

OFFICE OF THE COUNCIL AUDITOR

FY2011/2012 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

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Meeting #5
August 25, 2011

**COUNCIL AUDITOR'S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
PROPERTY APPRAISER (S/F 015)**

PROPOSED BUDGET BOOK- Page 238

BACKGROUND:

The Property Appraiser is a constitutional officer within the consolidated City of Jacksonville. As established in Article 10 of the Jacksonville Charter, the Property Appraiser is responsible for assessing all real and personal property in Duval County. The Property Appraiser's Office is governed by the Florida Statutes and the Jacksonville Municipal Code. Pursuant to Section 193.1142 of the Florida Statutes, the Department of Revenue is responsible for reviewing and approving the Property Appraiser's assessment roll on a yearly basis. However, funding for the Property Appraiser's Office is mainly through a General Fund Contribution.

The Property Appraiser's Office is divided into seven departments, which include Residential, Commercial, Land Records, Personal Records, Field Operations, Administration and Records Management.

REVENUES:

1. Charges for Services:

- The decrease of \$15,207 is attributable to a decrease in fees billed to the Florida Inland Navigation District and the St. Johns River Water Management District. Per Florida Statute Section 192.091(1)(a), the amount of the fees is dependent upon the size of the Property Appraiser's annual budget.

2. Miscellaneous Revenue:

- The decrease of \$23,317 is attributable to a decrease in investment pool earnings.

3. Transfers from Other Funds:

- The decrease in the General Fund Contribution of \$106,427 is due to a decrease in expenses.

EXPENDITURES:

1. Salaries:

- The net decrease of \$113,447 is mainly due to the deletion of six (6) positions. Slightly offsetting the decrease is an increase of \$9,861 in special pay and \$4,589 in leave rollback/sellback.

2. Lapse:

- There is an increase from \$0 to \$10,836 in the salaries/benefits lapse.

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PROPERTY APPRAISER (S/F 015)**

3. Employer Provided Benefits:

- The net decrease of \$10,364 is primarily attributable to the decrease of six (6) positions. There is a decrease of \$39,146 in pension contribution, \$10,790 in group life insurance and \$6,630 in workers' compensation. This decrease is somewhat offset by an increase of \$43,293 in group hospitalization insurance and \$2,521 in FICA payroll taxes.

4. Internal Service Charges:

- The net decrease of \$12,194 is mainly due to a new allocation method within ITD charges resulting in a decrease of \$63,449. This is offset somewhat with increases in OGC Legal fees of \$30,000 for anticipated fees regarding a Memorial Hospital lawsuit, fleet of \$16,281 and wireless communication of \$5,920.

5. Other Operating Expenses:

- The net increase of \$1,962 is mainly attributed to an increase in repairs and maintenance of \$13,489 involving Manatron's software enhancement and disaster recovery system. This is slightly offset with decreases from printing of \$5,100, other operating supplies of \$3,433 and postage of \$2,010.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

The cap decreased by six (6) positions to total 122 employees.

CONCERN:

The Property Appraiser's Office elected to apply the 2% pay cut to 11 managerial level employees. This has resulted in an increased salary line item in comparison to other City agencies that were required to take the 2% pay cut for fiscal year 2010/11 since salaries are budgeted based on current payroll costs.

The Finance Committee should consider whether or not a 2% pay cut should be implemented for the Property Appraiser's 2011/12 proposed budget since this would better align the Property Appraiser's proposed Salary expenditures with other City Departments.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
SUPERVISOR OF ELECTIONS
GENERAL FUND (S/F 011)**

PROPOSED BUDGET BOOK - Page #325

BACKGROUND:

The Supervisor of Elections Office registers all voters in Duval County, educates voters about State and local laws and voting procedures, staffs early voting sites and call center prior to an election, processes absentee ballots and conducts State and local elections of Duval County in accordance with the elections laws of Florida. In FY 2010/11, there were three scheduled county-wide elections. There are two scheduled county-wide elections in FY 2011/12. There is also a special general election that will involve part of the county.

REVENUES:

1. Miscellaneous Revenue:

- The increase of \$703,849 is attributable to funds received from the State for the special elections.

EXPENDITURES:

1. Salaries:

- The net decrease of \$519,990 is mainly due to reductions in part-time salaries of \$251,455 and overtime of \$302,648 due to increased efficiency, flexing time instead of working overtime and only two county-wide elections in FY 2011/12. This is offset somewhat with increases of \$31,171 in salaries due to an increase in the employee cap. Elections Assistant II position will be added to FY 2011/12 budget. Per the Supervisor of Elections Office, Elections Assistant II will answer main office phone calls, process voter applications, verify petition signatures, process absentee ballot requests, verify absentee signatures, process returned, undeliverable mail from voters, assist with post-election canvassing board duties, process precinct registers for an election, assist in maintaining an accurate voter database by checking voter records for missing information and adding necessary information and assist military voters on voter registration and voting issues.

2. Employer Provided Benefits:

- The net decrease of \$29,296 is primarily attributable to reductions in Medicare taxes of \$34,787 and workers' compensation of \$11,025. This is offset somewhat with an increase in group health insurance of \$20,776 which is attributable to increasing rates and the addition of one full-time employee.

3. Internal Service Charges:

- The net decrease of \$64,596 is mainly the result of a decline in telecommunication charges of \$81,167 and a decrease in Office of the General Council allocation of \$32,814. It is somewhat offset by an increase of \$25,561 in

ITD network group allocation and \$23,056 in copy center charges due to increased usage.

4. Other Operating Expenses:

The net decrease of \$233,193 is mostly due to major decreases in miscellaneous services and charges of \$238,331 and office supplies of \$95,550. These costs are decreasing due to the ability to use federal grant funding for sample ballots and reduction in the number of county-wide elections. This is offset somewhat with increases in repairs and maintenance of \$65,931 mostly due to a new maintenance expenditures for the Pitney Bowes mailing system caused by the factory warranty expiration. Rental expenditures also increased by \$25,977 due to increased utilities charges at the Gateway Election Center.

5. Banking Fund Debt Repayment:

- The decrease of \$472,768 is for lower banking fund debt due to the Election Center buildout being paid off.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

The cap increased by one (1) position. A temporary position that was utilized 40 hours per week was replaced with a full time position.

CAPITAL OUTLAY CARRYFORWARDS:

Per Schedule AF, the Supervisor of Elections' Office is requesting a capital carryforward of \$1,796,010 for new voting tabulation equipment that is in the process of being certified by the State.

FOOD AND BEVERAGES EXPENDITURES:

Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
SEEL011	\$3,000	Elections for FY12	Food for election day workers 125 employees at \$12 each for 2 elections

CONCERN:

The Supervisor of Elections Office elected to apply the 2% pay cut to all employees except 11 managerial employees. This has resulted in an increased salary line item in comparison to other City agencies that were required to take the 2% pay cut for FY 2010/11 since salaries are budgeted based on current payroll costs. The Finance Committee should consider whether or not a 2% pay cut should be implemented for the Supervisor of Elections Office's FY 2011/12 proposed budget since this would better align the Supervisor of Elections Office's proposed Salary expenditures with other City Departments.

RECOMMENDATIONS:

- 1) Funding totaling \$351,424 for the Primary Special Election should be removed since it will be held before October 1, 2011 and will be funded with excess capacity from FY 2010/11. This reduction in expenditures will be offset by a corresponding reduction in budgeted revenue. There is no impact to the Special Council Contingency.
- 2) The actual part-time hours and funding for it should be reduced since part-time position utilized 40 hours per week was replaced with a full time position in the proposed budget. It will have a positive impact on the Special Council Contingency of \$35,300.
- 3) The funding for the Presidential Preference Primary Election is based on a two party election. It appears at this time it will be a single party election. We recommend that a reduction in postage, miscellaneous services and charges, office supplies and part-time salaries totaling \$278,104 be placed in a Designated Council Contingency for the Supervisor of Elections' Office. There will be no impact on the Special Council Contingency. Upon the determination that these funds will not be needed for the Presidential Preference Primary Election they will lapse into the Special Council Contingency without further Council action.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
FINANCE
GENERAL FUND (S/F 011)**

PROPOSED BUDGET BOOK - Page #79

BACKGROUND:

The Finance Department includes the Office of the Director, Accounting, Budget, Treasury, Risk Management and Pension Administration. The department provides accounting services and financial reports to other city departments, provides support services to general government departments in the development of their budgets, provides efficient administration of risk and insurance analyses and acts as adviser to city government on insurance related matters, administers the Pension Plans to insure retiree benefits are paid and provide a high degree of customer service, and timely measure and record cash, investment and debt activities for the City.

Within the Finance Department, Office of the Director, a new activity called Public Private Partnership has been created. Information regarding this new division has not been provided by the Administration.

EXPENDITURES:

1. Salaries:

- The decrease in Salaries of \$143,105 is the result of eliminating three positions, reducing part time salaries, reducing special pay, and creating two new positions. The overall decrease was mostly offset by the creation of the two positions at a cost of \$151,819 ending in a net savings of \$143,105.

2. Lapse:

- This is attributable to one redlined position within the Accounting Department.

3. Employer Provided Benefits:

- Although there were increases to Employer Provided Benefits mainly due to the \$33,477 needed to fund the new positions in the Public Private Partnership division, there was an overall decrease of \$9,894. The net decrease was mainly due to the elimination of three positions.

4. Internal Service Charges:

- The \$185,861 decrease is primarily due to a net reduction of \$134,242 in ITD charges, \$30,708 in copy center and \$18,564 in copier consolidation. Partially offsetting these decreases was an increase of \$6,102 in telecommunication.

5. Other Operating Expenses:

- The decrease of \$43,950 is primarily due to reductions of \$60,075 in professional services mainly due to a \$44,250 reduction in scope of arbitrage calculations on outstanding debt within the Treasury Division, \$9,600 in other operating supplies and \$9,367 in repairs and maintenance. Partially offsetting these decreases were increases of \$24,470 in miscellaneous services and charges and \$8,540 in travel expense which are primarily due to the creation of the Public Private Partnership Division.

