OFFICE OF THE COUNCIL AUDITOR

FY 2012/2013 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

John R. Crescimbeni - Chair
Greg Anderson - Vice Chair
Lori N. Boyer
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Bill Gulliford
Stephen C. Joost
Clay Yarborough

Meeting #2
August 10, 2012

COUNCIL AUDITOR'S OFFICE
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COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
GENERAL COUNSEL (S/F 011)

PROPOSED BUDGET BOOK- Page #246-247
ON SCREEN- PDF Page #271-272

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

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

EXPENDITURES:
Significant changes in expenditures are as follows:

1. Employer Provided Benefits:
   - The net increase of $2,696 is mainly due to increases in pension contributions of $1,547 and hospitalization insurance of $1,151.

2. Internal Service Charges:
   - The net decrease of $1,659 is mainly due to decreases in ITD charges of $1,497 and copy center charges of $994. These are a result of lower costs and changing allocation methods.

3. Other Operating Expenses:
   - The net decrease of $1,066 is mainly due to a decrease in buildings plant renewal of $768 and other office supplies of $300.

SERVICE LEVEL CHANGES:
There are no significant service level changes.

EMPLOYEE CAP CHANGES:
There were no employee cap changes.

CAPITAL OUTLAY CARRYFORWARDS:
None.

RECOMMENDATIONS:
None.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
GENERAL COUNSEL (S/F 551)

PROPOSED BUDGET BOOK- Page #248-250
ON SCREEN- PDF Page #273-275

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

REVENUES:
1. Miscellaneous Revenue:
   - The increase of $7,879 in investment pool earnings is based on current year actuals.

2. Transfers from Fund Balance:
   - The decrease of $101,896 is due to the elimination of funds transferred from retained earnings.

3. Charges for Services:
   - The decrease of $691,097 is the result of lower billings to other departments and agencies mostly due to less staff.

EXPENDITURES:
Significant changes in expenditures are as follows:

1. Lapse:
   - The lapse of $319,407 is calculated based on employee turnover history within the Office of the General Counsel.

2. Salaries:
   - The net decrease of $450,227 is mainly due to the elimination of eight (8) positions. This decrease was slightly offset by an increase in leave rollback/sellback of $10,184.

3. Employer Provided Benefits:
   - The net increase of $51,834 is mainly due to an increase in pension contributions of $97,384. This increase is somewhat offset by decreases in group hospitalization insurance of $30,948 due to fewer employees.

4. Internal Service Charges:
   - The net decrease of $76,358 is mainly due to decreases in charges from ITD of $83,225 due to lower costs and estimates. This and other small decreases were slightly offset by an increase in copier consolidation of $18,283.

5. Other Operating Charges:
   The net increase of $14,721 is mainly due to the addition of $13,499 to employee training and $5,464 in dues, subscriptions and memberships. This increase is partially offset by $7,000 in miscellaneous services and charges for the use of mailing services.

6. Indirect Cost:
    - The decrease of $194,027 is based on the annual indirect cost study performed by Maximus Consulting Services, Inc.

SERVICE LEVEL CHANGES:
The OGC will no longer handle workers' compensation issues. Therefore, Risk Management (AFRM561WC) has budgeted $200,000 to hire an outside law firm.

CAPITAL OUTLAY CARRYFORWARD:
None.

EMPLOYEE CAP CHANGES:
The employee cap was reduced by eight (8) positions leaving sixty-one (61) remaining. Of the eight (8) positions reduced, five (5) work with Risk Management to resolve workers' compensation issues.

RECOMMENDATIONS:
None.

PROPOSED BUDGET BOOK- Page #243-244
ON SCREEN- PDF Page #267-268

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

REVENUES:
There are no revenues for this department.

EXPENDITURES:
Internal Service Charges:

- The net decrease of $20,537 is mainly due to a reduction in OGC legal charges of $21,540 based on current year's actual usage.

SERVICE LEVEL CHANGES:
There are no significant service level changes to the budget.

EMPLOYEE CAP CHANGES:
There were no employee cap changes.

CAPITAL OUTLAY CARRYFORWARD:
None.

RECOMMENDATIONS:
None.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
PUBLIC HEALTH
GENERAL FUND (S/F 011)

PROPOSED BUDGET BOOK – Page #296-297
ON SCREEN-Page #326-327

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

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

EXPENDITURES:
1. Other Operating Expenses:

    - The decrease is primarily due to the elimination of civil defense-guard services of $151,060.

