

OFFICE OF THE COUNCIL AUDITOR

FY2010/2011 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

Daniel Davis - Chair
Warren Jones - Vice Chair
Michael Corrigan
Ronnie Fussell
Ray Holt
Kevin Hyde
E. Denise Lee



Meeting #5
August 26, 2010

**COUNCIL AUDITOR’S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
TAX COLLECTOR (S/F 017)**

Proposed Budget Book Page # 331

BACKGROUND:

The Tax Collector's budget includes funding for the branches, current and delinquent taxes, and supervision and general collection.

REVENUES:

1. Charges for Services:

- The net increase of \$405,416 is mainly attributed to an increase in driver's license revenue of \$516,614. This is offset somewhat by a decrease in tag registration revenue of \$100,000.

2. Miscellaneous Revenue:

- The increase of \$23,111 is mainly attributed to an increase of \$20,611 in investment earnings.

3. Transfers from Fund Balance:

- The reduction of \$1,689,665 is a result of no transfer from fund balance budgeted for FY 2010/11. A decrease in budgeted expenditures combined with an increase in the general fund contribution negated the need for a transfer from fund balance to sustain the sub-fund.

4. Transfers from Other Funds:

- The increase of \$596,897 is due to an increase in the general fund contribution.

EXPENDITURES:

1. Salary/Benefits Lapse:

- The increase of \$238,778 results from the partial removal of the salary and benefits lapse imposed in FY 2009/10.

2. Salaries:

- The net decrease of \$80,690 is primarily attributed to a 3% decrease of \$264,011 to the salary line item. This is offset somewhat by increases in special pay of \$100,647, part-time salaries of \$67,821 and leave sellback of \$14,853.

3. Employer Provided Benefits:

- The net decrease of \$140,880 is mainly attributed to a decrease in workers' compensation of \$174,731. This is offset somewhat with an increase in disability contribution of \$22,686.

4. Internal Service Charges:

- The net increase of \$25,166 is mainly attributed to an increase in telecommunication charges of \$47,718, copier consolidation of \$50,659 and system development of \$37,640. This is offset somewhat with a decrease in ITD data center service charges of \$124,481.

5. Capital Outlay:

- The decrease of \$520,835 is attributed to one-time costs for driver's licenses being erroneously budgeted in the repairs and renovations sub-object of the 2009/10 original budget.

6. Banking Fund Debt Repayment:

- The decrease of \$187,494 is attributed to lower banking fund debt. The Tax Collector's tax system Manatron will be paid off in FY 2010/11 with a final payment of \$55,575. The FY 2009/10 payment for the Manatron system was \$243,069.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

There are no cap changes.

IT SYSTEM DEVELOPMENT PROJECTS:

Project	Total Cost of Project	Current Year's Cost
Imprest Sys Replacement - Tax Collector	\$137,180	\$25,093
Server Replacement - Tax Collector	<u>\$42,190</u>	<u>\$11,576</u>
TOTALS	<u>\$179,370</u>	<u>\$36,669</u>

RECOMMENDATIONS:

1. We recommend increasing revenue from Tax Redemption Fees (sub-object 341514) by \$250,000 and decreasing the General Fund subsidy (sub-object 09192) by \$250,000. This would have a positive impact of \$250,000 on Special Council Contingency.
2. We recommend decreasing Copier/Printer Lease & Maintenance (sub-object 04410) by \$22,601 and decreasing the General Fund subsidy (sub-object 09192) by \$22,601 as the Tax Collector will join the Copier Consolidation program and will no longer incur these expenditures. This would have a positive impact of \$22,601 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2010/11 BUDGET
 CLERK OF THE COURT (016)**

PROPOSED BUDGET BOOK- Page # 189

BACKGROUND:

Pursuant to Article 5 of the of the Florida Constitution and Section 28 of the Florida Statutes, the Clerk of the Circuit Court is the official recorder of all instruments that may, by law, be recorded in the county. Examples of these instruments included deeds, marriage licenses, documentary stamps, etc. A fee of \$10 for the first page and \$8.50 for each additional page is charged each time a document is recorded with the Clerk of the Court. The County side of the Clerk (S/F 016) receives \$5.00 for the first page and \$4.00 for each additional page. The rest of the fee goes into various other accounts as depicted below.

<u>Distributed to/Used for</u>	<u>1st Page</u>	<u>Each Add'l Page</u>	<u>Fund/Subfund</u>
Clerk of the Court (to be used for equip, maint of equip, personnel training, tech assist in modernizing public records system)	\$ 5.00	\$ 4.00	016-Clerk of Court
Clerk of the Court (Public Records Modernization Trust Fund)	\$ 1.00	\$ 0.50	
Clerk of the Court (Public Records Modernization Trust Fund)	\$ 1.90	\$ 1.90	
Florida Association of Court Clerks and Comptroller, Inc.	\$ 0.10	\$ 0.10	
City of Jacksonville (court-related technology for state trial courts, state attorney, and public defender)	\$ 2.00	\$ 2.00	15U-Courts
Total Fee	\$ 10.00	\$ 8.50	

REVENUES:

1. Charges for Services

- The net increase of \$111,052 is primarily the result of increases in recording fees and documentary stamps. This is offset somewhat with a decrease in marriage licenses.

2. Miscellaneous Revenue

- The decrease of \$8,382 is the result of a decrease of \$6,643 for Court Cost Compliance. There is also a decrease of \$1,739 for investment earnings.

3. Transfers from Other Funds

- The increase of \$10,516 is a contribution from the general fund to cover budgeted expenses in excess of revenues.

EXPENDITURES:

1. Salaries
 - The decrease of \$70,065 is attributable to a decrease in overtime of \$16,930 and a decrease of \$52,393 for the 3% salary line item reductions.
2. Employer Provided Benefits
 - The net decrease of \$52,563 is mainly attributable to a decrease in group health insurance of \$11,672 and workers' compensation of \$41,268.
3. Internal Service Charges
 - The decrease of \$235,797 is primarily attributable to decreases in telecommunication charges of \$200,843, legal charges of \$20,044 and mailroom charges of \$11,133.
4. Other Operating Expenses
 - The net decrease of \$34,728 is mainly attributable to a decrease in miscellaneous services and charges of \$44,600. This is offset somewhat with an increase in public buildings plant renewal.
5. Supervision Allocation
 - The decrease of \$14,800 is a reduction of the Clerks' State Administrative Allocation.
6. Indirect Cost
 - The decrease of \$18,764 is due to changes in indirect costs.
7. Extraordinary Lapse
 - The increase of \$500,000 is the result of the removal of a lapse imposed in FY 2009/10.
8. Lapse
 - The increase of \$39,903 is a result of the removal of a lapse imposed in FY 2009/10.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

There are no changes in the number of authorized positions.

RECOMMENDATIONS:

1. We recommend that Miscellaneous Services and Charges (04938) be reduced by \$13,225 due to the elimination of items that can be paid out of the Public Records Modernization Trust Fund pursuant to F.S. 28.24. This will decrease the contribution from the General Fund to the Clerk of the Courts by \$13,225. This will positively impact the Special Council Contingency by \$13,225.

