

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

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BACKGROUND

This Department provides for the operation and salary expenditures for the City Council and its staff including the Office of the Council Auditor and the Value Adjustment Board.

REVENUE

1. Charges for Services

- This amount \$110,001 represents the anticipated Value Adjustment Board protest fee revenue of \$110,000 and \$1 budgeted for fees collected for road and street closures.

2. Miscellaneous Revenue

- This category is mainly made up of a reimbursement from the Duval County School Board for 2/5 of the cost of the Value Adjustment Board as directed by Florida Statute.

EXPENDITURES

1. Salaries

- The net increase of \$128,142 is being driven by the addition of two positions, a Research Assistant and an Information Systems Administrator, both in Council Staff Services. Various salary increases are occurring in Council Staff Services, the Council Auditor's Office and the Value Adjustment Board. Additionally, part-time salaries are increasing \$18,882 for clerical staff within the VAB and Legislative Services office.

2. Employer Provided Benefits

- The net increase of \$330,459 is due primarily to increased pension costs in both General Employee pension (\$189,876) and the Florida Retirement System pension contribution (\$159,033). General Employee pension contribution rates are increasing from 20.81% in fiscal year 2012/13 to 28.21% in fiscal year 2013/14. FRS Elected Officials pension contribution rates are increasing from 10.23% in fiscal year 2012/13 to 33.03% in fiscal year 2013/14.

3. Internal Service Charges

- The net reduction of \$91,499 is being driven by a \$64,344 decrease in OGC legal internal service allocation and approximately \$20,000 of reductions in ITD 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 Department's budgets. The charge of \$204,459 is new to the City Council's budget.

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5. Other Operating Expenses

- The net increase of \$5,333 is being driven by a \$22,000 increase in professional services for captioning services. This increase is somewhat offset by reductions in parking / tolls (\$3,081), employee training (\$3,800), office supplies (\$5,526) and miscellaneous services & charges (\$9,901).

6. Capital Outlay

- The Department has requested funding to purchase a computer for public use in the Value Adjustment Board office.

7. Extraordinary Lapse (Per the Mayor's Proposed Budget Book)

- "In keeping with the revenue and expense numbers available at the time of this proposed budget, City executive departments have reduced controllable expenses by 13.88%. Consistent with that reduction, an extraordinary lapse in the same percentage has been applied to the budget of the City Council.

While the City Council is aware that this extraordinary lapse has been placed in the budget, the presence of this extraordinary lapse does not mean that the City Council has endorsed the extraordinary lapse or any budgetary impacts that would result from the lapse if this proposed budget were to be adopted."

8. Banking Fund Debt Repayment

- The table below compares the FY 13 and FY 14 banking fund debt repayment by project:

Project Title	26,509 1,151		12,705 286		-14,669
	FY13 B4		FY14 Proposed		
	Principal	Interest	Principal	Interest	Change
Creston System and various projects	26,509	1,151	12,705	286	-14,669

* The Creston System is used to conduct audio/visual presentations and manage the queuing system in the Council Chambers.

SERVICE LEVEL CHANGES:

If the Extraordinary Lapse is left in place, service levels will be affected due to a reduction in staff needed to meet the Extraordinary Lapse amounts.

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FOOD AND BEVERAGE EXPENDITURE:

Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
CCSS011AD	2,000	Agenda, Committee and Council Meetings	Open to Public

EMPLOYEE CAP CHANGES

Two positions and 1,170 part-time hours were added by the Department to the Council Staff Services activity as part of the budget process. 1,040 part time hours were added to the Value Adjustment Board activity during the 2012/13 fiscal year.

CAPITAL OUTLAY CARRYFORWARD

Per Schedule AF, City Council is requesting the following capital carryforward for the codification costs associated with the City Re-organization, pursuant to 2011-732-E:

- Professional Services \$3,906

DIVISIONAL HIGHLIGHTS

CITY COUNCIL	2012/13	2013/14	\$ CHANGE	% Change	
SERVICE EXPENSES	Adopted	Proposed	from FY 13	from FY 13	
Council Auditor	\$ 2,013,236	\$ 1,921,300	\$ (91,936)	-4.57%	A
Council President Expense Account	\$ 10,000	\$ 10,000	\$ -	0.00%	
Council Staff Services	\$ 4,164,685	\$ 3,920,232	\$ (244,453)	-5.87%	B
Direct Expenditures	\$ 1,246,591	\$ 1,349,558	\$ 102,967	8.26%	C
Value Adjustment Board	\$ 616,314	\$ 666,003	\$ 49,689	8.06%	D
Departmental Total	\$ 8,050,826	\$ 7,867,093	\$ (183,733)	-2.28%	

A The decrease of \$91,936 in the Council Auditor's budget is mainly due to the extraordinary lapse of \$207,508, offset by various pay increases of \$14,280 in salary line items, \$76,250 from increased pension costs, and a new charge of \$34,868 from the Public Works cost allocation.

B The decrease of \$244,453 in Council Staff Services is mainly due to an extraordinary lapse of \$545,368 as well as a decrease of \$93,130 in internal service charges, which is offset by increases of \$93,997 in salaries for two additional employees and various pay

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increases, an increase of \$126,923 in pension costs, and a new charge of \$150,960 from the Public Works cost allocation.