SERVICE LEVEL CHANGES:

There are no significant changes.

EMPLOYEE CAP CHANGES:

The net decrease of (1) position is the result of the following: A Principle Internal Auditor filled position and a vacant Accountant position were eliminated from the Accounting Division in the proposed budget. The position of Assistant Budget Officer in the Budget Division was eliminated in the proposed budget due to the retirement of the employee that held that position. There were two positions created in the proposed budget in relation to the new division Public Private Partnership, Director of Public Private Partnership and Administrative Assistant Senior. The cost of these two positions including benefits is \$185,296.

RECOMMENDATIONS:

1. We recommend the deletion of the new division, Public Private Partnership. This will decrease the Employee Cap by 2 positions and all related expenses will be deleted. This will have a positive impact of \$227,296 on Special Council Contingency.

We also recommend that the allocation of Worker's Compensation Insurance in the amount of \$1209 be moved from the Public Private Partnership to the Finance Office of Director division. All Internal Service Charge allocations, totaling \$5,622, also need to be moved from the Public Private Partnership to corresponding subobjects in the Finance Office of Director division.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
FINANCE
SELF INSURANCE (561)**

PROPOSED BUDGET BOOK- Page # 81

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 billings to other City funds and independent agencies. Also included are interest earnings and monies from the State of Florida for 2nd injury worker's compensation claims.

REVENUES:

1. Charges for Services:

- The decrease of \$1,372,276 is due to reductions of \$1,547,276 in the charges to the users of the Self Insurance Program and reductions of \$250,000 in workers' compensation 2nd injury proceeds. The reductions in charges to the users occurred due to the actuarial study. These decreases were partially offset by increases of \$350,000 in workers' compensation overpayments and \$75,000 in workers' compensation subrogation.

2. Miscellaneous Revenue:

- The decrease of \$1,056,710 is due to lower investment pool earnings.

3. Transfers from Fund Balance:

- The increase of \$349,099 in the fund balance transfer is to cover expenses.

4. Transfers in to Pay for Debt Service:

- The increase of \$12,860 interfund transfer is for the repayment of principal and interest to this subfund relating to the Adam's Mark Hotel.

EXPENDITURES:

1. Employer Provided Benefits:

- The net increase of \$6,886 is mainly due to an increase in health insurance costs of \$7,416 and pension contributions of \$2,144. These increases were partially offset by decreases in group life insurance of \$1,571 and workers' compensation of \$1,023.

2. Internal Service Charges:

- The net decrease of \$13,730 is primarily due to an adjustment in ITD charges of \$22,911. This decrease was somewhat offset by wireless communication of \$3,729 and fleet parts/oil and gas of \$3,992.

3. Other Operating Expenses:
 - The decrease of \$1,953,469 is mainly due to a reduction of \$1,374,733 in the change in liability and \$513,732 in the paid loss based on the actuarial study.
4. Supervision Allocation:
 - The decrease of \$77,917 is due to a change in methodology of allocating overhead costs within Risk Management.
5. Indirect Cost:
 - Indirect costs have increased by \$34,781 due to the indirect allocation study.
6. Cash Carryover:
 - This amount matches the repayment of debt service back into this subfund.

SERVICE LEVEL CHANGES:

There are no service level changes.

EMPLOYEE CAP CHANGES:

There are no changes.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
FINANCE
INSURED PROGRAMS (581)**

PROPOSED BUDGET BOOK- Page # 84

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 Northbank and Southbank River Walks.

REVENUES:

1. Charges for Services:
 - The increase of \$718,730 is mainly due to a \$618,730 increase in insurance premium charges due to the elimination of the transfer from fund balance. There was also a \$100,000 increase in recoveries of damages.
2. Miscellaneous Revenue:
 - The increase of \$22,192 is due to higher investment pool earnings.
3. Transfers from Fund Balance:
 - The decrease is caused by the elimination of the transfer from fund balance in the proposed budget.

EXPENDITURES:

1. Internal Service Charges:
 - The net increase of \$4,319 is primarily due to a change in the method of billing out the information technologies help desk function.
2. Other Operating Expenses:
 - The decrease of \$293,365 is primarily due to decreases in the amount budgeted for insurance premiums based on reductions in the cost of the premiums in recent years.
3. Supervision Allocation:
 - The increase of \$77,916 is primarily due to a change in methodology of allocating overhead costs within Risk Management.
4. Indirect Cost:
 - Indirect costs increased by \$2,779 due to the annual indirect cost study.

SERVICE LEVEL CHANGES:

There are no significant changes in service level.

EMPLOYEE CAP CHANGES:

There are no changes.

RECOMMENDATION:

Due to an input error, Subfund 4A1 (Jacksonville Municipal Stadium) was over allocated insurance costs. Furthermore, due to an oversight the cost of the property insurance of the Ed Ball building was not included in the budgeted allocation. To correct these issues, the following changes should be made:

- In subfund 4A1, Miscellaneous Insurance should be reduced by \$250,761. This decrease in expenditures will be offset by a decrease in the transfer into Subfund 4A1 from the General Fund.
- In the General Fund, Miscellaneous Insurance should be increased in the Ed Ball building index code within the Public Works Department by \$250,761.

This recommendation has no impact on the Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYORS' PROPOSED FY 2011/12 BUDGET
CENTRAL OPERATIONS
GROUP HEALTH (571)**

PROPOSED BUDGET BOOK- Page # 31

BACKGROUND:

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

REVENUES:

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The increase of \$90,318 is attributable to an increase in the amount budgeted for investment earnings.

2. Transfer from Fund Balance:

- The increase of \$2,405,417 is mainly attributable to funds received in FY 2010/11 that are to be utilized to offset costs in FY 2011/12. \$1,437,828 is the Early Retiree Reinsurance Program (ERRP) funds received from the Federal government and \$717,589 is related to the sale of stock associated with life insurance policies. The remaining \$250,000 is a transfer from fund balance that has built up over the years and is being utilized to cover the cost of the wellness program.

Central Operations:

1. Charges for Services:

- The net increase of \$2,771,356 is mainly attributable to a 9.14% rate increase for nine (9) months in group health insurance. This is offset somewhat with decreases in employer group health for ERRP reimbursement and reductions in employee and employer life insurance due to the sale of stock. The revenues are based off the actual expenditures in the current year adjusted for the applicable increases in FY 2011/12.

EXPENDITURES:

Central Operations:

1. Salaries:

- The decrease of \$27,555 is attributable to decreases of \$22,059 for one (1) position and \$6,458 in leave sellback.

2. Employer Benefits:

- The decrease of \$5,588 is mainly attributed to the elimination of one position.

3. Internal Service Charges:

- The net increase of \$138,936 is mainly attributable to a new charge from ITD of \$154,800 for upgrades to Oracle associated with employee benefits. This is offset somewhat with decreases in mailroom charges of \$10,477 and copy center of \$7,121.

4. Other Operating Expense:

- The net increase of \$5,139,032 is primarily attributed to an increase of \$5,323,823 for Group Health costs due to a 9.14% rate increase starting January 1. This is offset somewhat with a decrease of \$100,000 in professional services. Expenditures are based on actual expenditures in FY 2010/11 adjusted for the applicable changes in rate.

5. Indirect Cost:

- The allocation for Indirect Costs is supported by the indirect allocation plan.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

The cap decreased by one (1) position a vacant Employee Benefits Assistant.

RECOMMENDATION:

To provide more transparency in the accounting for Group Health costs, Group Health premiums should be broken out by employee paid for the employee, employee paid for dependent, retiree paid, employer paid for employee, and employee paid for dependent. This will result in these items being budgeted in a manner consistent with how they are being applied currently. This results in no impact to the Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
GENERAL FUND (011)**

PROPOSED BUDGET BOOK – Page 41

BACKGROUND:

The Department of Environmental and Compliance contains the Animal Care & Protective Services, Municipal Code Compliance, Environmental Quality, Mosquito Control, Office of the Director, and Public Parking divisions. The Mayor's proposed budget for FY 2011/12 will support the agency in completing a range of regulatory functions that will ensure the improvement in the health of the St. Johns River, maintain healthy air quality levels, improve sustainability practices and reduce environmental and safety hazards that impact the citizens of Duval County.

REVENUES:

1. Licenses and Permits:

- The increase of \$355,000 is due to license and permit revenues associated with adult arcade inspections, a fee established during FY 2010/11 and not included in the FY 2010/11 budget. See recommendation #1 concerning this activity.

2. Charges for Services:

- The decrease of \$190,816 is mainly due to a reduction of \$96,996 in animal licenses and permits, \$39,320 in water/air annual maintenance revenue, \$34,400 in air pollution application revenue, \$22,000 in application review revenue, \$20,000 in owner surrender revenues and \$15,250 in animal control shelter revenues, all reduced based on year to date actual revenue. Animal licenses and permits revenue appears to be understated. These decreases were slightly offset by an increase of \$37,950 in water conservation well permit revenues due to full permitting of wells in FY 2011/12.

3. Fines and Forfeits:

- The increase of \$30,592 is due to increases of \$10,592 in civil fines and penalties for code violations and \$20,000 in animal care and control civil penalties projected based on current year trends.

4. Miscellaneous Revenue

- The decrease of \$400 is due to decreased revenues from public records requests within Code Enforcement.

EXPENDITURES:

1. Salaries:

- The net decrease of \$249,779 is mainly due decreases of \$240,839 in permanent and probationary salaries and \$9,600 in part time salaries (Office of the Director).

There is a net reduction of two positions in the proposed budget. Additionally, three positions are budgeted to be unfunded: two positions within Mosquito Control and one position within the Ash Site activity.