Recommendations based on Audit Findings

2. We recommend that Marriage Solemnization Fee be budgeted at \$45,000 in FY 2010/11. This revenue is currently not being utilized to offset the costs paid by the County to operate the Marriage License Department as it should. This will decrease the contribution from the General Fund to the Clerk of the Courts by \$45,000. This will positively impact the Special Council Contingency by \$45,000.
3. We recommend that Tax Deed Revenue be budgeted at \$60,000 in FY 2010/11. This revenue is currently being remitted to the State, but needs to be utilized to offset costs of operating the Tax Deeds Department that are paid by the County. This will decrease the contribution from the General Fund to the Clerk of the Courts by \$60,000. This will positively impact the Special Council Contingency by \$60,000.
4. We recommend that Miscellaneous Sales and Charges be budgeted at \$5,000 in FY 2010/11 in association with Plat Fee Revenue. This revenue is currently being remitted to the State, but needs to be utilized to offset costs paid by the County to operate the Recording Department. This will decrease the contribution from the General Fund to the Clerk of the Courts by \$5,000. This will positively impact the Special Council Contingency by \$5,000.
5. We recommend that Supervision Allocated (09900) be reduced by \$13,511 due to a change in methodology of which the Clerk's Office is in agreement. This will positively impact the Special Council Contingency by \$13,511.
6. We recommend that Salaries and Benefits be reduced by \$66,945 due to moving two employees out of this subfund that can be paid for by the \$1.90 revenue source outlined in F.S. 28.24. This would comply with the MOU signed February 6, 2008 between the Clerk's Office and City of Jacksonville that states that the Clerk will fund all Computer Technology from funding sources other than the Recording Fees or other City funds. This will decrease the contribution from the General Fund to the Clerk of the Courts by \$66,945. This will positively impact the Special Council Contingency by \$66,945.
 - a. As of August 10, 2010 there were 386 filled positions in the Clerk's Office with 34 being County positions. Of the 34 filled County positions, 6 are IT personnel. Last year during the budget process there were four IT positions removed from this subfund to reduce the number of IT personnel paid by the County to 4. However, the City is still paying for 6 IT positions and due to this fact we are recommending a reduction of 2 positions for the upcoming fiscal year so that the City would be funding only 4 IT positions in the Clerk's Office.
7. Currently all copy fee revenue reverts to the State; however, a portion of the revenue is non court-related and should be utilized to offset costs associated with non court-related functions. Due to uncertainties related to the amount of the revenue stream, we do not recommend budgeting for this revenue at this time. Instead, when the revenue comes in during the year the revenue could be appropriated at that time.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
FINANCE
SELF INSURANCE (561)**

BUDGET BOOK REFERENCE – Page #79

BACKGROUND:

This fund administers a self-insured Worker's Compensation and Auto/Liability program for the City and independent agencies such as the JEA, Jacksonville Port Authority, Jacksonville Housing Authority and the Jacksonville Aviation Authority. As an internal service fund, revenues are generally billed to other City funds and Independent Agencies. Exceptions to this rule include interest earnings and monies from the State of Florida for 2nd injury worker's compensation claims.

REVENUES:

1. Charges for Services:
 - The increase is due to charges for services based upon expenses in this fund, less non-billing revenue. The remaining amount is then billed to internal and external agencies.
2. Miscellaneous Revenue:
 - The increase is due to the amount of interest in investment pool earnings projected.
3. Transfers from Fund Balance:
 - The decrease is due to a transfer not being budgeted for Fiscal Year 2010-2011.
4. Other Sources:
 - There is an Interfund transfer from the General Fund into sub-fund 561 for debt service principal and interest on the Adam's Mark Hotel.

EXPENDITURES:

1. Salaries:
 - There is a decrease of \$76,103 in permanent and probationary salaries, primarily due to a 3% salary line item reduction. Other savings were realized by reclassifying one Workers Compensation Administrator position to a Workers Compensation Specialist position along with a reduction in part-time salaries.
2. Employer Provided Benefits:
 - The decrease of \$10,131 is due to decreases in FICA Payroll and Medicare taxes, health insurance contribution costs and workers compensation. These decreases were partially offset by an increase in pension contribution.

3. **Internal Service Charges:**
The increase of \$64,446 is primarily due to increased costs for ITD data center services of \$50,575, tech refresh and ITD network group services of \$20,928, wireless communication of \$6,252 and copy center services for \$3,089 along with other IT internal service increases. These increases were partially offset by a reduction in telecommunication services of \$16,983.
4. **Other Operating Expenses:**
 - The increase of \$743,847 is mostly due to higher insurance costs resulting from higher paid loss claims. This increase was partially offset by a reduction in the state assessment fee of \$300,000.
5. **Supervision Allocation:**
 - The Supervision Allocation is used to allocate the administrative overhead for Risk Management. The increase is due to Self-Insurance's portion of the administrative overhead increasing.
6. **Transfers to Other Funds:**
 - Reduction is due to a transfer to other funds not being budgeted for Fiscal Year 2010-2011. A transfer representing excess premium revenue was refunded to the City and transferred to the General Fund to help the City fund the budget for Fiscal Year 2009-2010.

SERVICE LEVEL CHANGES:

There are no service level changes.

EMPLOYEE CAP CHANGES:

There are no changes.

RECOMMENDATIONS:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
FINANCE
INSURED PROGRAMS (581)**

BUDGET BOOK REFERENCE - Page # 83

BACKGROUND:

This internal service fund administers a Miscellaneous Insurance Program for the City and Jacksonville Port Authority. Along with other policies, the City maintains property coverage, aviation insurance, a blanket crime policy and a policy covering the River Walk.

REVENUES:

1. Charges for Services:

- There is a decrease of \$90,090 due to a reduction in the property insurance premium.

2. Fund Balance Transfer:

- There is a fund balance transfer of \$958,358 in order to help keep the property allocations flat.

EXPENDITURES:

1. Salaries:

- There is a decrease of \$14,677 in permanent and probationary salaries due to a 3% salary line item reduction..

2. Employer Provided Benefits:

- The decrease of \$4,187 is due to reductions in pension and health insurance contributions, FICA Medicare taxes and workers compensation.

3. Internal Service Charges:

- The decrease of \$145,487 is primarily due to reductions in ITD data center services of \$126,103, ITD network group services of \$17,147, telecommunication, copier consolidation program and wireless communication services of \$9,417. The reductions were offset by nominal increases in tech refresh and mailroom services.

4. Other Operating Expenses:

- The decrease of \$417,705 is primarily due to a reduction of \$320,719 in the insurance premium expense, \$100,000 in professional services along with \$3,000 in postage expenses which is offset primarily from a \$9,000 increase in travel expenses. Also, \$14,700 of the \$21,800 budgeted for Travel Expense is being budgeted for the City Risk Manager and the Risk Manager for the Jacksonville

Port Authority (JPA participates with the City in property coverage) to travel to London, Dublin, and Paris for the procurement of property coverage.

5. Supervision Allocation:

- The Supervision Allocation is used to allocate the administrative overhead for Risk Management. The decrease is due to Miscellaneous Insurance's portion being subsidized by the Sub-fund's retained earnings to reduce the total cost allocated.

6. Indirect Cost:

- This number is based on the KPMG Cost Report.

7. Lapse:

- The increase is due to a change in the lapse allocation.

SERVICE LEVEL CHANGES:

There are no significant changes in service level.

EMPLOYEE CAP CHANGES:

There are no changes.

RECOMMENDATIONS:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYORS' PROPOSED FY 2010/11 BUDGET
CENTRAL OPERATIONS
GROUP HEALTH (571)**

BUDGET BOOK REFERENCE – Page # 32

BACKGROUND:

This Internal Service Fund provides for the costs of group hospitalization, life insurance and other types of employee insurances.

REVENUES:

1. Miscellaneous Revenue:
 - The increase of \$39,815 is attributable to investment earnings.
2. Charges for Services:
 - The increase of \$6,910,868 is mainly attributable to a 10% rate increase for nine (9) months in group health insurance and Humana Senior Care.

EXPENDITURES:

1. Lapse:
 - The net increase of \$22,673 is the result of a change in the lapse allocation.
2. Cash Carryover:
 - The decrease of \$292,187 was for the removal of a reserve budgeted in FY 10 for potential insurance increases.
3. Salaries:
 - The decrease of \$90,751 is mainly attributable to a decrease of one (1) Accountant position and a 3% reduction in this salary line item.
4. Employer Benefits:
 - The net decrease of \$23,364 is mainly attributed to decreases in workers' compensation of \$10,537, group health insurance of \$6,892 and group life insurance of \$2,138.
5. Internal Service Charges:
 - The net decrease of \$8,322 is mainly attributed to decreases in ITD, legal and telecommunication charges. This is offset somewhat with increases in copy center and mailroom charges.
6. Other Operating Expense:
 - The net increase of \$7,382,662 is primarily attributed to an increase of \$6,852,139 for insurance costs (10% rate increase), \$350,000 for the wellness program,

\$162,280 for the employee assistance program and \$15,000 for the flexible spending account administration.

7. Indirect Cost:

- The decrease of \$40,028 is due to a change in indirect cost.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

The cap decreased by one (1) position.

WELLNESS PROGRAM DESCRIPTION:

1. The Wellness Program is a program in which qualifying City employees will enter into a nutrition and exercise program for a period of 8 weeks with the possibility of an extension for a second 8 weeks at no cost to the employee. The funds will be comprised of \$350,000 from the City and an additional \$150,000 from Aetna, the City's healthcare provider for a total of \$500,000. If the participating employees fail to follow the rules of the program, then the employee will have to reimburse the City the cost of their participation in the program. There are eight qualifying diseases that will make employees eligible. They are: asthma, secondary cholesterol, coronary artery disease, diabetes, gastro-esophageal reflux disease, hypertension, hyperlidemia, and morbid obesity. The HIT Center of Jacksonville has been contracted through an RFP process to provide the trainers and nutritionists for this program.