2. Grants, Aids and Contributions:

    - The increase of $400,459 represents the required local match needed to obtain Federal grants.
    - The City's total match of $1,030,963 will allow the Duval County Health Department to receive $2,475,150 in Federal/State grants.

EMPLOYEE CAP CHANGES:

There are no positions.

SERVICE LEVEL CHANGES:

None

CAPITAL OUTLAY CARRYFORWARDS:

Per Schedule AF, the following item is requested as a capital carryforward:

- Local Match $22,589

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
PUBLIC HEALTH
GENERAL FUND (S/F 011)

PROPOSED BUDGET BOOK – Page #296-297
ON SCREEN-Page #326-327

RECOMMENDATIONS:

None

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
HUMAN RIGHTS COMMISSION
GENERAL FUND (011)

PROPOSED BUDGET BOOK- Page # 117-118
ON SCREEN- PDF Page # 132-133

BACKGROUND:
The Jacksonville Human Rights Commission (JHRC) within the City focuses on promoting and encouraging fair treatment and equal opportunity for all. The Commission strives to eliminate discrimination and promote mutual understanding and respect. Equal Opportunity/Equal Access (EO/EA), the only division under JHRC, resolves non-compliance with equal opportunity employment laws and investigates allegations made by job applicants and city employees.

The JHRC investigates complaints alleging discriminatory practices in employment, housing, and areas of public accommodations. In addition to investigating claims, the JHRC offers mediation services and works to resolve the complaints. The JHRC works with the Equal Employment Opportunity Commission (EEOC) at the Federal level and is reimbursed at an agreed upon rate based on the number of cases resolved. The staff of ten expects to generate $105,925 in revenues for FY 2012/13.

The services provided by the JHRC are also provided at the State level through the Florida Commission of Human Rights (FCHR) and the Federal level through the EEOC and the U. S. Department of Housing and Urban Development (HUD). There is no additional cost incurred by the city for deferring discrimination claims to these State or Federal agencies.

REVENUES:

1. Intergovernmental Revenue:
   - The decrease of $7,875 is due to an anticipated decrease in the United States Equal Employment and Opportunity Commission Award.

EXPENDITURES:

1. Salaries:
   - The decrease of $76,542 is primarily due to the elimination of the Equal Opportunity Specialist and Equal Employment Access Specialist positions. They are both vacant positions.

2. Employer Provided Benefits:
   - The decrease of $7,852 is primarily due to the reduction of benefits related to the eliminated positions offset by an increase of 3,185 in GEPP Pension Contributions

3. Internal Service Charges:

- The increase of $88,187 is primarily due to an increase of $100,221 in ITD application maintenance charges offset largely by decreases in copier charges ($2,418), copy center expenses ($3,038), telecommunication expenses ($2,403) and OGC legal expenses($3,069)

4. Operating Expenses

- No significant changes

SERVICE LEVEL CHANGES:

- None

EMPLOYEE CAP CHANGES:

2011/2012 Original	Increase/ Decrease	2012/2013 Proposed
12	(2)	10

As previously stated, two positions were being eliminated- one Equal Opportunity Specialist and one Equal Employment Access Specialist.

RECOMMENDATION:

- None

COUNCIL AUDITOR'S OFFICE
COMMENT AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
JACKSONVILLE HOUSING FINANCE AUTHORITY
HOUSING FINANCE AUTHORITY (721)

PROPOSED BUDGET BOOK- Page # 150-153
ON SCREEN PDF Page # 168-171

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

REVENUES:
Jacksonville Citywide Activities:
Miscellaneous Revenue:

- The reduction of $23,415 in miscellaneous revenue is due to a decrease in investment earnings.

Transfers From Fund Balance:

- The increase of $ 66,098 is due to an increase in expenditures that would not be covered by revenues.

Jacksonville Housing Finance Authority:
Mortgage Interest Income:

- The increase of $13,587 is due to higher anticipated mortgage interest income. Mortgage interest income is collected from the receipt of earnings on interest bearing mortgages. Aligned with the Jacksonville Affordable Housing Program, these mortgages are intended to assist persons with low income and those with special housing needs attain affordable housing.

Other Sources:

- The increase of $404 is mainly due to a $9,911 increase in proceeds from bond issuer fees. It was offset by a $9,507 reduction in bond monitoring fees. Bond monitoring fees are anticipated to decrease due to the completion of several bond projects. As a result, there is no longer a bond monitoring obligation.