2. Employer Provided Benefits:

- The net reduction of \$38,386 is due mainly to reductions of \$44,311 in workers' compensation insurance, \$44,274 in pension contributions and \$9,695 in life insurance. These are somewhat offset by increases of \$53,651 in health insurance and \$10,834 in defined contribution pension costs.

3. Internal Service Charges:

- The net decrease of \$97,868 is primarily due to reductions of \$88,094 in ITD charges, \$35,362 in telecommunication, \$28,989 in radio, and \$22,738 in fleet repairs and maintenance. This is offset by increases of \$51,076 in fleet parts/oil/gas and \$40,255 in wireless communication.

4. Other Operating Expenses:

- The decrease of \$849,188 is due to the following reductions:
 - \$276,520 in contractual services (transfer of First Coast No More Homeless Pets and Jacksonville Humane Society contracts to subfund 1H2-Animal Care & Control Programs and a reduction in nuisance abatement/site clearance contracts)
 - \$186,269 in rentals-land and buildings (Office of the Director moving from the Jake Godbold building to the Ed Ball building in August)
 - \$116,000 in other operating supplies (transfer of Mosquito Control expenditures to subfund 012)
 - \$82,625 in professional services (data entry expenditures for pet licenses reduced due to backlog being completed)
 - \$72,600 in contractual services – Journey (nuisance abatement)
 - \$70,000 in demolition and site clearance
 - \$41,992 in guard service (Mosquito Control using a security camera system instead)

5. Banking Fund Debt Repayments:

- The decrease of \$32,057 is due to completion of payments for the Code Enforcement System.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget. The City has terminated its lease for the Animal Care & Protective Service Division's Mandarin adoption center effective 9/30/11 due to excess capacity at the downtown facility. Staff and animals will be transferred to the downtown location when the Mandarin adoption center closes. Savings for the proposed closure are reflected in the budget of subfund 1H2, Animal Care & Control Programs.

EMPLOYEE CAP CHANGES:

The employee cap was decreased by a net of two positions. Two positions were transferred in from the Central Operations department during FY 2010/11 and four vacant positions are proposed to be eliminated.

IT SYSTEM DEVELOPMENT PROJECTS:

Project	Total Cost of Project	Current Year's Cost
Environmental GIS Update (TMDL Upgrade)	\$102,507	\$19,212

RECOMMENDATIONS:

1. We recommend transferring the Arcade Inspection activity to a separate subfund pursuant to Ordinance 2011-297. Based on the nature of this revenue, this activity needs to be accounted for separately. The proposed budget for this activity includes revenue of \$355,000, expenditures of \$132,938, and 2 positions. This will have a negative impact of \$222,062 on Special Council Contingency.
2. We recommend increasing revenues for animal licenses and permits by \$166,996 based on a request from the department and year to date actual revenue. This will have a positive impact of \$166,996 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
MOSQUITO CONTROL STATE 1 (012)**

PROPOSED BUDGET BOOK – Page 44

BACKGROUND:

Subfund 012 is mandated by Florida Statute Section 388.261 to administer mosquito control activities within the county. The Mayor's proposed budget for Mosquito Control in FY 2011/12 will continue to support efforts to control the population of mosquitoes and help reduce mosquito borne illnesses in Duval County.

REVENUES:

Environmental & Compliance:

1. Intergovernmental Revenue:

- The reduction of \$6,910 is due to reduced state funding for mosquito control operations.

2. Miscellaneous Revenue:

- The decrease of \$4,310 in miscellaneous revenue is due to a reduction in miscellaneous sales and charges for mosquito control services.

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The increase of \$6,898 in Jacksonville Citywide Activities is due to higher projected investment pool earnings.

2. Transfers from Fund Balance:

- The increased transfer of \$205,973 is due to an increased contribution from fund balance used to fund expenditures transferred in from the General Fund activity.

EXPENDITURES:

1. Employer Provided Benefits:

- The decrease of \$181 is due to a decrease in workers' compensation insurance.

2. Other Operating Expenses:

- The increase of \$202,829 is mainly due to increases of \$141,032 in other operating supplies (insecticides), \$28,000 in repairs and maintenance (painting an aircraft and various building maintenance), and \$21,750 in repairs and maintenance supplies (aircraft and helicopter parts). Increases are mostly due to expenditures being transferred in from the General Fund mosquito control activity. Due to reduced revenues in this subfund, supplementary funds for insecticide purchases will be mostly exhausted after FY 2011/12.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no employees within this subfund.

CONCERN:

The available fund balance of subfund 012 will be significantly reduced after the proposed transfer of \$249,998 in FY 2011/12 and will not be able to support the same level of expenditures after next year. Expenditures will need to be reduced or transferred back to the General Fund mosquito control activity in FY 2012/13.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
AIR POLLUTION TAG FEE (121)**

PROPOSED BUDGET BOOK – Page 46

BACKGROUND:

The Air Pollution Tag fee within the Environmental Quality Division helps support activities which ensure compliance with the National Ambient Air Quality Standards (NAAQS). Activities include but are not limited to permit compliance, inspection of air pollution sources, and citizen complaints.

REVENUES:

1. Intergovernmental Revenue:

- The decrease of \$27,156 is due to reduced funding from the State for vehicle registrations.

2. Miscellaneous Revenue:

- The decrease of \$5,028 is due to lower projected investment pool earnings.

EXPENDITURES:

1. Salaries:

- The reduction of \$28,664 is mainly due to the deletion of a vacant Environmental Technician Senior position in the proposed budget.

2. Employer Provided Benefits:

- The reduction of \$6,955 is mainly due to decreases of \$5,608 in pension contributions and \$768 in health care costs related to the deleted position referenced above.

3. Internal Service Charges:

- The reduction of \$8,336 is mainly due to decreases of \$5,855 in ITD charges (change in allocation) and \$2,447 in fleet vehicle rental (vehicles replaced in the past being fully repaid to Fleet in FY 2011/12).

4. Other Operating Expenses:

- The increase of \$98 is due to an increase in travel expenses.

5. Capital Outlay:

- The increase of \$49,126 is due to purchasing new equipment to meet new regulations and air quality standards set by the EPA.

6. Indirect Cost

- The increase of \$671 is based on the annual indirect cost study.

7. Cash Carryover

- The decrease of \$38,124 is due to decreased revenues projected for FY 2011/12.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

The employee cap was reduced by one position.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
AIR POLLUTION EPA (127)**

PROPOSED BUDGET BOOK – Page 48

BACKGROUND:

The Clean Air Act of 1970 allows for the Air Pollution EPA grant, within the Environmental Quality Division, to help support activities to ensure compliance with Federal and State air quality standards. Activities include but are not limited to permit compliance, ambient air monitoring, and addressing citizen complaints.

REVENUES:

Environmental and Compliance:

1. Intergovernmental Revenue:

- The decrease of \$262,304 represents reduced funding from the EPA.

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The decrease of \$7,009 is due to lower investment pool earnings.

Transfers – Non Departmental:

1. Transfers from Other Funds:

- The decrease of \$66,999 is due to a reduced contribution from the General Fund. This represents the City's required match for the EPA grant, which is decreasing based on decreased funding from the EPA.

EXPENDITURES:

Environmental and Compliance:

1. Salaries:

- The reduction of \$1,826 is due to decreases of \$6,003 in overtime and \$4,888 in leave rollback/sellback. These decreases were offset by an increase of \$6,931 in permanent and probationary salaries due to filling a vacant position at a higher rate.

2. Employer Provided Benefits:

- The increase of \$2,017 is due to increases of \$1,465 in pension contributions and \$1,045 in workers' compensation insurance.

3. Internal Service Charges:

- The reduction of \$1,386 is mainly due to decreases of \$6,813 in ITD charges and the elimination of \$751 in mailroom charges, which were mostly offset by an increase of \$6,640 in fleet charges due to the increase in fuel price.

4. Other Operating Expenses:

- The decrease of \$22,274 is mainly due to reductions in other operating supplies of \$12,136, travel expense of \$3,000, office supplies of \$3,000, dues, subscriptions and memberships of \$1,500, employee training of \$1,500 and repairs and maintenance of \$1,000, all decreased due to reduced revenue.

5. Capital Outlay:

- The decrease of \$270,105 is attributable to fewer purchases of ambient air monitoring equipment within this subfund. Air pollution monitoring equipment will be purchased from subfund 121- Air Pollution Tag Fee in FY 2011/12.

Jacksonville Citywide Activities:

1. Cash Carryover

- The decrease of \$43,053 is due to a reduction in projected revenue for FY 2011/12.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
AMBIENT AIR MONITORING (128)**

PROPOSED BUDGET BOOK – Page 50

BACKGROUND:

The Environmental Quality Division is mandated by the U.S. Department of Environmental Protection to monitor air quality in Duval County and observe progress whenever possible.

REVENUES:

1. Intergovernmental Revenue:

- This is a grant from the Florida State Department of Environmental Protection.

2. Miscellaneous Revenue:

- The decrease of \$12,303 is due to a reduction in investment pool earnings.

EXPENDITURES:

1. Other Operating Expenses:

- The decrease of \$12,304 is due to a reduction in trust fund authorized expenditures. This subobject is used to balance revenues with expenditures. No expenditures have been spent year to date for this subobject. See recommendation #1.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this sub fund.

RECOMMENDATIONS:

1. We recommend transferring \$7,697 from trust fund authorized expenditures to cash carryover. These are revenues in excess of expenditures and should carry over to fund balance.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
HAZARDOUS WASTE PROGRAM (154)**

PROPOSED BUDGET BOOK – Page 52

BACKGROUND:

Duval County is mandated by Florida Statute Section 403.7225 to perform hazardous waste assessments within the county. Employees perform hazardous waste verification inspections that include pollution prevention, outreach, and education and compliance assistance activities. They inspect types, amounts and sources of hazardous waste generated by generators and companies.

REVENUES:

Environmental and Compliance:

1. Charges for Services:

- The decrease of \$2,800 is due to a reduction in projected hazardous waste fees.