RECOMMENDATIONS:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
GENERAL EMPLOYEES PENSION TRUST
S/F 611**

PROPOSED BUDGET BOOK – pg 87

BACKGROUND:

The City of Jacksonville is the trustee, or fiduciary, for the City Employees' retirement plan. The employees pension cost is 8%. The City's contribution to the pension is 13.50%

REVENUES:

1. Miscellaneous Revenue:

- This revenue is classified as Payroll Deductions. The Payroll Deductions offset the Pension Administration costs.

EXPENDITURES:

1. Employer Provided Benefits:

- The \$8,274 decrease is primarily due to \$5,788 in workers' compensation insurance and \$2,162 in pension contribution.

2. Internal Service Charges:

- The \$48,049 decrease is primarily due to \$42,863 in the allocation of Information Technology Department data center service charges and the \$10,381 in system development. There is an offset of \$5,263 in the allocation of general counsel office service charges.

3. Other Operating Expenses:

- The increase of \$2,722,469 is primarily due to the increase of \$2,740,831 in Professional Services for consultant fees paid to the Money Managers and other professionals to manage the City's General Employee Pension investments. See the following table for details of the Professional Service component. All are Pension Fund Money Managers unless otherwise noted:

Explanation	Amount
Franklin Templeton	\$ 358,437
Advisory Research	301,382
Pzena	550,285
Eagle Capital	656,499
JP Morgan Fleming	3,144
Franklin Templeton Invs	2,116
Neuberger Berman	1,332,342
PanAgora - T1	55,698
Westwood - T2	196,505
Pinnacle Associates	227,014
Intech Enhanced	1,419,820
Alliance Bernstein - T1	97,885
Vontobel - T2	56,769
Silchester	710,352
Baillie Gifford	497,133
Acadian Asset Management	659,918
Taplin Canida & Habacht	322,588
Richmond Capital	228,387
Tattersall Advisory Group	7,574
Franklin Templeton	205,743
LS Mult Sect Full Discretion	341,986
Wells Capital	295,254
Income Research & MGMT	237,544
UBS	254,032
Hancock Timber	140,671
European Investors	97,480
JXP Cash Account	51,751
Baptist Medical - Disability and Pension Physicals	186,600
Klausner & Kaufman - Pension Legal Counsel	125,000
Jim Linn - Pension Legal Counsel	10,000
Actuarial Concepts - Actuarial Services	60,000
Summitt Strategies Group - Pension Portfolio Consultant	285,000
BNY Mellon - Pension plan custodians	112,000
Pension Custodial Fees	175,000
	\$ 10,261,909

4. Supervision Allocation:

- The Supervision Allocation is the portion of this subfund's administrative cost that is allocated to the Corrections Officers Pension Trust (s/f 613).

5. Indirect Cost:

- The increase of \$8,484 is due to revision of the indirect cost study performed by KPMG.

6. Lapse:

- The increase is a result of removing the lapse imposed in FY 10.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

No change.

Schedule of Investments at Market:

	<u>May 31, 2009</u>	<u>May 31, 2010</u>
Bonds and Notes	\$ 527,081,767	\$ 503,352,844
Common/Preferred Stock	\$ 554,024,824	\$ 672,145,049
Cash Equivalents	\$ 35,987,208	\$ 54,270,860
Real Estate	\$ 120,259,204	\$ 121,060,558
Other	\$ 117,626,196	\$ 129,949,578
Total	<u>\$ 1,354,979,199</u>	<u>\$ 1,480,778,889</u>

CITY OF JACKSONVILLE RETIREMENT SYSTEM FUNDING PROGRESS

Unfunded Actuarial Accrued Liability (UAAL) at September 31, 2009			
(in thousands)			
Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (a-b)	Funded Ratio (b/a)
\$ 2,065,464	\$ 1,591,345	\$ 474,119	77.05%

RECOMMENDATIONS: We recommend the Professional Services (03109) line item be reduced by \$175,000 due to the miscalculation of Pension Plan Custodian Fees. This will not have an affect on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2010/11 BUDGET
 CORRECTIONAL OFFICERS PENSION TRUST
 S/F 613**

PROPOSED BUDGET BOOK – Pg. 89

BACKGROUND:

The Correctional Officers' Pension Fund was established to provide pension benefits and protection for the correctional officers of the City of Jacksonville. The Correctional Officers Pension Fund is funded by an administrative surcharge of \$20 per person arrested and booked into the City correctional facilities.

- The City Contribution percentage for FY 2010/11 is 31.78%. The employee contribution is 8%.
- The City contribution will be approximately \$9.8 million.
- As of September 30, 2009, the Correctional Officers' Pension Trust Fund's funded percentage is 47.70%.

REVENUES:

1. Fines and Forfeits:

- These funds are received from the \$20 surcharge mentioned above.

EXPENDITURES:

The Supervision Allocation is the cost to the Fund for administration by personnel in subfund 611 – the General Employees Pension Fund.

SERVICE LEVEL CHANGES:

There are no significant changes.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

RECOMMENDATIONS: None

CITY OF JACKSONVILLE RETIREMENT SYSTEM FUNDING PROGRESS

Unfunded Actuarial Accrued Liability (UAAL) at September 31, 2009			
(in thousands)			
Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (a-b)	Funded Ratio (b/a)
\$ 181,031	\$ 86,358	\$ 94,673	47.70%

**CITY COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
 2010/2011 PROPOSED BUDGET**

- ✓ The Police and Fire Pension Fund is not included in the Mayor's Proposed Budget. Pursuant to Section 25 of the Settlement Agreement dated March 5, 2001, the Board is required to submit its budget for approval to the City Council.
- ✓ The Police and Fire Pension Fund proposes an increase in administrative costs of \$911,344 or 13% from the current budget of \$7,194,325. The Building and Parking Garage Operations budgets are remaining the same as the current year. The total proposed budget for 2010/2011 is \$8,380,304 which is an increase from the current budget of \$7,468,960 or 12%.

ADMINISTRATIVE EXPENDITURES

	2009/2010 ORIGINAL	2010/2011 PROPOSED	DOLLAR CHANGE	PERCENT CHANGE	F/N
Personnel Services	\$ 1,039,794	\$ 1,117,840	\$ 78,046	8%	(A)
Operating Expenses	5,995,337	6,854,825	\$ 859,488	14%	(B)
Capital Outlay	159,194	133,004	\$ (26,190)	-16%	
Total Administrative Budget	\$ 7,194,325	\$ 8,105,669	\$ 911,344	13%	

(A) This increase is mainly due to the restoration of the 3% salary line item reduction for FY 2010, along with increases in pension contributions and health insurance costs. Ordinance 2010-631-E restored the 3% salary line item reduction.

(B) This increase is mainly due to an increase in Professional Services of \$850,000. The Professional Services line item consists of the following:

<u>Services</u>	<u>Amount</u>
Money Managers	\$ 5,250,000
Auditors	\$ 33,000
Investment Consultant	\$ 225,000
Actuary	\$ 55,000
Pension Plan Custodian	\$ 112,000
Securities Lending	\$ 60,000
Legal Counsel	\$ 85,000
Medical Director	\$ 30,000
Total	\$ 5,850,000

BUILDING OPERATIONS:

	2009/2010 ORIGINAL	2010/2011 PROPOSED	DOLLAR CHANGE	PERCENT CHANGE	F/N
Operating Expense	\$ 196,739	\$ 196,739	\$ -	0%	
Capital Outlay	40,295	40,295	\$ -	0%	
Total Building Operations	\$ 237,034	\$ 237,034	\$ -	0%	(C)

(C) The Building Operations expenditures will be offset by rental revenues estimated at \$567,567 for the 2010/2011 fiscal year.

**COMMENTS AND RECOMMENDATIONS
POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
2010/2011 PROPOSED BUDGET**

PARKING GARAGE OPERATIONS:

	2009/2010 PROPOSED	2010/2011 PROPOSED	DOLLAR CHANGE	PERCENT CHANGE	F/N
Operating Expenses	\$ 12,156	\$ 12,156	\$ -	0%	
Capital Outlay	25,445	25,445	\$ -	0%	
Total Expenditures	\$ 37,601	\$ 37,601	\$ -	0%	(D)

(D) The Parking Garage Expenditures will be offset by rental revenues estimated at \$218,066 for the 2010/2011 fiscal year.

