Other Sources revenue.

**EXPENDITURES:**

1. Salaries:

The increase in salaries of \$65,348 is mainly attributable to the hiring of a Director of Strategic Partnerships in May of 2013.

2. Other Operating Expenses:

The net decrease of \$115,791 in Operating Expenditures is a result of the reductions in contractual employees in the Downtown Ambassador program, and the reduction of marketing and promotions downtown.

**OVERALL COMMENTS:**

- The balance of DVI's special project reserve fund is currently \$331,117. \$134,887 has been earmarked for the FY 2013/14 proposed budget to offset declining revenues while maintaining current service levels. The source of the funds in the special project reserve

**COUNCIL AUDITOR'S OFFICE  
COMMENTS AND RECOMMENDATIONS  
MAYOR'S PROPOSED FY 2013/14 BUDGET  
DOWNTOWN VISION, INC. (DVI)**

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fund has been from excess revenues in previous fiscal years. The funds are reserved to fill budgetary gaps and to finance future downtown enhancement projects.

**RECOMMENDATIONS:**

We recommend that Schedule AD and AE in the Budget Ordinance be replaced with the revised attached Schedule AD and AE to correct a \$46 error in each of the expense columns of DVI's FY2013/14 Budget and to correct the total amount shown for Personnel Services. The total amount for Personnel Services should be \$445,220 and the Reserves amount on schedule AD should be \$134,887. These changes will have no effect on Special Council Contingency.

**BUSINESS IMPROVEMENT DISTRICT  
(DOWNTOWN VISION, INC.)  
JACKSONVILLE, FLORIDA  
BUDGET - FISCAL YEAR 2013/14**

<b><u>ESTIMATED REVENUES</u></b>	<b>DVI FY 2013/14 Proposed</b>	<b>Council Adopted FY 2012/13</b>	<b>Change</b>
Assessed Properties (1)	\$ 686,000	\$ 686,000	\$ -
City of Jacksonville (2)	311,660	311,660	-
Other Sources	114,415	99,745	14,670
Reserves	134,887	200,000	(65,113)
<b>Total Estimated Revenues</b>	<b>\$ 1,246,962</b>	<b>\$ 1,297,405</b>	<b>\$ (50,443)</b>

**APPROPRIATIONS**

	<b>Clean, Safe and Attractive</b>	<b>Mktg, Promotions, Special Projects</b>	<b>Business &amp; Stakeholder Support</b>	<b>Management &amp; General</b>	<b>Total FY 2013/14 Proposed</b>	<b>Council Adopted FY 2012/13</b>	<b>Change</b>
Personnel Services	\$ 93,991	\$ 195,760	\$ 93,991	\$ 61,478	\$ 445,220	\$ 379,872	\$ 65,348
Operating Expenses	437,096	279,371	53,637	26,638	796,742	912,533	(115,791)
Contingency					5,000	5,000	-
<b>Total Appropriations</b>	<b>\$ 531,087</b>	<b>\$ 475,131</b>	<b>\$ 147,628</b>	<b>\$ 88,116</b>	<b>\$ 1,246,962</b>	<b>\$ 1,297,405</b>	<b>\$ (50,443)</b>

(1) Represents the estimated revenue from 1.1 mills special assessment on the 2013 properties in the Business Improvement District.

(2) Includes \$229,747 City contribution that has consistently been funded since FY 07/08 plus \$81,913 of City funding for two additional Downtown cleaners.

**BUSINESS IMPROVEMENT DISTRICT  
(DOWNTOWN VISION, INC.)  
JACKSONVILLE, FLORIDA  
BUDGET - FISCAL YEAR 2013/14**

**ESTIMATED REVENUES**

	<b><u>DVI Proposed</u></b>
Assessed Properties (1)	\$ 686,000
City of Jacksonville (2)	311,660
Other Sources	114,415
Reserves	<u>134,887</u>
Total Estimated Revenues	<u><u>\$ 1,246,962</u></u>

**REVISED SCHEDULE AD**

**APPROPRIATIONS**

	Clean, Safe and Attractive	Mktg, Promotions, Special Projects	Business & Stakeholder Support	Management & General	Total
Personnel Services	\$ 93,991	\$ 195,760	\$ 93,991	\$ 61,478	\$ 445,220
Operating Expenses	437,096	279,371	53,637	26,638	796,742
Contingency					5,000
Total Appropriations	<u>\$ 531,087</u>	<u>\$ 475,131</u>	<u>\$ 147,628</u>	<u>\$ 88,116</u>	<u>\$ 1,246,962</u>

(1) Represents the estimated revenue from 1.1 mills special assessment on the 2013 properties in the Business Improvement District.

(2) Includes \$229,747 City contribution that has consistently been funded since FY 07/08 plus \$81,913 of City funding for two additional Downtown cleaners.

**REVISED SCHEDULE AE**