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The decrease of \$1,261 is due to lower projected investment pool earnings.

EXPENDITURES:

Environmental and Compliance:

1. Salaries:

- The decrease of \$16,288 is mainly due to the hiring of a new employee at a lower rate.

2. Employer Provided Benefits

- The net increase of \$2,162 is mainly due to an increase of \$5,534 in group hospitalization insurance. This was mostly offset by a \$3,487 decrease in pension costs.

3. Internal Service Charges:

- The decrease of \$8,352 is mainly due to reductions in ITD charges of \$4,527, \$2,006 in mailroom charges, and \$1,128 in fleet repairs.

4. Other Operating Expenses:

- The decrease of \$15,969 is due to a reduction in trust fund authorized expenditures. This subobject is used to balance revenues with expenditures. No expenditures have been spent year to date for this subobject. See recommendation #1.

5. Indirect Cost:

- The increase of \$129 is based on the annual indirect cost study.

Jacksonville Citywide Activities:

1. Cash Carryover:

- The increase of \$34,257 is due to excess revenues being appropriated to this line item.

SERVICE LEVEL CHANGES:

There are no service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATION:

1. We recommend transferring \$59,520 from trust fund authorized expenditures to cash carryover. These are revenues in excess of expenditures and should carry over to fund balance.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
ENVIRONMENTAL PROTECTION (15A)**

PROPOSED BUDGET BOOK – Page 54

BACKGROUND:

Ordinance 2006-1310-E provided for \$25,000 to be transferred from the Environmental Protection Fund into the General Fund each year for 5 years beginning FY 2006/07 through FY 2010/11 for the Florida Yards & Neighborhoods Program administered by the Duval County Cooperative Extension Office in the Recreation and Community Services Department.

REVENUES:

1. Transfers from Fund Balance:

- The reduction of \$25,000 is due to the expiration of the above referenced ordinance.

EXPENDITURES:

1. Transfers to Other Funds:

- The reduction of \$25,000 is due to the expiration of the above referenced ordinance.

SERVICE LEVEL CHANGES:

This program is now being funded by Stormwater Services (subfund 461) in the Recreation & Community Services department. The FY 2011/12 proposed budget for this program is \$24,397.

EMPLOYEE CAP CHANGES:

There are no positions associated with this subfund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
TRAINING & CRUELTY PREVENTION (15D)**

PROPOSED BUDGET BOOK – Page 56

BACKGROUND:

Ordinance 2010-527-E grants the Animal Care and Protective Services Division authority to oversee the Training and Cruelty Prevention Trust Fund. Revenues are derived from a \$5 surcharge on civil penalties related to animal cruelty ordinances.

REVENUES:

1. Fines and Forfeits:

- Revenues are projected to be \$4,500 for FY 2011/12, which is the first year this subfund has been budgeted.

EXPENDITURES:

1. Other Operating Expenses:

- The expenditures for FY 2011/12 include travel and training for employees in the Animal Care & Protective Service General Fund activity.

SERVICE LEVEL CHANGES:

There are no service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this subfund.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
VETERINARY SERVICES (15G)**

PROPOSED BUDGET BOOK – Page 58

BACKGROUND:

Ordinance 2010-527-E grants the Animal Care and Protective Services Division (ACPS) authority to oversee the Veterinary Services Trust Fund. Revenues are derived from a portion of animal license fees. Authorized expenditures include in-house veterinarian services for animals impounded by ACPS and sheltered by the City, veterinary supplies and equipment, retrofitting of examination and related areas, contract veterinarian services and/or in-house veterinarian intern/training program, and emergency veterinarian services for at-large dogs and cats found in severe medical distress, provided by veterinarians not employed by ACPS.

REVENUES:

Environmental and Compliance:

1. Charges for Services:

- The increase of \$50,000 is due to the projection of higher sales volume for animal licenses and permits.

2. Fines and Forfeits:

- The reduction of \$1,000 is due to animal cruelty fees no longer being budgeted within this subfund. Animal cruelty fee revenues are now budgeted in subfund 15D, Animal Control Training & Cruelty Prevention, per the ordinance referenced above.

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The reduction of \$4,560 is due to the elimination of interest earnings as the Accounting Division has determined that interest revenue from special revenue funds should come back to the General Fund.

EXPENDITURES

Environmental and Compliance:

1. Other Operating Expenses:

- There is no change from FY 2010/11. Other operating expenses consist of training, travel, and surgical equipment and supplies for veterinary services provided within the Animal Care and Protective Services Division.

Jacksonville Citywide Activities:

1. Cash Carryover:

- The increase of \$44,440 is due to excess revenues being appropriated to the cash carryover line item.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this subfund.

RECOMMENDATIONS:

1. We recommend increasing animal licenses and permits revenue by \$40,000 based on a request from the department and year to date actual revenues and increasing cash carryover by the same amount.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
ANIMAL CARE & CONTROL PROGRAMS (1H2)**

PROPOSED BUDGET BOOK – Page 60

BACKGROUND:

Ordinance 2010-527-E grants the Animal Care and Protective Services Division authority to oversee the Spay and Neuter Trust Fund. Revenues are derived from a portion of licensing fees and revenues generated by the adoption of animals from the city's Animal Care and Protective Services facilities.

REVENUES:

Environmental and Compliance:

1. Charges for Services:

- The increase of \$101,440 is due to increases of \$87,000 in animal licenses and permits fees and \$14,440 in animal adoption fees projected based on current year revenues.

EXPENDITURES:

Environmental and Compliance:

1. Salaries:

- The decrease of \$9,202 is due to funding a vacant position at a lower rate. This subfund has one vacant position in the proposed budget.

2. Employer Provided Benefits:

- The decrease of \$1,220 is mainly due to a reduction in pension contributions.

3. Internal Service Charges:

- The increase of \$396 is due to wireless communications.

4. Other Operating Expenses:

- The increase of \$175,914 is mainly due to an increase of \$140,275 in contractual services and \$38,264 in chemicals and drugs. Contractual services were transferred from the Animal Care and Protective Services General Fund activity and include contracts with First Coast No More Homeless Pets (no cost spay/neuter program for low income pet owners) and the Jacksonville Humane Society (animal transfer program). These increases were slightly offset by a \$4,638 decrease in advertising and promotion.

Jacksonville Citywide Activities:

1. Cash Carryover:

- The decrease of \$64,448 is due to less revenue being appropriated to this line item.

SERVICE LEVEL CHANGES:

The City has terminated its lease for the Mandarin adoption center effective 9/30/11 due to excess capacity at the downtown facility. Staff and animals will be transferred to the downtown location when the Mandarin adoption center closes.

EMPLOYEE CAP CHANGES:

There are no changes.

RECOMMENDATIONS:

1. We recommend increasing animal licenses and permits projected revenue by \$240,000 and increasing cash carryover by the same amount based on a request from the department and current year revenues.
2. We recommend decreasing adoption fee projected revenue by \$45,000 based on current year revenue and decreasing cash carryover by the same amount.
3. We recommend eliminating funding for rentals (land and building) for \$68,264 and increasing cash carryover by the same amount due to the closure of the Mandarin adoption center.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
PUBLIC PARKING SYSTEM (411)**

PROPOSED BUDGET BOOK – Page 62

BACKGROUND:

The Public Parking Division manages both On-Street (parking meters) and Off-Street parking, specifically, the Shuttle Lot, Bay Street, Courthouse, Forsyth, and JEA parking lots. Revenues are generated through daily, monthly, and special event parking fees, as well as other fines and forfeitures.

REVENUES:

Environmental and Compliance:

1. Charges for Services:

- The increase of \$85,709 is primarily due to higher projected daily parking revenue associated with additional meters around the new Courthouse and Lavilla area. This is slightly offset by decreases of \$23,282 in parking collection fees (this represents a 40% additional fee assessed on citations that are sent to a collection agency - more parking citations are being paid on time) and \$9,000 in special events parking revenue.

2. Fines and Forfeits:

- The increase of \$74,874 is due to higher projected parking fines revenue (non-moving violations such as expired meters). This amount appears to be overstated.

3. Miscellaneous Revenue:

- The decrease of \$1,144 is due to reduced miscellaneous sales and charges.

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The decrease of \$1,095 for Jacksonville Citywide Activities is due to a lower projection for investment pool earnings.

2. Transfers from Fund Balance:

- The decrease of \$15,184 is due to the elimination of the contribution from fund balance in FY 2011/12.

Transfers – Non Departmental:

1. Transfers from Other Funds:

- The decrease of \$60,427 is due to the elimination of the contribution from the General Fund in FY 2011/12.

EXPENDITURES:

Environmental and Compliance:

1. Salaries:

- The net increase of \$48,310 is due to increases of \$82,295 in permanent and probationary salaries due to filling vacant positions at higher rates and shifting of positions, \$3,882 in leave rollback/sellback and \$3,000 in overtime. These are somewhat offset by a reduction of \$43,759 in part-time salaries which are no longer necessary due to filling vacant positions.

2. Employer Provided Benefits:

- The increase of \$26,538 is mainly due to a rise in pension contributions of \$10,624 and group hospitalization insurance of \$17,492. These increases were partially offset by a decrease of \$1,847 in workers' compensation insurance.

3. Internal Service Charges:

- The net reduction of \$65,617 is mainly due to a net decrease of \$11,745 in ITD charges, \$30,155 in fleet charges (due to vehicles replaced in the past being fully repaid to Fleet) and \$23,550 in radio IS allocation.

4. Other Operating Expenses:

- The increase of \$19,491 in operating expenses is mainly due to higher credit card merchant fees of \$16,021 (new Courthouse meters) and new handheld citation devices which cost \$9,552. The increase was partially offset by a decrease of \$4,736 in general liability insurance and \$3,360 in guard service.

5. Capital Outlay:

- The net decrease of \$103,185 is due to a reduction of \$198,464 for cathodic testing of the Courthouse parking lot. No expenditures have been spent on cathodic testing in FY 2009/10 or year to date. This was somewhat offset by an increase of \$95,279 in specialized equipment to repair and replace parking meter equipment.