HAVERTY'S BUILDING REVENUE: \$1,190,000

Since the completion of the Haverty's renovation project by the Police and Fire Pension Administration, the City has been leasing the building based on its current obligation. The current agreement states that the City will pay lease payments amounting to an annual rate of 11.9% of all costs incurred by the Police and Fire Pension Administration for renovation of the building but not exceeding \$10 million in costs. 11.9% of the maximum cost of \$10 million results in an annual lease payment to the Police and Fire Pension Fund of \$1,190,000, or \$19.83 per square foot.

Beginning with Fiscal Year 2013/14, the City has the option of purchasing the Haverty's Building every four years. The re-purchase price of the Haverty's building from the Police and Fire Pension Fund will consist of the (i) the \$3,000,000 original purchase price from the City and (ii) reimbursement of the Fund's out-of-pocket costs incurred with the renovation of the property not to exceed \$10,000,000, together with its closing costs for purchase and sale, plus a 3% annual increase in such costs. The re-purchase price will be approximately \$14,500,000 at the first re-purchase window in Fiscal Year 2013/14. The next re-purchase window would not occur until Fiscal Year 2017/18 and the price would be approximately \$16,000,000 at that time.

MARKET VALUE OF INVESTMENTS:

	May 31, 2009	May 31, 2010
Bonds/Notes	\$ 262,249,322	\$ 264,750,898
Common Stock	383,730,519	471,244,041
S&P 500 Index	37,572,450	74,694,925
Partnership	38,358,663	61,085,555
Cash Equivalents	23,675,810	34,555,608
Real Estate	71,600,350	63,011,294
Other**	(7,195,648)	(21,564,416)
Total	\$ 809,991,466	\$ 947,777,905

**This category represents pending trades that have not been settled as of that date.

- ✓ For the twelve month period 5/31/09 to 5/31/10, the Pension Fund increased by \$137,286,439 or 17.01%.
- ✓ The proposed cost of administering the Police and Fire Pension Fund market value of investments of \$8,105,669 represents .86% of its balance at May 31, 2010. The cost of Professional Services for Money Managers of approximately \$5.2 million included in administrative costs, represents .55% of the Pension Fund's Balance.

**COMMENTS AND RECOMMENDATIONS
POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
2010/2011 PROPOSED BUDGET**

DEPARTMENT EMPLOYEE CAP:	2009/2010 Original	Inc/(Dec)	2010/2011 Proposed
	8	0	8

RECOMMENDATIONS: None

COMMENTS:

As of 9/30/09 the Police and Fire Pension fund has an unfunded actuarial accrued liability of approximately \$897,949,000. The pension rate contribution from the City will be the same as the current year, 49.6%, for FY 2011 with an estimated contribution of approximately \$80.7 million.

POLICE AND FIRE PENSION RETIREMENT SYSTEM FUNDING PROGRESS

(in thousands)

Unfunded Actuarial Accrued Liability (UAAL) at September 30, 2009

Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (a-b)	Funded Ratio (b/a)
\$ 1,753,946	\$ 855,997	\$ 897,949	48.80%

Council Auditor's Office					
Police and Fire Pension					
Salary Comparison					
2010/2011 Budget					
Position Description	2009/2010 Original**	2010/2011 Proposed	Dollar Change	Percent Change	F/N
Executive Director/Administrator	\$ 238,702	\$ 238,702	\$ -	0%	
Deputy Executive Director	169,744	169,744	\$ -	0%	
Financial Services Manager	97,368	97,368	\$ -	0%	
Building Services Manager	85,104	85,104	\$ -	0%	
Executive Assistant	57,240	59,880	\$ 2,640	5%	
Assistant Building Services Manager	59,868	62,362	\$ 2,494	4%	
Pension Benefits Specialist	51,420	53,604	\$ 2,184	4%	
Administrative Assistant	36,968	38,196	\$ 1,228	3%	
	\$ 796,414	\$ 804,960	\$ 8,546	1%	
** After the restoration of the 3% salary line item reductions for FY 2010.					

**POLICE AND FIRE PENSION FUND
JACKSONVILLE, FLORIDA
BUDGET FISCAL YEAR 2010/2011**

ESTIMATED REVENUES

Trust Fund Revenues	\$	8,105,669
Total Estimated Revenues		\$ 8,105,669

SCHEDULE AB

APPROPRIATIONS

Personnel Services	\$	1,117,840
Operating Expenses	\$	6,854,825
Capital Outlay	\$	133,004
Total Appropriations		\$ 8,105,669

SCHEDULE AC

The following is the detail breakdown for the Building Operations, Parking Garage Operations and the Haverty's Project budgets.

	Building Operations	Parking Garage Operations	Godbold City Hall Annex
Rental Revenues	\$ 567,567	\$ 218,066	\$ 1,190,000
Total Revenues	\$ 567,567	\$ 218,066	\$ 1,190,000
Operating Expenses	\$ 196,739	\$ 12,156	0
Capital Outlay	\$ 40,295	\$ 25,445	0
Total Expenses	\$ 237,034	\$ 37,601	0
Surplus/(Deficit)	\$ 330,533	\$ 180,465	1,190,000

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
PLANNING & DEVELOPMENT
GENERAL FUND (011)**

PROPOSED BUDGET BOOK- Page # 233

BACKGROUND:

The Planning and Development Department manages existing and future development within the City of Jacksonville. Matters pertaining to zoning, the comprehensive plan, concurrency, land use, inspections and building codes fall within the purview of this department.

The general fund portion of the Planning and Development Department consists of the Office of the Director, Community Planning Division, Current Planning Division, and Development Services Division.

REVENUES:

1. Charges for Services:

- The \$233,840 increase is primarily based upon fee increases in zoning and rezoning fees, comprehensive amendment fees, subdivision regulation fees and certificates of use. The fee increases were enacted in April 2010 through Ordinance 2010-216.

2. Fines and Forfeits:

- Civil fines and penalties occurring in the City's Historic Preservation Districts are projected to be \$5,264 in FY 11. These fines and penalties were enacted in April 2010 through Ordinance 2010-216.

3. Miscellaneous Revenue:

- The \$8,025 decrease is attributable to fewer anticipated collections of filing fees associated with right-of-way permits.

EXPENDITURES:

1. Salaries:

- The decrease of \$348,729 is primarily due to the deletion of four (4) vacant positions as well as a \$30,000 reduction in the level of internships funded from part-time wages, a \$5,473 reduction in overtime, coupled with the 3% salary line item reduction.

2. Lapse:

- The \$16,886 reduction is due to the removal of a salary lapse for this Department. The salary lapse is calculated based on historical data, and attempts to account for fluctuations caused by employee turnover.

3. Employer Benefits:

- The \$90,252 net decrease is primarily reflective of the reduction in positions, part-time wages and overtime. A reduction in the allocation for workers compensation contributed \$29,793 to the overall decrease. These cost savings were offset by a \$11,736 increase in the contributions for pension.

4. Internal Service Charges:

- The \$35,364 net increase is primarily due to a \$135,421 increase in information technology costs, especially in the area of GIS/Aerial support and a \$6,808 increase in the allocation for legal services. These cost increases were offset by a reduction in telecommunication costs (\$62,748), fleet operating costs (\$21,812), and copying costs (\$22,338).

5. Other Operating Expenses:

The \$31,675 net decrease reflects a Department-wide approach to lower operating costs associated with travel, printing, advertising/promotion, office supplies and miscellaneous services and charges. Additionally, with the Department's relocation of office space from the Florida Theatre Building to the Ed Ball Building, a \$52,125 cost savings was achieved in the provision of guard service. These costs savings were offset by an increase in professional services of \$24,535 relative to the manatee study along with increases in the allocation for plant renewal of \$6,801 and miscellaneous insurance of \$2,141.