EXPENDITURES:
Salaries:

- The increase of $55,723 is mostly due to all three positions being funded through the Jacksonville Housing Finance Authority. In FY 2011/12, 25% of two of the positions were paid through a CDBG federal grant.

Employer Provided Benefits:

- The net increase of $8,009 is due mainly to increases in payroll taxes of $6,826, group hospitalization insurance costs of $4,964 and workers' compensation insurance of 3,219. These were slightly offset by a decrease in pension contributions of $7,588. The changes in payroll taxes and pension contributions were attributable to the Director of Housing and Neighborhoods opting out of the defined benefit plan.

Internal Service Charges:

- The net decrease of $1,841 is partially due to a decrease of $6,651 in legal fees. This was mainly offset by an increase of $1,905 in data center service charges and $1,483 in mailroom charges.

Other Operating Expenses:

- The net reduction of $11,422 is primarily due to a drop of $14,965 in professional services offset by an increase of $2,500 in lease purchases.

Indirect Cost:

- Indirect costs have increased by $6,202 based on the Indirect Cost Study completed by Maximus Consulting Services, Inc.

SERVICE LEVEL CHANGES:

- None

EMPLOYEE CAP CHANGES:

There is no change in authorized positions.

RECOMMENDATIONS:

None

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
NEIGHBORHOODS
COMMUNITY DEVELOPMENT (S/F 1A1)

PROPOSED BUDGET BOOK- Page # 184-186
ON SCREEN- PDF Page # 206-208

BACKGROUND:
In accordance with the recommendation from the Affordable Housing Task Force in 2006, it was recommended to remove the federal and state housing and community development grants from the Mayor's annual budget cycle and handle them through separate legislation.

REVENUES:
Intergovernmental Revenue:

- The reduction of $5,816 is due to a 5% decrease in federal funding to the Independent Living Program.

Transfers From Other Funds:

- There is a $75,000 transfer from the Northside East Tax Increment District as an annual repayment for the $1.5 million grant to the Museum of Modern Art for the acquisition of the building at Duval and Laura Streets. The Tax Increment District is repaying the grant over 20 years without interest. This is the thirteenth annual payment.

EXPENDITURES:
Grants, Aids and Contributions:

- Grants and aids consists of the following:

Clara White Mission	$22,449
Catholic Charities Bureau	$52,551

Transfers To Other Funds:

- The reduction of $5,816 is due to the decrease in federal funding to the Independent Living Program. This transfer subsidizes a portion (46%) of the program.

SERVICE LEVEL CHANGES:
None

EMPLOYEE CAP CHANGES:
There are no authorized positions in this subfund.

RECOMMENDATIONS:
None

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
FINANCE
GENERAL EMPLOYEES PENSION TRUST
S/F 611

PROPOSED BUDGET BOOK – pgs 103 – 104
ON SCREEN pgs 116 - 117

BACKGROUND:
The General Employees Pension Trust is the City's defined benefit pension fund for general employees. This fund records both employee and employer contributions, investment earnings, benefit payments and administrative expenses for the General Employees' Pension Fund. For FY 2013, the City contribution rate is 20.81% with 20.51% being contributed to this Sub-fund and .3% being contributed to Sub-fund 614 the Pension Disability Trust. The employees' contribution rate attributable to this Sub-fund is 7.7% and .3% contributed to Sub-fund 614 for a total employee contribution of 8%. The employees covered by the General Employees' Pension Fund do not participate in Social Security.

REVENUES:
Miscellaneous Revenue:

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

EXPENDITURES:
1. Salaries:

- The $74,496 decrease is due to the elimination of one (1) position.

2. Employer Provided Benefits:

- The $17,535 decrease is primarily due to the elimination of one (1) position.

3. Internal Service Charges:

- The $35,009 decrease is primarily due to a reduction of $48,448 in Computers System Maintenance/Security. These decreases were somewhat offset by an increase of $16,379 in OGC Legal.

4. Other Operating Expense:

- The $117,049 increase is primarily due to increases in fees of $247,702 for the Actuary, the Plan Portfolio Consultant, the Plan Custodian, and the Money Managers. The amount paid to the Money Managers is tied to the performance of the investment portfolio for the General Employees Pension Plan. This increase was somewhat offset by a decrease of $79,334 in rental (land & buildings) due to the Pension Fund office moving from the Jake Goldbold City Hall Annex Building to City Hall, and decreases of $23,350 in travel expense, $8,905 in employee training, and $7,050 in dues, subscriptions and memberships. See the following table for details of the Professional Services component.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
FINANCE
GENERAL EMPLOYEES PENSION TRUST
S/F 611

All are Pension Fund Money Managers unless otherwise noted:

NOTE: The Pension Fund Money Manager fees are for the entire pension investment pool which includes the Correctional Officers Pension Plan fees.