6. Indirect Costs:

- The increase of \$25,847 is due to the annual indirect cost study.

Jacksonville Citywide Activities:

1. Lapse:

- The lapse of \$76,488 is to account for routine fluctuations due to employee turnover.

2. Cash Carryover:

- The increase of \$132,113 is due to excess revenue over expenditures.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

PARKING LOT OCCUPANCY: Data provided by the Public Parking Division

	Bay & Ocean	Forsyth St	Shuttle Lot	Courthouse West Lot
Average Monthly Parkers	34	76	85	32
Lot Capacity	45	88	693	58
Current Vacancies	12	14	619	27

RECOMMENDATIONS:

1. Parking fines revenue appears to be overstated. We recommend reducing proposed revenue by \$40,000 and reducing cash carryover by the same amount. This will have no impact on Special Council Contingency.
2. Based on the Courts moving to new facilities during FY 2011/12, we recommend reducing daily parking fee revenue for the current Courthouse lot by \$70,000 and reducing cash carryover by the same amount. This will have no impact on Special Council Contingency.
3. We recommend transferring revenue of \$63,000 from monthly parking fees to special events within the Shuttle lot based on a request from the division.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
PARKING GARAGE REVENUE (412)**

PROPOSED BUDGET BOOK – Page 66

BACKGROUND:

The Public Parking Division manages the Ed Ball, St. James Building, Yates, City Hall Annex and Water Street garages. Revenues are generated through daily and monthly parking fees.

REVENUES:

Environmental and Compliance:

1. Charges for Services:

- The increase of \$15,392 is due to an increase of \$76,548 in monthly parking revenue, partially offset by a decrease of \$61,156 in special events parking revenue.

Transfers – Non Departmental:

1. Transfers From Other Funds:

- The reduction of \$1,075,715 is due to the elimination of the transfer from the General Fund. Debt service payments for the Water Street garage have been completed.

EXPENDITURES:

Environmental and Compliance:

1. Other Operating Expenses:

- The net increase of \$161,364 is mainly due to a rise of \$172,097 in repairs and maintenance costs for maintenance and automation upgrades at the Water Street garage that were previously deferred. This was partially offset by a decrease of \$10,310 in miscellaneous insurance.

2. Capital Outlay:

- The increase of \$100,845 is due to the purchasing of specialized equipment to fully automate the Ed Ball parking garage.

3. Indirect Cost:

- The decrease of \$188,805 is due to the annual indirect cost study.

Jacksonville Citywide Activities:

1. Cash Carryover:

- The increase of \$220,080 is to due to excess revenue.

Transfers – Non Departmental:

1. Debt Service:

- The reduction of \$1,353,807 is due to completing payments of the public parking debt service subfund (415).

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no positions associated with this subfund.

GARAGE OCCUPANCY: Information Provided by Public Parking Division

	Annex - Underneath	Ed Ball	St. James	Water Street	Yates
Average Monthly Parkers	5	293	67	352	275
Lot Capacity	9	340	82	1,497	667
Current Vacancies	4	52	22	834	396

CONCERN:

As noted in the Council Auditor's Office quarterly summary for the nine months ended June 30, 2011, subfund 412 is in poor financial condition. As of June 30, 2011, this subfund has a negative cash balance of (\$1,408,743) and is projecting a year-end unfavorable budget variance of (\$175,186).

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
ENVIRONMENTAL & COMPLIANCE
MOTOR VEHICLE INSPECTION (431)**

PROPOSED BUDGET BOOK – Page 70

BACKGROUND:

The Public Parking Division manages the inspection stations for school buses, city vehicles and vehicles for hire.

REVENUES:

Environmental and Compliance:

1. Charges for Services:

- The increase of \$44,566 is mainly due to a rise in projected revenue from school bus inspections. Fees for school bus inspections, wrecker applications, and vehicles for hire increased effective August 1, 2011.

Jacksonville Citywide Activities:

1. Miscellaneous Revenue:

- The decrease of \$1,746 is due to a lower projection for investment pool earnings.

2. Transfers from Fund Balance:

- The decrease of \$23,542 is due to a reduction in the transfer from fund balance.

Transfers – Non Departmental:

1. Transfers From Other Funds:

- The decrease of \$40,000 is due to the elimination of the contribution from the General Fund in FY 2011/12.

EXPENDITURES:

Environmental and Compliance:

1. Salaries:

- The reduction of \$6,480 is mainly due to reduced funding for a vacant Motor Vehicle Inspector position.

2. Employer Provided Benefits:

- The net increase of \$2,193 is mainly due to higher group hospitalization insurance costs of \$4,078. This increase was partially offset by drops in pension contributions of \$787, medicare tax of \$299, and life insurance of \$281.

3. Internal Service Charges:

- The net decrease of \$20,392 is due primarily to reductions of \$17,422 in ITD charges and \$3,652 in telecommunications.

4. Other Operating Expenses:

- The reduction of \$12,094 is due mainly to decreases of \$10,000 for motor vehicle inspection background checks for cab drivers (reduced based on actual expenditures) and \$1,596 in repairs and maintenance.

5. Indirect Cost:

- The increase of \$16,051 is due to the annual indirect cost study.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION (S/F 751)**

PROPOSED BUDGET BOOK - Page #180

BACKGROUND:

The JEDC serves as the economic development agency for the City of Jacksonville, implementing policies that result in sustainable job growth, raising personal incomes and creating broader tax base for the community. The JEDC oversees the administration of local and state incentives, the redevelopment of Cecil Commerce Center, Downtown development and permitting, Film and Television initiatives and Sports and Entertainment programs including administration of the SMG Contract.

REVENUES:

1. Miscellaneous Revenue:

- The decrease of \$3,200 in Jacksonville Economic Development Commission is due to lower plan review revenue for the Downtown Development Review Board based on actual revenues received in FY 2010/11.
- The increase of \$49,396 in Jacksonville Citywide is due to higher investment pool earnings based on actual earnings in prior years. These revenues appear to be overstated due to funding for grants not being budgeted in this subfund in FY 2011/12. Please, see Recommendations Section regarding this issue.

2. Transfers from Component Units:

- The decrease of \$5,219,268 is mainly due to the Qualified Target Industries and Recapture Enhanced Value (REV) Grant programs being moved out of this subfund into the General Fund's non-departmental expenditures. These programs were budgeted at a total of \$5,040,176 in FY 2010/11.

3. Transfers from Fund Balance:

- The reduction of \$350,000 is due to a decrease in the use of fund balance in order to balance the subfund's budget.

EXPENDITURES:

1. Salaries:

- The increase of \$23,567 is primarily due to realizing a 2% reduction in Personnel Services Funding rather than the 3% reduction anticipated when the FY 2010/11 Budget was adopted.

2. Internal Service Charges:

- The net decrease of \$117,661 is mainly due to reductions in ITD/Geographic Information Systems aeriels of \$109,672 and mailroom charges of \$6,157 based on actual usage.

3. Other Operating Expenses:

- The decrease of \$5,237,329 is mainly due to the Qualified Target Industries and Recapture Enhanced Value (REV) Grant programs being moved out of this subfund and into the General Fund’s non-departmental expenditures. There is also a reduction of \$106,000 in professional services.
- Other operating expenditures include \$469,561 in professional services budgeted for various studies, downtown permitting, engineering services, etc.
- Other operating expenditures also include \$205,000 in Event Contributions as follows:

EVENT	AMOUNT	CONTRACT
Business Development Seminars/Sponsorships	\$ 3,500	NO
UNF Small Business Week	\$ 600	NO
NAIOP Gold Marketing Opportunity	\$ 4,000	NO
Georgia/JU Baseball	\$ 5,000	YES
Florida/ Florida State Baseball	\$ 25,000	YES
Lacrosse	\$ 35,000	YES
FL/Rider Basketball Game	\$ 15,000	YES
FSU/Georgia Basketball	\$ 10,000	YES
Florida/Georgia Football Game (weekend activities)	\$ 80,000	YES
Rugby Match	\$ 6,900	YES
Soccer	\$ 20,000	YES
TOTAL	\$ 205,000	

4. Grants, Aids and Contributions:

- The funding remains flat and consists of a \$84,875 contribution to the Bob Hayes Invitational Track Meet and \$98,940 contribution to the UNF Small Business Center.

5. Indirect Costs:

- The increase of \$3,203 is due to revisions in the Indirect Cost Study.

6. Transfers to other Funds:

- The decrease of \$188,317 represents a reduced transfer to the Cecil Field Trust Fund.

SERVICE LEVEL CHANGES:

There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no changes to the number of authorized positions.

FOOD AND BEVERAGE EXPENDITURES:

Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
JEJE751	\$ 800	Coffee Service for JEDC Commission Meetings, Board Meetings and Guests	To further the economic development efforts in Jacksonville to promote job creation and private capital investment.

RECOMMENDATIONS:

- 1) We recommend that the transfer to Cecil Field Trust Fund (S/F 759) be eliminated. This transfer should come directly from the General Fund instead to better account for the subsidy that Cecil Field Trust Fund receives from the General Fund. The net effect of this adjustment will be budget neutral.

- 2) JEDC should move into a City-owned building. Public Works has identified sufficient, readily available space within the area formerly occupied by Procurement on the third floor of City Hall. Such a move will provide savings to the General Fund and to the City since the currently occupied space could be leased out by Jacksonville Police and Fire Pension Board Trustees to an external entity. JEDC’s currently pays \$19,490.45 per month for rent. Sixty days advanced notice must be given before the lease could be terminated.