6. Capital Outlay:

- There are no changes to this line item.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

Four (4) vacant positions were eliminated from the FY 11 budget.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
PLANNING & DEVELOPMENT
CONCURRENCY MANAGEMENT SYSTEM (112)**

PROPOSED BUDGET BOOK – Page # 240

BACKGROUND:

The Concurrency Management System measures the potential impact of a proposed development on the adopted minimum levels of services, as established by the 2030 Comprehensive Plan. All fees received by the City in connection with the applications, appeals, administration, enforcement and management of the Concurrency Management System are deposited pursuant to Chapter 655 of the Municipal Code.

REVENUES:

1. Miscellaneous Revenue:

- Investment earnings decreased \$46,000 based primarily on the decreased level of concurrency management fees being generated.

2. Transfers from Fund Balance:

- The \$185,755 transfer represents the balance of funding necessary to support FY 11 operations and provide a reimbursement to the general fund for transportation-related planning positions performing concurrency review.

3. Charges for Services:

- The \$508,000 decrease is the result of reduced activity and lower fees being collected from development applications, Fair Share agreement applications, informal reviews, appeals and special traffic study reviews.

EXPENDITURES:

1. Salaries:

- The \$8,704 decrease is primarily due to a 3% reduction in the salary line item.

2. Employer Provided Benefits:

- There are no significant changes to this line item.

3. Internal Service Charges:

- The \$83,208 decrease is primarily due to lower technology costs surrounding the Concurrency System database. The allocation rate for maintaining the database was reduced. In addition, it is anticipated that the database will require less IT development time.

4. Other Operating Expenses:

- The \$397,908 decrease is primarily due to special traffic studies and transit concurrency reviews related to the TCEA Mobility Plan that occurred in FY 10. These studies will not require funding in the FY2010/11 budget.

5. Transfers to Other Funds:

- This is a transfer the General Fund to pay for General Fund employees who perform duties related to Concurrency. The decrease of \$166,465 is due to these employees spending less time performing those duties because of a move towards a more automated system related to Concurrency. The new model to be used by Concurrency Management is less labor intensive.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
PLANNING & DEVELOPMENT
BUILDING INSPECTION (159)**

PROPOSED BUDGET BOOK- Page #236

BACKGROUND:

The Building Inspection Division reviews and approves plans, issues permits for residential and commercial construction, and performs building, plumbing, mechanical, electrical, sign, landscape and swimming pool inspections in accordance with the Florida Building Code and local ordinances.

REVENUES:

1. Miscellaneous Revenue (JACKSONVILLE CITYWIDE ACTIVITIES):
 - Investment earnings are expected to increase by \$94,000. Lower projections in the number of Certificates of Occupancy contributed to a minor offsetting decrease in Miscellaneous Revenue in the amount of \$13,176.
2. Transfers from Fund Balance (JACKSONVILLE CITYWIDE ACTIVITIES):
 - A transfer from Fund Balance is not financially necessary to fund operations in FY 2010/11 given the combination of various fee increases in inspections and permits and maintaining overall costs.
3. Charges for Services (PLANNING AND DEVELOPMENT):
 - The \$3,563,485 increase reflects a revised fee structure for various inspections and permits.

EXPENDITURES:

1. Lapse (JACKSONVILLE CITYWIDE ACTIVITIES):
 - The increase of \$158,249 is a result of the removal of a lapse imposed in FY 2009/10.
2. Cash Carryover (JACKSONVILLE CITYWIDE ACTIVITIES):
 - The availability of an \$807,026 Cash Carryover will help restore equity reserves to an appropriate level.
3. Salaries (PLANNING AND DEVELOPMENT):
 - The \$277,092 decrease is attributable to the unfunding of three (3) positions and the 3% line item salary reduction.
4. Employer Provided Benefits (PLANNING AND DEVELOPMENT):
 - The decrease of \$19,536 is attributable to the unfunding of three (3) positions and reflects an offsetting increase in the contributions for pension costs and workers compensation for the positions being funded.

5. Internal Service Charges (PLANNING AND DEVELOPMENT):
 - The decrease of \$240,664 mainly reflects a combination of reduced charges in information technology (\$81,550), telecommunication (\$67,849) and fleet (\$72,991), offset by modest increases in legal and copy center charges.
6. Other Operating Expenses (PLANNING AND DEVELOPMENT):
 - The decrease of \$99,829 is primarily based upon a \$46,134 reduction in the rent allocation for use of office space in the Ed Ball building and a \$20,148 reduction in Tax Collector charges. Additional savings were achieved in operating supplies.
7. Banking Fund Debt Repayment (PLANNING AND DEVELOPMENT):
 - The \$769,750 value reflects FY 2010/11 costs associated with a 2009 issuance of bonds. The variances reflected in Banking Fund Debt Repayment and Debt Service are based upon a change in methods to pay debt: from an interfund transfer to a banking fund loan repayment through internal services.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

Although there are no changes to the employee cap, three (3) vacant positions in Planning and Development Department / Building Inspection Division were unfunded to match the reduced demand for construction-related services and lower operating costs.

IT SYSTEM DEVELOPMENT PROJECT:

Administration has requested \$171,963 for the implementation of an electronic plans submission system. It will be offset by a decrease in Cash Carryover and will have no impact on Special Council Contingency.

RECOMMENDATIONS:

1. Reduce Charges for Services by \$310,290 by decreasing Cash Carryover by the same amount due to the overestimated revenues from various fee increases. This reduction will have no impact on the General Fund.
2. Reduce Building Permit Review Fee by \$115,623 by decreasing Cash Carryover by the same amount due to the overestimated revenues from new fees. This reduction will have no impact on the General Fund.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
OFFICE OF THE MAYOR (S/F 011)**

Proposed Budget Book Page # 216

BACKGROUND:

This fund provides for the operating and salary expenditures of the Mayor's Office and the Office of the Inspector General.

REVENUES:

There are no revenues.

EXPENDITURES:

1. Salaries

- The decrease of \$181,458 is due to the transfer of one (1) FTE and a 3% salary line item reduction.

2. Employer Provided Benefits:

- The net reduction of \$17,896 is mainly due to reductions in workers' compensation of \$29,795, payroll taxes of \$24,617 and group life insurance of \$8,247. These decreases are partially offset by an increase in pension contributions of \$40,223, disability contribution of \$5,219 and FRS pension contribution of \$2,936.

3. Internal Service Charges:

- The net reduction of \$97,981 is mainly due to a reduction in ITD data network group of \$65,261, telecommunication of \$19,834, copy center of \$5,562, wireless communication of \$4,676, copier consolidation of \$4,180, ITD network group of \$4,128 and fleet parts/oil/gas of \$2,762. These reductions are somewhat offset by an increase in technology refresh of \$5,534 and mailroom charge of \$4,689.

3. Other Operating Expenses:

- The reduction of \$23,157 is mainly due to reductions in employee training of \$7,260, travel of \$5,650, printing and binding \$4,050 and other operating expenses of \$3,300.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

The employee cap was reduced by one (1). The decrease is the result of one position within the Inspector General's Office being transferred to Central Operations.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
ADVISORY BOARDS & COMMISSIONS (S/F 011)**

Proposed Budget Book Page # 17

BACKGROUND:

This fund includes the Mayor's Asian Commission, Civil Service Board, Construction Trade Qualifying Board (CTQB), Hispanic American Advisory Board, and the Mayor's Commission on the Status of Women.

REVENUES:

1. Charges for Services:

- The increase of \$199,000 is due to the seasonality of contractor certification and renewal fees. The CTQB-issued certificates are renewed every two years and 2010/11 is a renewal year.

2. Miscellaneous Revenue:

- There are no changes.

EXPENDITURES:

1. Salaries:

- The decrease of \$2,713 is due to a 3% reduction in the salary line item.

2. Employer Provided Benefits:

- The reduction of \$5,733 is mainly due to reductions in group hospitalization of \$2,437, pension contributions of \$1,671 and workers compensation of \$1,351.

3. Internal Services

- The net reduction of \$10,466 is mainly due to reductions in telecommunications of \$8,517, ITD data center service of \$4,281 and copier consolidation of \$823. These decreases were slightly offset by an increase in copy center services of \$1,078 and technology refresh of \$954.

4. Other Operating Expenses

- There were no significant changes.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2010/11 BUDGET
CITY COUNCIL
GENERAL FUND (011)**

PROPOSED BUDGET BOOK – Page # 36

BACKGROUND:

This department includes the Office of the Council Auditor, Council Direct Expenditures, Council President Expense Account, Council Staff Services and the Value Adjustment Board.