- C** Direct Expenditures represent the cost of the 19 City Council members. The increase is primarily due to the \$159,033 increase in the Florida State Retirement System (FRS) pension costs. Rates are increasing from 10.23% in 2012/13 to 33.03% in 2013/14. There was no extraordinary lapse imposed in this activity.
- D** The increase of \$49,689 in the Value Adjustment Board is mainly due to an increase of \$2,977 in permanent salaries for pay increases, an increase of \$8,882 in part time salaries, an increase of \$5,877 in pension costs, an increase of \$11,295 in internal service charges and a new charge of \$18,631 from the Public Works cost allocation.

RECOMMENDATIONS:

1. The proposed budget includes \$1,500 in Capital Outlay for the purchase of a computer for the public in the VAB office. After discussions with ITD, they indicated that they have a spare computer that could be placed in the office rather than purchasing a new one. Therefore, we recommend the removal of \$1,500 in capital outlay. This could either be applied against the extraordinary lapse or have a positive impact of \$1,500 on Special Council Contingency.
2. We recommend removal of the extraordinary lapse in the City Council's budget totaling \$752,876. This will have a negative impact on Special Council Contingency.
3. The Director/Council Secretary is requesting that \$126,629 be added to the capital carryover schedule. These funds will be used to upgrade the existing Legislative Tracking and Council/Committee Voting Systems to newer technology.
4. The Director/Council Secretary is requesting that \$10,000 be restored to Miscellaneous Services and Charges within the Council Staff Services budget. These funds were removed by the Budget Office. This will have a negative impact of \$10,000 on Special Council Contingency.

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

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	%
5,424,179	4,807,353	(616,826)	-11.37%

Based on the table above, City Council did not meet the 13.88% cut; however, there is an Extraordinary Lapse of \$752,876 placed in the budget of City Council by the Administration.

Comparison with Council Member Salaries and Benefits Excluded:

FY2013/14 - Controllable Costs Only			
Mayor's Tentative	Mayor's Proposed	Increase / (Decrease)	
		Dollar	%
4,512,540	3,895,714	(616,826)	-13.67%

The table above removes City Council Salaries and Benefits from the Controllable cost table above. Based on this new table, City Council did essentially meet the 13.88% cut based on the Extraordinary Lapse placed in the City Council's budget by the Administration.

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

There was no information provided by the Department.

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.

DUVAL COUNTY TOURIST DEVELOPMENT COUNCIL
BUDGET PROPOSAL 2013-14

	<u>2011/12 ORIGINAL BUDGET</u>	<u>2012/13 ORIGINAL BUDGET</u>	<u>2013/14 TDC BUDGET</u>
<u>REVENUE</u>			
Tourist Development Taxes	4,518,000	5,142,095	5,334,415
Interest Earnings	58,500	58,500	41,333
Subtotal Revenue	<u>4,576,500</u>	<u>5,200,595</u>	<u>5,375,748</u>
Transfer from Fund Balance	1,502,342	1,499,827	2,400,000
Total Estimated Revenue	<u><u>6,078,842</u></u>	<u><u>6,700,422</u></u>	<u><u>7,775,748</u></u>
<u>EXPENDITURES</u>			
Operations Account			
Grants			
Other Grants	460,000	460,000	460,000
Country Superfest	-0-	-0-	200,000
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	150,000	150,000
First Coast of Golf	128,717	135,000	135,000
Florida / Georgia Game	90,000	90,000	90,000
Total Grants	<u>1,278,717</u>	<u>1,285,000</u>	<u>1,485,000</u>
Visit Jacksonville			
Operating budget	3,289,980	3,474,402	3,626,701
Marketing Initiative	469,997	-0-	518,100
Total Visit Jacksonville	<u>3,759,977</u>	<u>3,474,402</u>	<u>4,144,801</u>
Operations Account	5,038,694	4,759,402	5,629,801
Festival Funding Account	75,000	75,000	75,000
Administration Account	117,524	118,840	124,255
Subtotal Expenditures	<u>5,231,218</u>	<u>4,953,242</u>	<u>5,829,056</u>
Contingency Account	847,624	1,747,180	1,946,692
Total Appropriations	<u><u>6,078,842</u></u>	<u><u>6,700,422</u></u>	<u><u>7,775,748</u></u>

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TOURIST DEVELOPMENT COUNCIL (S/F 132)**

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BACKGROUND:

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

REVENUES:

1. Taxes:
 - This was a plug of the anticipated revenue from the two cent tax levy on lodging for FY 2013/14. Recommendation #1 reflects the TDC's anticipated revenue.
2. Miscellaneous Revenue:
 - This is made up of anticipated interest earnings for FY 2013/14.
3. Transfers From Fund Balance:
 - The Transfer from Fund Balance was a plug figure used to balance the budget prior to TDC approval. This is addressed in recommendation #1 below.

EXPENDITURES

1. Employer Benefits:
 - The increase is caused by pension and health insurance costs for the one employee.
2. Internal Service Charges:
 - The net decrease is due to the General Counsel – Legal cost allocation.
3. Other Operating Expenses:
 - The FY 2012/13 levels have been maintained in the budget submission. The actions of the TDC are reflected in the recommendations below.

SERVICE LEVEL CHANGES:

There are no service level changes in the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the overall employee cap.

RECOMMENDATIONS:

1. We recommend an increase in tax revenue of \$438,728 based on current year actuals from the two cent tax levy on lodging. We also recommend an increase of the Transfer from Fund Balance of \$631,183.
2. We recommend an increase in authorized expenditures within the Operations account of \$870,399 and an increase in the Contingency account of \$199,512.

These actions reflect the total budget as approved by the TDC on August 15, 2013. This will have no effect on the General Fund or Special Council Contingency.