- 3) JEDC’s fund balance at the end of the FY 2010/11 is projected to be \$1,780,000. In addition to the fund balance in their operational account, the Sports and Entertainment Board Trust Fund currently has a balance of over \$700,000. We recommend to increase oversight over accounting for all sporting events. JEDC, no later than 30 days after the last day of an event, shall deliver a complete accounting of revenues by source and expenditures by category and source including but not limited to General Fund, Trust Fund, and any other funds, on a form agreed to by JEDC, the CFO, and the Council Auditor.

- 4) Investment pool earnings should be reduced by \$102,505. Funding for economic grants that represented a large portion of JEDC’s budget has been moved out of JEDC’s budget. Therefore, JEDC’s investment pool earning should decline significantly in FY 2011/12. It will have a negative impact of \$102,505 on the Special Council Contingency.

- 5) We recommend moving \$800 for coffee service to the correct subobject (05206 – Food). It is already included in the Food and Beverage Schedule. There will be no impact on the Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 12 BUDGET
JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION
CECIL FIELD TRUST FUND (S/F 759)**

PROPOSED BUDGET BOOK - Page #183

BACKGROUND:

- Established per Ordinance 98-1052, all revenues received or earned by the City from the development and operation of the Cecil Commerce Center (excluding revenues related to an interlocal agreement with the Jacksonville Aviation Authority) are deposited into this trust fund. This subfund is an all years subfund. As part of the FY 2010/11 budget, a corrective adjusting entry was made to remove prior years fund balance appropriations, appropriate prior year revenues, adjust prior years budgeted revenues and de-appropriate budgeted expenditures. This one-time correcting journal entry is responsible for the negative budget amounts and unusually high budget amounts seen in the FY 2010-11 adopted budget.

REVENUES:

1. Charges for Services:

- Charges for services revenues include various revenues from hunting, fishing and archery permits.

2. Miscellaneous Revenue:

- Jacksonville Economic Development Commission miscellaneous revenues include gain on sale of real property to Bridgestone (occurred in FY 2006/07 and appropriated in FY 2011/12) and rental of city facilities of \$612,076.
- Jacksonville Citywide Activities miscellaneous revenues are investment pool earnings.
- Recreation & Community Service miscellaneous revenues are timber sales revenues.

3. Transfer from Fund Balance

- Transfers from fund balance are not allowed in all-years subfunds, which is why these correctly show zero for FY 2011/12.

4. Transfers from Other Funds:

- The Non-Departmental transfer from other funds is a transfer from JEDC (S/F 751) used to balance the subfund's budget.

EXPENDITURES:

1. Other Operating Expenses:

- Jacksonville Economic Development Commission other operating expenses cover professional services (engineering services and forestry maintenance). Also, \$1.7M in the contractual services is budgeted for the maintenance contract at Cecil Field.
- Recreation & Community Services other operating expenses are professional services (forestry maintenance).

SERVICE LEVEL CHANGES:

There are no service level changes to the budget.

EMPLOYEE CAP CHANGES:

There are no city positions in this subfund.

RECOMMENDATIONS:

- 1) Due to a budgeting error, professional services (forest maintenance contract with Florida Forestry Division) are overbudgeted. We recommend a reduction of \$34,471 which will have a positive impact on the Special Council Contingency.
- 2) We recommend that the transfer from JEDC (S/F 751) be eliminated. This transfer should come directly from the General Fund instead to better account for the subsidy that Cecil Field Trust Fund receives from the General Fund. The net effect of this adjustment will be budget neutral. This recommendation is also discussed in the handout for JEDC.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
PUBLIC LIBRARY (S/F 011)**

PROPOSED BUDGET BOOK - Page #245

BACKGROUND:

The Jacksonville Public Library system consists of a main library and twenty regional, community, and neighborhood branch libraries. The system services the needs of Duval County as well as neighboring areas, Baker, Clay, Nassau, and St. Johns Counties.

REVENUES:

1. Charges for Services:

- The increase of \$49,175 is due to a rise in library fee revenues of \$29,175 for overdue books and materials and non-resident library cards and internet printing revenues of \$20,000 based on current year actuals.

EXPENDITURES:

Significant changes in expenditures are as follows:

1. Salaries:

- The net decrease of \$55,890 is primarily due to reductions in permanent and probationary salaries of \$26,099 due to deleting two vacant positions and adding one new position, supervisory differential of \$18,000 and overtime of \$15,368. These are slightly offset by an increase in leave rollback/sellback of \$11,089 and an increase caused when last year's reduction to personnel services funding was changed from 3% to 2%.

2. Employer Provided Benefits:

- The net increase of \$70,916 is due primarily to increases in group hospitalization of \$120,789 and offset by a net decrease in pension costs of \$33,336.

3. Internal Service Charges:

- The net decrease of \$867,746 is primarily due to a reduction in ITD charges of \$629,707 and telecommunication of \$649,602. These are somewhat offset by increases in tech refresh/pay go of \$277,987 primarily due to computer purchases of 46 laptops and 313 desktop computers (total price of computers \$257,732) and ITD network group of \$194,400.

4. Other Operating Expenses:

- The net decrease of \$463,889 is primarily due to reductions in contractual services of \$149,798 for janitorial and other services, maintenance contracts on equipment of \$82,727 reduced based on current year actuals, security guard service of \$68,046 cut due to increased camera security available, hardware/software maintenance and licenses of \$58,575 and miscellaneous insurance of \$44,625 reduced due to lower cost allocation of insurance premiums.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2011/12 BUDGET
 PUBLIC LIBRARY (S/F 011)**

5. Library Materials:

- The Library has \$3,107,629 in the proposed budget to purchase materials. This amount has remained level from FY 2010/11 funding.

**FY 2011/12 LIBRARY MATERIALS
 BUDGETED EXPENDITURES**

<u>MATERIALS</u>	<u>COST</u>
Books	89,109
Books, Internet Databases	441,097
Books, Audio Books	1,476,652
Internet Databases	528,566
DVDs, Music	272,000
Periodicals	203,949
Audio Books	600
Audio Books, DVDs	95,656
TOTAL:	<u><u>\$3,107,629</u></u>

6. Indirect Cost:

- The increase of \$410,707 in indirect cost is attributable to the annual Indirect Cost Study.

7. State Aid

- In addition to City funding, the Public Library Department receives a State Grant. For the FY 2011/12, the estimated state budget is \$1,224,603. The library is expected to spend \$760,338 on materials (including books, DVDs, and CDs). The remaining amount is expected to be spent on a new automated return system pilot program at the Pablo Creek Library branch, furniture and equipment across the various branches, registration and council fees, and a request for information to perform a study on considering an in-house ITD department for the libraries.

SERVICE LEVEL CHANGES:

The FY 2011/12 budget anticipates the same service levels. A new remote pick-up service was introduced in July 2011 called the JPL Express Oceanway. Ten secure lockers are located at the Oceanway Community Center where library customers may pick up library materials at their convenience. Statistics for use and up keep cost are not available due to the recent addition of this service. The cost for these ten secure lockers was \$18,315.

EMPLOYEE CAP CHANGES:

The employee cap was reduced by one position and two vacant positions were reclassified. One Library Assistant and one Librarian were reclassified into one Executive Assistant I position.

RECOMMENDATIONS:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2011/12 BUDGET
LIBRARY CONFERENCE FACILITY TRUST (S/F 15W)**

PROPOSED BUDGET BOOK - Page #248

BACKGROUND:

The Library Conference Facility Trust was established per Ordinance 2006-237. The Main Library charges a fee for the use of the conference facilities in order to cover the costs associated with operating and leasing the conference facilities for business, recreational and social purposes.

REVENUES:

1. Miscellaneous Revenue:

- Anticipated revenues of \$141,136 are expected to be generated from the rental of city facilities, an increase of \$336 from the prior fiscal year. This increase is due to an increased demand in these facilities expected to continue into FY 2011/2012.

EXPENDITURES:

1. Employer Provided Benefits:

- No significant changes to the budget.

2. Other Operating Expenses:

- No significant changes to the budget.

SERVICE LEVEL CHANGES:

There are no significant changes in service level.

EMPLOYEE CAP CHANGES:

There are no changes to employee cap.

RECOMMENDATIONS:

None.

**JACKSONVILLE PORT AUTHORITY
COMPARISON OF BUDGETS
ANALYSIS OF FY 2011/2012 PROPOSED BUDGET**

	<u>Operating & Non-Operating</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
FY 2010/2011 Original	\$ 38,295,719	\$20,241,614	\$ 67,423,005	\$125,960,338
FY 2011/2012 Proposed	\$ 39,443,042	\$20,578,513	\$122,899,420	\$182,920,975
\$ Increase (Decrease)	\$ 1,147,323	\$ 336,899	\$ 55,476,415	\$ 56,960,637
% Increase (Decrease)	3.00%	1.66%	82.28%	45.22%

Note: The proposed FY 2011-2012 Budget includes 170 full-time positions, the same number as in the FY 2010-2011 Budget.