REVENUES:

1. Miscellaneous Revenue:

- The increase of \$131,555 is due to increases in value adjustment board expense reimbursements from the Duval County School Board due to the greater number of VAB protests as well as a more comprehensive billing methodology.

EXPENDITURES:

1. Salaries

- The decrease in salaries is mainly due to a 3% salary line item reduction, including Councilmembers.
- Presently, the salaries for the Councilmembers are underbudgeted. This was caused by a clerical error in the City Council department's budget computations that was not caught by the Budget Office. The computations left the salary of the Council President out of the total for all Council Members.
- The Budget Office is projecting a 3.25% salaries increase for all elected officials (including Constitutional Officers). This increase is set by the State of Florida. This increase was not calculated on the Councilmember salaries. If the Council desires to restore this increase, additional funds will need to be appropriated to the salaries line. If the Council does not desire to accept the increase, a waiver of Municipal Code section 129.102 (Salary of members of Council; salary of Council President) will be required.

2. Internal Services Charges:

- The net reduction of \$62,807 is mainly due to reductions in ITD data center service of \$102,853, telecommunication of \$45,538 and banking fund repayment of \$10,026. These reductions are partially offset by an increase in legal costs of \$82,613, technology refresh of \$10,702 and ITD network group of \$5,315.

3. Other Operating Expenses:

- The net increase of \$57,974 is mainly due to increases in professional services of \$90,050 for the Value Adjustment Board, building plant renewal of \$11,123, travel of \$4,132 and printing and binding of \$3,500. These increases are partially

offset by reductions in advertising and promotion of \$45,000, general liability insurance of \$2,228 and repairs and maintenance of \$2,500.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes in the number of authorized positions.

RECOMMENDATIONS:

1. We recommend that revenues generated by the property appraisal protest fees (CCCS011 subobject 34904) be increased by \$20,000. Petitions filed with the Value Adjustment Board have continued to increase, and raising the line by this amount will place it in alignment with 2009 VAB year actuals.

2. We recommend that salaries in Council Direct Expenditures (CCDE011AD subobject 01201) be increased to correct an input error made by the department. This total consists of the Council President's salary, which was inadvertently left out of the aggregate Council Members salaries line. There are a number of scenarios that the Council must consider in determining its salary for fiscal year 2010/11. This includes the proposed 3.25% State COLA as well as the proposed 3% line item salaries reduction. Whatever scenario is selected will determine the amount that must be added to the salaries line for next fiscal year. If the Council decides to forego the State COLA, a waiver of the following Municipal Code Language will be needed:

Sec. 129.102 - Salary of members of Council; salary of Council President.

A) Each member of the Council, other than the Council President, shall receive an annual salary equal to one-half of the salary allowed for a member of the Board of County Commissioners in a county with a population equal to that of Duval County, in accordance with the provisions of F.S. §§ 145.031(1) and 145.19.

B) The Council President shall receive a salary equal to the salary allowed for a member of the Council in subsection (a) of this Section plus an additional amount equal to one-third of that salary.

Please see the attached handout which breaks down each scenario.

3. We recommend that the FRS pension contribution line of \$8,718 be eliminated under Council Staff Services (CCSS011AD subobject 02204) as there are no employees under this index code who have an FRS pension.

4. We recommend that the Professional Services line under the VAB (CCCS011 subobject 03109) be increased by \$41,621 to be more in alignment with current year actuals. This line item covers the costs of the Special Magistrates who hear the VAB cases and the VAB attorney.

5. The department is requesting that a vacant position within the Research Division be defunded in order to help offset the increases needed in the department. The total savings as a result of defunding the position (which includes salary & benefits) will be \$54,667.

6. We recommend that two revenue subobjects (Road Closure Fees and IRB Application Fees) be moved from the Value Adjustment Board (CCCS011) to Council Staff Services (CCSS011AD) to properly categorize these revenues. We also recommend that a Miscellaneous Sales and Charges revenue line be added to Council Staff Services (CCSS011AD) so that public records request revenues pertaining to this function can be deposited. This will require the Miscellaneous Sales and Charges line currently budgeted under VAB to be split in half, with one half going to Council Staff Services. The effect is a decrease in revenues of \$3,750 to VAB and an increase in revenues of \$3,750 to Council Staff Services.

NOTE: Assuming that Scenario # 2 on the attached handout is selected and each recommendation above is approved, the net effect of these actions will be neutral to Special Council Contingency.

Council Auditor's Office
 FY 2010/11 Budget
 Council Member Salary Scenarios

Scenario	Proposed	#1		#2		#3		#4	
		Current Year	Δ from Proposed	With 3% Cut	Δ from Proposed	With 3.25% State Raise	Δ from Proposed	With Raise & Cut	Δ from Proposed
Salary	\$ 782,313	\$ 866,509	\$ 84,196	\$ 840,514	\$ 58,201	\$ 894,671	\$ 112,358	\$ 867,830	\$ 85,517
Social Security	56,881	53,724	(3,157)	52,112	(4,769)	55,470	(1,411)	53,805	(3,076)
Medicare	13,303	12,564	(739)	12,187	(1,116)	12,973	(330)	12,584	(719)
Pension (FRS)	167,223	161,517	(5,706)	156,672	(10,551)	166,767	(456)	161,764	(5,459)
Total	\$ 1,019,720	\$ 1,094,314	\$ 74,594	\$ 1,061,485	\$ 41,765	\$ 1,129,881	\$ 110,161	\$ 1,095,983	\$ 76,263

ASSUMPTIONS:

1. Current Year Salary is based on actual amounts.
2. Social Security is computed as 6.2% of Salary for each scenario.
3. Medicare is computed as 1.45% of Salary for each scenario.
4. Pension is computed as 18.64% of Salary for each scenario (this is the FY 10/11 rate per FRS).
5. Pension under Current Year is computed at the FY 10/11 rate so that the amount needed to keep fy 10/11 expenses at current year levels can be computed.
6. The Δ from Proposed column is the increase or decrease that would be needed in each line to get from the Proposed budget to the amounts in the particular scenario.

**COUNCIL AUDITOR'S OFFICE
MAYOR'S PROPOSED FY 2010/11 BUDGET
TOURIST DEVELOPMENT COUNCIL
TOURIST DEVELOPMENT COUNCIL (S/F 132)**

PROPOSED BUDGET BOOK – Page #38

BACKGROUND:

This sub-fund accounts for the first two percent tax levy on lodging. The Tax Collector collects the Tourist Development Tax and remits it to the City for administration by the Duval Tourist Development Council (TDC).

REVENUES:

1. Taxes:

- The reduction of \$554,314 is due to reduced tax revenue.

2. Transfer from Fund Balance:

- The proposed decrease of \$2,637,000 is due to a reduction in fund balance contribution. Recommendation #1 reduces the amount of decrease.

EXPENDITURES:

1. Employer Benefits:

- The net increase of \$4,856 is due mainly to increases in pension contributions of \$7,593, offset by a reduction in payroll taxes of \$3,713.

2. Internal Service Charges:

- There were no significant changes.

3. Other Operating Expenses:

- The proposed decrease of \$3,194,142 is due to a reduction in trust fund expenditures. Recommendation #1 increases Other Operating Expenses.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATIONS:

1. Increase the Transfer from Fund Balance from \$0 to \$1,204,782, decrease the Contingency account by \$642,881, and subsequently increase the TDC Operations account by \$1,847,663. These actions reflect the budget approved by the TDC. This will have no impact on the General Fund or Special Council Contingency.
2. Include attached language regarding administration of the TDC in the budget ordinance.

Pursuant to Section 666.109, Ordinance Code, the Tourist Development Council is authorized to administer the budget approved by the City Council and to make grants to organizations whose activities or projects meet the requirements of Section 125.0104(5)(a), Florida Statutes. The Chairman of the Tourist Development Council is hereby authorized to execute such grant agreements without Council approval. Pursuant to Section 111.600, Ordinance Code, the Director of Finance is authorized and directed to make disbursements from the Tourist Development Trust Fund upon the written requisition of the Chairman of the Tourist Development Council.