Explanation	Amount
Pinnacle Associates	$ 282,342
Advisory Research	395,456
Silchester	833,722
Pzena	448,395
Eagle Capital	904,561
Baillie Gifford	492,824
Acadian Asset Management	634,020
Franklin Templeton SC	437,945
Franklin Templeton Global T/R	317,483
Income Research and Mgmt	22,488
Harvest	305,988
Tortoise	289,720
Westfield	312,744
Brown	315,712
Intech Enhanced	525,184
Wells Capital Management	293,630
Taplin Canida & Habacht	141,390
Richmond Capital	165,454
Wells Capital Management	40,125
Loomis Sayles	287,609
UBS	1,434,240
Hancock Timber	557,513
Vanguard REIT	161,455
Klausner & Kaufman - Pension Legal Counsel	20,000
Segal - Actuarial Services	75,000
Summit Strategies Group - Pension Portfolio Consultant	285,000
BNY Mellon - Pension plan custodians	195,000
Solantic – Pension Physicals	5,000
Investment Manager Performance Tracking	7,000
	$ 10,187,000

5. Capital Outlay:

- The decrease of $2,496 is due to not purchasing any equipment for FY 13.

6. Supervision Allocation:
   - The Supervision Allocation is the portion of this sub-fund's administrative cost that is allocated to the Correction Officers Pension Trust (S/F 613).

SERVICE LEVEL CHANGES:
There are no significant service level changes.

EMPLOYEE CAP CHANGES:
One (1) position was eliminated. The Pension Benefit Specialist position was eliminated.

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

	June 30, 2011	June 30, 2012	Dollar Change	Percent Change
Bonds and Notes	$458,994,161	$440,408,430	($18,585,731)	-4%
Common/Preferred Stock	$1,022,293,838	$946,914,401	($75,379,437)	-7%
Cash Equivalents	$13,058,551	$19,903,982	$6,845,431	52%
Real Estate	$222,809,788	$240,381,880	$17,572,092	8%
Other	$0	$0	$0	NA
Total	$1,717,156,338	$1,647,608,693	($69,547,645)	-4%

CITY OF JACKSONVILLE RETIREMENT SYSTEM FUNDING PROGRESS

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2011 Per the Actuarial Valuation Report			
Actuarial Accrued Liability (AAL) (a)	**Actuarial Value of Assets (b)**	**Unfunded AAL (a-b)**	**Funded Ratio (b/a)**
$ 2,217,380,856	$ 1,582,041,673	$ 635,339,183	71.35%

RECOMMENDATIONS: None

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
CORRECTIONAL OFFICERS PENSIONS TRUST
S/F 613

PROPOSED BUDGET BOOK – pgs 105 - 106
ON SCREEN – PDF pgs 118 - 119

BACKGROUND:
The Correctional Officers' Pension Fund was established to provide pension benefits and protection for the correctional officers of the City of Jacksonville. The City Contribution for FY 13 is 39.11% and the employee contribution is 8%. In addition, the Correctional Officers Pension Fund is funded by an administrative surcharge of $20 per person arrested and booked into the City correctional facilities. The employees covered by the Corrections Officers' Pension Fund do not participate in Social Security.

REVENUES:
1. Fines and Forfeits:
   - These funds are received from the $20 surcharge mentioned above.

2. Miscellaneous Revenue:
   - This is the amount of revenue needed from the Plan to fund the budgeted expenditures.

EXPENDITURES:
1. Other Operating Expenses:
   - The increase is because Money Manager's expenses are now being budgeted for the Correctional Officers Pension Plan. Money Manager fees are incurred by the General Employees Pension Plan and are allocated to the Correctional Officers Pension Plan (COPP) based on the COPP's allocated share of the investment pool.

2. Supervision Allocation:
   - The $560,000 is the cost to the Fund for administration by personnel in Sub-fund 611 – the General Employees Pension Fund.