**JACKSONVILLE PORT AUTHORITY
ANALYSIS OF FY 2011/2012 OPERATING BUDGET**

	2010/2011 ORIGINAL BUDGET	2010/2011 YTD as of May 31, 2011	2010/2011 PROJECTED (per JPA)	2011/2012 PROPOSED BUDGET	% Increase (Decrease) of	% Increase (Decrease) of
					2011/2012	2011/2012
					JPA Budget Over	JPA Budget Over
	2010/2011	2010/2011			2010/2011	2010/2011
	ORIGINAL	PROJECTED			ORIGINAL	PROJECTED
OPERATING REVENUES						
Autos	\$ 12,158,937	\$ 9,390,273	\$ 12,579,510	\$ 14,458,034	18.91%	14.93%
Containers	23,473,166	15,458,024	23,612,468	24,149,676	2.88%	2.28%
Break Bulk	3,653,655	2,611,520	3,815,132	3,933,205	7.65%	3.09%
Cruise	3,588,040	2,382,954	3,592,418	3,941,311	9.85%	9.71%
Liquid Bulk	793,341	550,546	829,922	928,498	17.04%	11.88%
Dry Bulk	2,022,136	1,467,029	1,745,384	1,836,000	-9.20%	5.19%
Military	2,000,000	810,956	1,338,828	1,500,000	-25.00%	12.04%
Ferry Operations	990,000	605,542	900,000	990,000	0.00%	10.00%
Other Operating Revenues	1,569,220	1,122,636	1,867,116	1,794,834	14.38%	-3.87%
TOTAL OPERATING REVENUES	\$ 50,248,495	\$ 34,399,481	\$ 50,280,778	\$ 53,531,558	6.53%	6.47%
OPERATING EXPENDITURES						
Salaries	\$ 10,773,342	\$ 7,009,958	\$ 10,599,506	\$ 11,383,920	5.67%	7.40%
Employee Benefits	4,165,353	2,453,331	3,778,740	4,169,015	0.09%	10.33%
Services & Supplies	4,545,619	3,221,754	4,775,466	4,974,427	9.43%	4.17%
Security Services	5,100,000	3,336,160	5,000,226	3,950,000	-22.55%	-21.00%
Business Travel & Training	480,370	172,248	360,000	488,730	1.74%	35.76%
Promotion, Advertising, Dues	964,423	505,673	740,422	855,460	-11.30%	15.54%
Utility Services	1,177,000	838,819	1,213,372	1,211,600	2.94%	-0.15%
Repairs & Maintenance Projects	1,964,147	1,157,074	1,920,000	1,799,300	-8.39%	-6.29%
Dredging	3,400,000	1,376,716	3,000,000	4,400,000	29.41%	46.67%
Bad Debt Expense	50,000	25,000	25,000	25,000	-50.00%	0.00%
Ferry Operations	1,586,677	1,044,395	1,554,548	1,670,000	5.25%	7.43%
Miscellaneous	78,987	49,496	77,222	78,552	-0.55%	1.72%
TOTAL OPERATING EXPENDITURES	\$ 34,285,918	\$ 21,190,624	\$ 33,044,502	\$ 35,006,004	2.10%	5.94%
OPERATING INCOME	\$ 15,962,577	\$ 13,208,857	\$ 17,236,275	\$ 18,525,554	16.06%	7.48%
NON-OPERATING REVENUES/(EXPENSES)						
Debt Service	\$ (20,241,614)	\$ (13,297,806)	\$ (20,241,614)	\$ (20,578,513)	1.66%	1.66%
Investment Income	74,179	62,340	93,556	92,469	24.66%	-1.16%
Shared Revenue from Primary Govt	7,989,018	4,908,718	7,381,407	6,128,779	-23.28%	-16.97%
Operating Grants	222,781	102,737	160,762	265,889	19.35%	65.39%
Other Revenue (Expense)	(21,740)	83,808	76,992	(12,640)	-41.86%	-116.42%
NET INCOME BEFORE CAPITAL CONTRIBUTION AND CONTINGENCY	\$ 3,985,201	\$ 5,068,654	\$ 4,707,378	\$ 4,421,538	10.95%	-6.07%
TRANSFER TO OPERATING CAPITAL OUTLAY	\$ (3,985,201)	\$ (3,985,201)	\$ (3,985,201)	\$ (4,421,538)	10.95%	10.95%
CAPITAL PROJECT RESERVE	\$ -	\$ (1,083,453)	\$ (722,177)	\$ -	N/A	-100.00%

JACKSONVILLE PORT AUTHORITY
FY 2010/2011 ORIGINAL BUDGET VS. FY 2011/2012 PROPOSED BUDGET

OPERATING REVENUE OVERVIEW	Increase/(Decrease)	
	\$	%
Autos	\$ 2,299,097	18.91%
The lease amounts for auto tenants are increasing by a 2% CPI increase as well as a 2% tariff increase. One tenant, Wallenius Wilhelmsen Logistics is projecting an increase in volume of 24% on top of the CPI and tariff increases		
Break Bulk	\$ 279,550	7.65%
Increase is primarily due to major tenant (SSA Cooper) anticipating more tonnage and therefore more vessel calls.		
Cruise	\$ 353,271	9.85%
The increase is due to the per passenger fee going up by approximately \$508,000 and an increase of approximately \$80,000 from water revenue for replenishing the cruise ships with fresh water, while parking revenue is decreasing by approximately \$235,000 due to independent parking lots springing up around the Cruise Terminal. The combination of these three items result in a net increase of approximately \$353,000.		
Liquid Bulk	\$ 135,157	17.04%
A tenant at Talleyrand Marine Terminal (Westway) wanted increased acreage in anticipation of increased shipping volume and has re-negotiated their lease with JPA.		
Dry Bulk	\$ (186,136)	-9.20%
The Port's main tenant, Martin Marietta is projecting a decrease for FY 2012 in tonnage from 1.1 million tons to 850,000 tons.		
Military	\$ (500,000)	-25.00%
Decrease is in response to information received from our contacts with the Military. They inform us that they will be doing considerably less shipping in the next fiscal year, as they are changing their policies on bringing back equipment from operations overseas.		
Other Operating Revenues	\$ 225,614	14.38%
Increases in both Talleyrand Terminal Rail and Dredging Fees. The increases in Talleyrand Terminal Rail is due to more paper cargo going out on rail and additional tanks for our liquid bulk customer. Dredging fees are from Dredge Spoil Disposal Fees (Tipping Fees) that are collected from allowing others (such as Chevron, BP and Commodores' Point) to use our spoil areas for disposal.		
OPERATING EXPENDITURE OVERVIEW	\$	%
Salaries	\$ 610,578	5.67%
Increase is primarily due to \$160k budgeted for "pay for performance", 325k is budgeted for salary increases, as well as a salary increase for the CEO of approximately \$67k and 40k for the Executive Vice President who was promoted from the Chief Commercial Officer.		
Service and Supplies	\$ 428,808	9.43%
The increase is primarily due to JPA increasing the number of lobbyists for the Federal Government, an increase in the projection of fuel costs and also a heavier than normal year for bond inspections (inspections on facilities, equipment and structures).		

JACKSONVILLE PORT AUTHORITY
FY 2010/2011 ORIGINAL BUDGET VS. FY 2011/2012 PROPOSED BUDGET

	Increase/(Decrease)	
	\$	%
Security Services	\$ (1,150,000)	-22.55%
The decrease is due to the recent changes in Security Badging and staffing requirements under the State of Florida 311 Statute (which relieved JPA of the requirement for 24/7 JSO presence), we will be reducing our JSO presence at all terminals from a current JSO complement of 13 Officers to 3-5 full shift JSO Officers hired under a secondary employment (off duty) agreement. JPA will be looking more to internal staff Facility Security Officers for security coverage.		
Promotion, Advertising & Dues	\$ (108,963)	-11.30%
The Marketing department has significantly cut their expenses in this area. They will be utilizing less outside sales persons (Marketing Agency) and more internal staff, and they will be doing less Advertising.		
Repairs and Maintenance	\$ (164,847)	-8.39%
The decrease is primarily due to reduced expenditures at the terminals which were projected from trends and also terminal facility and equipment manager level.		
Dredging	\$ 1,000,000	29.41%
Due to limited available capacity at Bartram Island, we must move our Dredge Spoil Site to Buck Island for this fiscal year. Buck Island is 7 miles further up the river resulting in a higher price per cubic yard of disposal.		
Bad Debt Expense	\$ (25,000)	-50.00%
Decrease is due to favorable recent history of bad debt write-offs and open balances in accounts receivable.		
NON-OPERATING REVENUES/(EXPENSES) OVERVIEW		
	\$	%
Investment Income	\$ 18,290	24.66%
Assuming a higher rate of return on increased balances.		
Shared Revenue from Primary Govt	\$ (1,860,239)	-23.28%
The decrease is due primarily to an increase in debt service on 1993 ETR bonds of \$1.2 million that the City pays on behalf of JPA and a decrease of approximately \$600,000 in telecommunication tax revenue to be collected.		
Operating Grants	\$ 43,108	19.35%
This is a grant that was funded from the American Recovery and Reinvestment Act and the term of the grant is 36 months expiring on 8/31/12. There will be no extensions on the grant and the grant requires that JPA sustain these positions on JPA's payroll for 48 months after the grant expires. There are five security officers that are funded through this grant. The grant revenue is increasing due to the five security officers being up graded from Port Security Officers (annual salary \$37,500) to Facility Security Officers (annual salary \$45,000). The five officers are also being classified from temporary employees to full times employees with full benefits.		
Other Revenue (Expense)	\$ 9,100	-41.86%
Budgeting less in Paying Agent Fees and Investment Advisory expense in accordance with current trend.		

**JACKSONVILLE PORT AUTHORITY
ANALYSIS OF FY 2011/2012 PROPOSED CAPITAL BUDGET**

	2010/2011 Budget	2010/2011 Projected (per JPA)	2011/2012 Proposed Budget	Increase (Decrease) of 2011/2012 Proposed Budget Over	
				2010/2011 Budget (Dollars)	2010/2011 Budget (Percentage)
Capital Funds					
State Contribution	\$ 8,472,684	\$ 3,062,741	\$ 75,115,479	\$ 66,642,795	786.56%
Federal Funds	13,901,985	1,534,139	11,562,850	(2,339,135)	-16.83%
Insurance Proceeds	12,570,000	12,570,000	3,030,357	(9,539,643)	-75.89%
Financing	23,283,135	2,265,125	28,769,196	5,486,061	23.56%
JPA Funds	3,985,201	3,985,201	4,421,538	436,337	10.95%
Customer Contribution	5,210,000	-	-	(5,210,000)	-100.00%
Total Capital Funds	\$ 67,423,005	\$ 23,417,206	\$ 122,899,420	\$ 55,476,415	82.28%
Capital Projects					
Blount Island Terminal	\$ 27,298,682	\$ 18,870,257	\$ 44,065,357 (1)	\$ 16,766,675	61.42%
Dames Point Terminal	10,962,500	279,074	4,452,500 (1)	(6,510,000)	-59.38%
Talleyrand Terminal	7,040,184	904,162	6,233,300 (1)	(806,884)	-11.46%
Harbor Deepening & Dike Raising	4,160,000	1,724,331	58,670,000 (1)	54,510,000	1310.34%
Miscellaneous Projects	17,961,639	1,639,382	9,478,263 (1)	(8,483,376)	-47.23%
Total Capital Projects	\$ 67,423,005	\$ 23,417,206	\$ 122,899,420	\$ 55,476,415	82.28%
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	

Notes:

(1) See the attached list of proposed FY 2011/2012 capital projects.