DUVAL COUNTY TOURIST DEVELOPMENT COUNCIL

BUDGET PROPOSAL 2010-2011

	2008/09 ORIGINAL BUDGET	2009/10 ORIGINAL BUDGET	2010/11 APPROVED TDC BUDGET
<u>REVENUE</u>			
Tourist Development Taxes	5,472,946	4,766,132	4,211,810
Interest Earnings	60,000	60,000	60,000
Subtotal Revenue	5,532,946	4,826,132	4,271,810
Transfer from Fund Balance	3,366,470	2,637,000	1,204,782
Total Estimated Revenue	8,899,416	7,463,132	5,476,592
<u>EXPENDITURES</u>			
Operations Account			
Grants			
Other Grants	460,000	460,000	240,474
CVB Convention Grants	100,000	100,000	100,000
* Gator Bowl Game	350,000	350,000	350,000
Gator Bowl Game Advertising 2011-2014	-	-	150,000
First Coast of Golf	122,588	110,329	122,588
Florida / Georgia Game	85,000	90,000	90,000
Florida / Georgia Game Bleachers	-	269,379	-
Gator Bowl Game - SMG Payment	-	250,000	-
Total Grants	1,117,588	1,629,708	1,053,062
Visit Jacksonville			
Operating budget	3,901,253	3,551,571	3,073,364
Marketing Initiative	557,322	507,368	219,526
Total Visit Jacksonville	4,458,575	4,058,939	3,292,890
Operations Account	5,576,163	5,688,647	4,345,952
Festival Funding Account	75,000	75,000	75,000
Administration Account	115,768	115,879	114,915
Subtotal Expenditures	5,766,931	5,879,526	4,535,867
Contingency Account	3,132,485	1,583,606	940,725
Total Appropriations	8,899,416	7,463,132	5,476,592

* Previously encumbered

**JACKSONVILLE PORT AUTHORITY
COMPARISON OF BUDGETS
ANALYSIS OF FY 2010/2011 PROPOSED BUDGET**

	<u>Operating & Non-Operating</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
FY 2009/2010 Original	\$ 36,409,243	\$ 20,300,859	\$ 69,620,369 (1)	\$ 126,330,471
FY 2010/2011 Proposed	\$ 38,295,719	\$ 20,241,614	\$ 67,423,005 (1)	\$ 125,960,338
\$ Increase (Decrease)	\$ 1,886,476	\$ (59,245)	\$ (2,197,364)	\$ (370,133)
% Increase (Decrease)	5.18%	-0.29%	-3.16%	-0.29%

Notes:

(1) The proposed FY 2010/2011 Budget includes 170 full time positions, which reflects an increase of 5 positions from the FY 2009/2010 Budget. These positions are fully funded through a Federal Grant for Security Officers.

**JACKSONVILLE PORT AUTHORITY
ANALYSIS OF FY 2010/2011 OPERATING BUDGET**

	2009/2010	2009/2010	2009/2010	2010/2011	% Increase (Decrease) of	% Increase (Decrease) of
	ORIGINAL	YTD as of	PROJECTED	PROPOSED	2010/2011	2010/2011
	BUDGET	May 31, 2010	(per JPA)	BUDGET	JPA Budget Over	JPA Budget Over
	2009/2010	2009/2010	2009/2010	2010/2011	2009/2010	2009/2010
	ORIGINAL	YTD as of	PROJECTED	PROPOSED	ORIGINAL	PROJECTED
	BUDGET	May 31, 2010	(per JPA)	BUDGET	ORIGINAL	PROJECTED
OPERATING REVENUES						
Autos	\$ 11,162,935	\$ 8,169,828	\$ 12,025,090	\$ 12,158,937	8.92%	1.11%
Containers	22,872,980	15,212,697	22,620,125	23,473,166	2.62%	3.77%
Break Bulk	3,605,724	2,728,302	3,632,596	3,653,655	1.33%	0.58%
Cruise	3,352,354	2,124,816	3,300,000	3,588,040	7.03%	8.73%
Liquid Bulk	705,046	572,651	780,814	793,341	12.52%	1.60%
Dry Bulk	2,126,899	1,555,385	2,130,522	2,022,136	-4.93%	-5.09%
Military	1,300,000	1,687,222	2,247,782	2,000,000	53.85%	-11.02%
Ferry Operations	1,196,942	610,887	990,000	990,000	-17.29%	0.00%
Other Operating Revenues	1,786,317	1,133,593	1,423,071	1,569,220	-12.15%	10.27%
TOTAL OPERATING REVENUES	\$ 48,109,197	\$ 33,795,381	\$ 49,150,000	\$ 50,248,495	4.45%	2.23%
OPERATING EXPENDITURES						
Salaries	\$ 10,168,476	\$ 6,429,578	\$ 9,965,106	\$ 10,773,342	5.95%	8.11%
Employee Benefits	3,827,909	2,311,449	3,851,351	4,165,353	8.82%	8.15%
Services & Supplies	5,244,613	2,903,428	4,406,047	4,545,619	-13.33%	3.17%
Security Services	5,053,273	3,341,065	5,008,915	5,100,000	0.92%	1.82%
Business Travel & Training	415,803	191,673	287,510	480,370	15.53%	67.08%
Promotion, Advertising, Dues	894,800	651,801	977,702	964,423	7.78%	-1.36%
Utility Services	1,202,630	746,879	1,142,072	1,177,000	-2.13%	3.06%
Repairs & Maintenance Projects	1,882,126	1,246,289	1,869,434	1,964,147	4.36%	5.07%
Dredging	3,600,000	2,134,943	3,600,000	3,400,000	-5.56%	-5.56%
Bad Debt Expense	50,000	33,336	50,000	50,000	0.00%	0.00%
Ferry Operations	1,759,791	1,112,275	1,675,212	1,586,677	-9.84%	-5.29%
Miscellaneous	79,890	60,089	90,134	78,987	-1.13%	-12.37%
TOTAL OPERATING EXPENDITURES	\$ 34,179,311	\$ 21,162,805	\$ 32,923,483	\$ 34,285,918	0.31%	4.14%
OPERATING INCOME	\$ 13,929,886	\$ 12,632,576	\$ 16,226,517	\$ 15,962,577	14.59%	-1.63%
NON-OPERATING REVENUES/(EXPENSES)						
Debt Service	\$ (20,300,859)	\$ (13,147,087)	\$ (20,300,859)	\$ (20,241,614)	-0.29%	-0.29%
Investment Income	152,567	75,201	152,567	74,179	-51.38%	-51.38%
Shared Revenue from Primary Govt	8,445,478	5,420,451	8,270,014	7,989,018	-5.40%	-3.40%
Operating Grants	-	39,939	-	222,781	100.00%	100.00%
Other Revenue (Expense)	(19,340)	(5,375)	(9,000)	(21,740)	12.41%	141.56%
NET INCOME BEFORE CAPITAL CONTRIBUTION AND CONTINGENCY	\$ 2,207,732	\$ 5,015,705	\$ 4,339,239	\$ 3,985,201	80.51%	-8.16%
TRANSFER TO OPERATING CAPITAL OUTLAY	\$ (2,207,732)	\$ (5,015,705)	\$ (4,339,239)	\$ (3,985,201)	80.51%	-8.16%
SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -	N/A	N/A

**JACKSONVILLE PORT AUTHORITY
FY 2009/2010 ORIGINAL BUDGET VS. FY 2010/2011 PROPOSED BUDGET**

OPERATING REVENUE OVERVIEW	Increase/(Decrease)		
	\$	%	
Liquid Bulk	\$ 88,295	12.52%	
Increased volume from new and existing (Westway) customers.			
Military	\$ 700,000	53.85%	
Increased activity from troops and equipment being deployed to and from Iraq and Afghanistan. Following current trend of activity.			
Ferry Operations	\$ (206,942)	-17.29%	
Ridership numbers are down. Following current trends.			
Other Operating Revenues	\$ (217,097)	-12.15%	
Decreased Tipping Fees (Dredge Disposal) and decreased Talleyrand Terminal Rail Revenue			
OPERATING EXPENDITURE OVERVIEW	\$		%
Services & Supplies	\$ (698,994)	-13.33%	
Reduction is due to the following: (1) change in City policy concerning the Stormwater Fee. Jaxport is no longer required to pay this fee (\$535,000); (2) Reduction in budgeted Legal Expenses; (3) Reduction in Gas, Oil & Grease Expense			
Business Travel	\$ 64,567	15.53%	
Over the last several years, the Marketing Department has been asked to curtail their Travel Expenses. In the FY 2010/2011 Budget, the Marketing Department is planning increased travel to connect with potential customers in Europe and other countries.			
NON-OPERATING REVENUES/(EXPENSES) OVERVIEW	\$		%
Investment Income	\$ (78,388)	-51.38%	
Reduction due to lower Capital Bond balances (depleted by ongoing construction of Capital projects), and declining interest rates.			
Operating Grants	\$ 222,781	100.00%	
Budgeting for revenue generated by Federal Grant for Port Security Officers received in FY 2009-2010.			