JACKSONVILLE PORT AUTHORITY
FY 2011/2012 BUDGET

OPERATING REVENUES			\$
Autos		14,458,034	
Containers		24,149,676	
Break Bulk		3,933,205	
Cruise		3,941,311	
Liquid Bulk		928,498	
Dry Bulk		1,836,000	
Military		1,500,000	
Ferry Operations		990,000	
Other Operating Revenues		1,794,834	
TOTAL OPERATING REVENUES		53,531,558	\$
OPERATING EXPENDITURES			
Salaries		11,383,920	\$
Employee Benefits		4,169,015	
Services & Supplies		4,974,427	
Security Services		3,950,000	
Business Travel & Training		488,730	
Promotion, Advertising, Dues		855,460	
Utility Services		1,211,600	
Repairs & Maintenance Projects		1,799,300	
Dredging		4,176,923	
Bad Debt Expense		25,000	
Ferry Expenses		1,670,000	
Other Operating Expenditures		78,552	
TOTAL OPERATING EXPENDITURES		34,782,927	\$
OPERATING INCOME		18,748,631	\$
NON-OPERATING REVENUES			
Investment Income		92,469	\$
Shared Revenue from Primary Govt		5,905,702	
Operating Grants		265,889	
Other Revenue		2,860	
TOTAL NON-OPERATING REVENUES		6,266,920	\$
NON-OPERATING EXPENDITURES			
Debt Service		20,578,513	\$
Other Expenditures		15,500	
TOTAL NON-OPERATING EXPENDITURES		20,594,013	\$
NET INCOME BEFORE OPERATING CAPITAL OUTLAY AND CONTINGENCY		4,421,538	\$
Transfer to Operating Capital Outlay		(4,421,538)	\$
SURPLUS/(DEFICIT)		-	\$
TOTAL REVENUES & TRANSFERS IN		59,798,478	\$
TOTAL APPROPRIATIONS		59,798,478	\$
	Full Time Positions	170	
	Temporary Employee Hours	792	

Jacksonville Port Authority
Proposed Capital Projects - Budget 2011-2012

PROJECTS			FUNDING SOURCE				
Location	Description	Amount	STATE	FEDERAL	JPA OPERATING FUNDS	INSURANCE PROCEEDS	JPA FINANCING
Blount Island	Rehabilitate Wharf Structures	\$ 30,000,000	\$ 15,000,000				\$ 15,000,000
	Rehabilitate Railroad Infrastructure	7,000,000		6,000,000	1,000,000		
	(2) New Container Cranes (ZPMC)	3,030,357				3,030,357	
	(2) Railroad Spurs	2,100,000	1,050,000				1,050,000
	Construct 1.25 Acre Heavy Equipment Concrete Parking Pad/Aprons	1,100,000	550,000			550,000	
	Rehabilitate Selected Pavements	400,000				400,000	
	Upgrade Power to JPA Facilities Compound	100,000				100,000	
	Bl Blvd Cargo Transfer Facility	100,000				100,000	
	Upgrade Machine Engine House on Whirly Crane	85,000				85,000	
	Replace Trolley Rail @ Boom Hinge (Crane #8811)	50,000				50,000	
	Upgrade Rail Brake Hydraulic Power Units (Crane #2209 & 2253)	37,000				37,000	
	Upgrade Hoist Service Brake on Whirly Crane	15,000				15,000	
	Upgrade Elevator Rack (Crane #2253)	15,000				15,000	
	Upgrade Trolley Brakes (Crane #2209)	13,000				13,000	
	Ongoing Environmental Monitoring Program	10,000				10,000	
	Upgrade Elevator Bus Bar System (Crane #3805)	10,000				10,000	
	Total Blount Island	\$ 44,065,357	\$ 16,600,000	\$ 6,000,000	\$ 2,385,000	\$ 3,030,357	\$ 16,050,000
Dames Point	Cruise Terminal Parking Lot Relocation	\$ 2,500,000					\$ 2,500,000
	Design Container Terminal	1,000,000					1,000,000
	Install Security Ops Command & Control Integration Software	337,500		337,500			
	Install Water System Improvements	250,000			250,000		
	Replace Fender System @ Berth 18	225,000			225,000		
	Water Line for Cruise Vessels	100,000			100,000		
	Salt Marsh Mitigation	40,000			40,000		
	Total Dames Point	\$ 4,452,500	\$ -	\$ 337,500	\$ 615,000	\$ -	\$ 3,500,000
Talleyrand	Rehabilitate Wharf Structures	\$ 5,000,000	\$ 2,500,000				\$ 2,500,000
	Enhance F&J Duffer Yard Physical Security	736,800		552,600	47,379		136,821
	Develop/Initiate Remediation Action Plan	200,000			200,000		
	Phoenix Avenue RR Crossing Upgrade	250,000	250,000				
	Westcott Metal Roof Upgrade	46,500			46,500		
	Total Talleyrand	\$ 6,233,300	\$ 2,750,000	\$ 552,600	\$ 293,879	\$ -	\$ 2,636,821
Port Related (Miscellaneous)	Local Sponsor Funding for USACE Mile Point Study/Improvements	\$ 40,000,000	\$ 40,000,000				
	Local Sponsor Funding for USACE work @ Bartram Island Cell B2 & Cell A	11,000,000	11,000,000				
	Local Sponsor Funding for USACE work @ Bartram Island Cell C	4,000,000	4,000,000				
	Land Acquisition	2,000,000					2,000,000
	Perimeter Security Enhancements (Bl & TMT TWIC Gates)	2,000,000		1,500,000			500,000
	Install Portwide Maritime Interoperable Communication System	1,650,000		1,650,000			
	Bartram Island Cell F Removal	1,600,000					1,600,000
	Local Sponsor Funding for USACE Harbor Deepening GRRII Study	1,450,000					1,450,000
	Replace/Upgrade Mayport Ferry Slip Walls	890,625	712,500				178,125
	Local Sponsor Funding for USACE Harbor Deepening Phase I & II	620,000					620,000
	Security Perimeter Fencing (BIMT, DPMT)	492,000		369,000			123,000
	Capitalize In-House Engineering Services	400,000			400,000		
	High Mast Light Tie Downs	70,638	52,979		17,659		
	Replace/Rebuild Mayport Ferry Office Roof	10,000					10,000
	Total Miscellaneous	\$ 66,183,263	\$ 55,765,479	\$ 3,519,000	\$ 417,659	\$ -	\$ 6,481,125
Total Other Capital	\$ 1,965,000	\$ -	\$ 1,153,750	\$ 710,000	\$ -	\$ 101,250	
TOTAL CAPITAL PROJECTS	\$ 122,899,420	\$ 75,115,479	\$ 11,562,850	\$ 4,421,538	\$ 3,030,357	\$ 28,769,196	

REVISED SCHEDULE J
PAGE 1 OF 2

Jacksonville Port Authority

Proposed Capital Projects - Budget 2011-2012

PROJECTS			FUNDING SOURCE				
Location	Description	Amount	STATE	FEDERAL	JPA OPERATING FUNDS	INSURANCE PROCEEDS	JPA FINANCING
OTHER CAPITAL PROJECTS							
Other Capital	Diesel Exhaust Emissions Equipment Upgrades	\$ 500,000		\$ 500,000			
	Upgrade Procurement/Contract Mgmt/Asset Mgmt Software	360,000			360,000		
	Security Boat	225,000			225,000		
	Boat Lift & Dock Improvements	125,000			125,000		
	Mobile Command Center	220,000		165,000			55,000
	Carpet & Awning in Cruise Terminal Bldg	150,000			150,000		
	Maritime Facility Interoperable Communications	130,000		97,500			32,500
	(IT) Hardware/Software Upgrades	100,000			100,000		
	(2) MAFI Trailers & Ramp (BI)	100,000			100,000		
	Side Scan Sonar	55,000			41,250		13,750
	Total Other Capital	\$ 1,965,000	\$ -	\$ 1,153,750	\$ 710,000	\$ -	\$ 101,250

REVISED SCHEDULE J
PAGE 2 OF 2

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
JACKSONVILLE PORT AUTHORITY
PROPOSED BUDGET FY 2011/2012**

RECOMMENDATIONS:

We recommend removing and replacing Budget Ordinance Schedules I and J with Revised Schedule I and J (attached) and Budget Ordinance Section IV (attached) in order to correct the following:

1. To decrease the "Shared Revenue from Primary Govt" line item under the "Non-Operating Revenues" by \$223,077 from \$6,128,779 to \$5,905,702. This amount will then be in agreement with the amount the City has projected will be paid to JPA. We also recommend that JPA reduce the "Dredging" line item under "Operating Expenditures" by \$223,077 from \$4,400,000 to \$4,176,923. This will balance the revenues and expenditures for JPA's budget. JPA concurs.
2. The Capital Projects Budget (Schedule J) is not mathematically correct. Revised Schedule J corrects the mathematical errors. JPA concurs.
3. Amends the JPA budget narrative to reference "Revised Schedule I and Revised Schedule J" and amends the JPA budget narrative to reference "Part IV" instead of "Part V" as JPA's budget section. This also corrects the reference for the contribution to the pension funds from "Section 9.4" to "Section 8.4" to reflect the correct reference to the Pension Contribution section of the Budget Ordinance narrative. JPA concurs.