**JACKSONVILLE PORT AUTHORITY
ANALYSIS OF FY 2010/2011 PROPOSED CAPITAL BUDGET**

	2009/2010 Budget	2009/2010 Projected (per JPA)	2010/2011 Proposed Budget	Increase (Decrease) of 2010/2011 Proposed Budget Over	
				2009/2010 Budget (Dollars)	2009/2010 Budget (Percentage)
Capital Funds					
State Contribution	\$ 8,899,902	\$ 5,992,964	\$ 8,472,684	\$ (427,218)	-4.80%
Federal Funds	9,648,270	338,907	13,901,985	4,253,715	44.09%
City Funds	95,440	-	-	(95,440)	-100.00%
Insurance Proceeds	23,345,000	6,988,536	12,570,000	(10,775,000)	-46.16%
Financing	22,631,757	11,863,280	23,283,135	651,378	2.88%
Capital Outlay Carryforward	-	-	3,985,201	3,985,201	100.00%
Customer Contribution	5,000,000	-	5,210,000	210,000	4.20%
Total Capital Funds	\$ 69,620,369	\$ 25,183,687	\$ 67,423,005	\$ (2,197,364)	-3.16%
Capital Projects					
Blount Island Terminal	\$ 39,607,603	\$ 10,217,499	\$ 27,298,682 (1)	\$ (12,308,921)	-31.08%
Dames Point Terminal	11,975,000	3,831,184	10,962,500 (1)	(1,012,500)	-8.46%
Talleyrand Terminal	6,891,750	3,652,810	7,040,184 (1)	148,434	2.15%
Harbor Deepening & Dike Raising	3,810,000	6,594,514	4,160,000 (1)	350,000	9.19%
Miscellaneous Projects	7,336,016	887,680	17,961,639 (1)	10,625,623	144.84%
Total Capital Projects	\$ 69,620,369	\$ 25,183,687	\$ 67,423,005	\$ (2,197,364)	-3.16%
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	

Notes:

(1) See the attached list of proposed FY 2010/2011 capital projects.

Jacksonville Port Authority

Proposed Capital Projects - Budget 2010-2011

PROJECTS			FUNDING SOURCE						
Location	Description	Amount	STATE	FEDERAL	JPA OPERATING FUNDS	INSURANCE PROCEEDS	JPA FINANCING	CUSTOMER CONTRIB	
Blount Island	(2) New Container Cranes (ZPMC)	\$ 13,170,000	\$ -	\$ -	\$ -	\$ 12,570,000	\$ 600,000	\$ -	
	Rehabilitate Railroad Infrastructure	8,643,682	1,321,841	6,000,000			1,321,841		
	Construct 1.25 Acre Heavy Equipment Concrete Parking Pad/Aprons	1,200,000	600,000				600,000		
	Rehabilitate Selected Pavements	1,000,000	500,000				500,000		
	Rehabilitate Wharf Structures	900,000	450,000				450,000		
	Grout Landside Crane Rail & Grout/Replace Waterside Crane Rail	400,000	200,000				200,000		
	Rehabilitate Stormwater Drain Structures	365,000	182,500				182,500		
	Install Whse #1 Sprinkler System Upgrade	300,000	150,000			150,000			
	Install Whse #1 Lighting Upgrade	300,000					150,000	150,000	
	Rehabilitate Dock Expansion Joints	250,000	125,000			125,000			
	Rehabilitate Pond #7 Weir Structure	200,000					200,000		
	Repave Selected Areas at Berths 30-34	200,000	100,000				100,000		
	Replace Existing Railroad Crossing Control Box	120,000	40,000				80,000		
	Replace Trolley Rail @ Boom Hinge (Cranes #8810 & #8841)	96,000	48,000				48,000		
	Replace Trolley Rail @ Boom Hinge (Crane #8811)	96,000				96,000			
	Replace Existing Whse #1 Doors	55,000					55,000		
	Ongoing Environmental Monitoring Program	3,000				3,000			
	Total Blount Island	\$ 27,298,682		\$ 3,717,341	\$ 6,000,000	\$ 374,000	\$ 12,570,000	\$ 4,487,341	\$ 150,000
	Dames Point	Design Container Terminal	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
		Install Security Ops (Command & Control) Software Upgrade	337,500		337,500				
Replace Fender System @ Berth 18		325,000	162,500		162,500				
Install Water System Improvements		300,000	150,000		150,000				
Total Dames Point	\$ 10,962,500		\$ 312,500	\$ 337,500	\$ 312,500	\$ -	\$ 5,000,000	\$ 5,000,000	
Talleyrand	Rehabilitate Wharf Structures	\$ 3,809,183	\$ 1,904,592	\$ -	\$ 58,000	\$ -	\$ 1,846,591	\$ -	
	Infrastructure Improvements	1,579,201			1,579,201				
	Upgrade/Enhance F&J Duffer Yard Rail Physical Security	736,800	92,100	552,600			92,100		
	Develop/Initiate Remediation Action Plan	250,000					250,000		
	Install (3) Highmast Light Poles	200,000	100,000				100,000		
	Install Fiber Optic Cable Ring	250,000	125,000				125,000		
	Rehabilitate Operations Bldg Foundation	100,000			100,000				
	Re-roof Equipment Maintenance Building	75,000					75,000		
	Replace Terminal Restrooms w/Permanent Structure	40,000	20,000		20,000				
Total Talleyrand	\$ 7,040,184		\$ 2,241,692	\$ 552,600	\$ 1,757,201	\$ -	\$ 2,488,691	\$ -	

Jacksonville Port Authority

Proposed Capital Projects - Budget 2010-2011

PROJECTS			FUNDING SOURCE					
Location	Description	Amount	STATE	FEDERAL	JPA OPERATING FUNDS	INSURANCE PROCEEDS	JPA FINANCING	CUSTOMER CONTRIB
Port Related	Design Cruise Ship Terminal	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ -
	Local Sponsor Funding for USACE to Raise Dikes @ Bartram Island (Cell B)	3,600,000					3,600,000	
	Construct New Mayport Ferry Gantry System	2,975,115		2,975,115				-
	Install Mass Notification System (Port wide)	1,809,360	226,170	1,357,020				226,170
	Install Portwide Maritime Interoperable Communication System	1,650,000		1,650,000				-
	Upgrade Mayport Ferry Vessel (Jean Ribault)	1,160,289	928,231					232,058
	Turning Basin @ TMT	1,000,000						1,000,000
	Replace/Upgrade Mayport Ferry Slip Walls	890,625	712,500					178,125
	Capitalize In-House Engineering Services	400,000			400,000			-
	Construct Mayport Ferry Landside Improvements & Bank Stabilization	360,000	288,000					72,000
	Local Sponsor Funding for USACE Harbor Deepening Phase III (Post-Panamax) Study	200,000						200,000
	Local Sponsor Funding for USACE Harbor Deepening Phase II (TMT 40')	165,000			-	165,000		-
	Install TWIC Enhanced Physical/Perimeter Security & Surveillance	150,000	18,750	112,500				18,750
	Local Sponsor Funding for USACE Mile Point Study	100,000						100,000
	Local Sponsor Funding for USACE Harbor Deepening Phase I (BIMT 40')	95,000				95,000		-
	Replace/Rebuild Mayport Ferry Porch & Roof	10,000						10,000
	Install Manatee Reporting Signs	10,000						10,000
	Total Miscellaneous	\$ 19,575,389	\$ 2,173,651	\$ 6,094,635	\$ 660,000	\$ -	\$ 10,647,103	\$ -
	Total Other Capital	\$ 2,546,250	\$ 27,500	\$ 917,250	\$ 881,500	\$ -	\$ 660,000	\$ 60,000
	TOTAL CAPITAL PROJECTS	\$ 67,423,005	\$ 8,472,684	\$ 13,901,985	\$ 3,985,201	\$ 12,570,000	\$ 23,283,135	\$ 5,210,000

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
JACKSONVILLE PORT AUTHORITY
PROPOSED BUDGET FY 2010/2011**

RECOMMENDATIONS:

None