SERVICE LEVEL CHANGES: None

EMPLOYEE CAP CHANGES:
There are no positions in this sub-fund.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
CORRECTIONAL OFFICERS PENSIONS TRUST
S/F 613

CORRECTIONAL OFFICERS PENSION PLAN FUNDING PROGRESS

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2011 Actuarial Valuation Report			
Actuarial Accrued Liability (AAL) (a)	**Actuarial Value of Assets (b)**	**Unfunded AAL (a-b)**	**Funded Ratio (b/a)**
$ 223,575,233	$ 103,154,256	$ 120,420,977	46.14%

RECOMMENDATIONS: None

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
DISABILITY PENSION TRUST
S/F 614

PROPOSED BUDGET BOOK – pgs 107 – 108
ON SCREEN – pgs 120 - 121

BACKGROUND:
The General Employees and Corrections pension fund was split in FY 2010 to separately identify the Disability Benefit portion of the fund for general employees only. Sub-fund 614 was created to account for Employer and Employee contributions and Disability benefit payments. For FY 2013, the total City contribution rate to the General Employees Pension Plan is 20.81% with 20.51% being contributed to Sub-fund 611 and .3% being contributed to this Sub-fund. The employees' contribution rate attributable to this Sub-fund is also .3% with 7.7% contributed to Sub-fund 611 for a total employee contribution of 8%.

REVENUES:
Miscellaneous Revenue:

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

EXPENDITURES:
Other Operating Expenses:

- The increase is for actuarial fees for an actuarial evaluation of the Disability Plan. This expense line is also used to pay the cost of disability physicals.

SERVICE LEVEL CHANGES: None

EMPLOYEE CAP CHANGES:
There are no positions in this Sub-fund.

RECOMMENDATIONS: None

CITY COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
2012/2013 PROPOSED BUDGET

- The Police and Fire Pension Fund is not included in the Mayor's Proposed Budget because the Police and Fire Pension Fund operates independently of the City and is governed by an appointed Board of Trustees. Pursuant to Sections 5.07, 14.01 and 14.02 of the City Charter; Section 121.101 (d) of the Ordinance Code and Section 25 of the Settlement Agreement dated March 5, 2001, the Board is required to submit its budget to the City Council for approval.
- The Police and Fire Pension Fund budget is divided into Administrative Expenditures, Building Operations and Parking Garage Operations. The Building Operations budget is increasing by $41,500 from $241,775 to $283,275. The Parking Garage Operations budget is remaining flat at $37,601. The total proposed budget for 2012/2013 is $9,374,167 which is an increase of $16,207 from the current budget of $9,357,960.

ADMINISTRATIVE EXPENDITURES

	2011/2012 ORIGINAL	2012/2013 PROPOSED	DOLLAR CHANGE	PERCENT CHANGE	F/N
Personnel Services	$ 1,122,854	$ 1,201,691	$ 78,837	7%	**(A)**
Operating Expenses	7,822,727	7,799,223	$ (23,504)	0%	**(B)**
Capital Outlay	133,004	52,378	$ (80,626)	-61%	**(C)**
Total Administrative Budget	$ 9,078,585	$ 9,053,292	$ (25,293)	-0.28%	

(A) This increase is primarily due to an increase in Leave Sellback and Special Pay as well as the Police and Fire Pension Fund reinstating the 2% salary line reduction enacted by the City Council in the FY 2011-2012 budget.
(B) Operating Expenses primarily consists of Professional Services. Professional Services consists of the following listed in the table below:

(C) The decrease is due to Office Equipment being reduced from last budget year.

Services	FY 11/12 Amount	FY 12/13 Amount	DOLLAR CHANGE	PERCENT CHANGE	
Money Managers	$ 6,200,000	$ 5,935,000	$ (265,000)	-4%	**(D)**
Auditors	$ 35,000	$ 36,000	$ 1,000	3%	
Investment Consultant	$ 225,000	$ 244,000	$ 19,000	8%	
Actuary	$ 55,000	$ 107,000	$ 52,000	95%	**(E)**
Pension Plan Custodian	$ 110,000	$ 90,000	$ (20,000)	-18%	
Securities Lending	$ 60,000	$ -	$ (60,000)	-100%	**(F)**
Legal Counsel	$ 85,000	$ 358,000	$ 273,000	321%	**(G)**
Medical Director	$ 30,000	$ 30,000	$ -	0%	
Total	$ 6,800,000	$ 6,800,000	$ -	0%	

(D) Per the Police and Fire Pension Fund, the fees paid to the Money Managers are tied to the performance of the investments. The better the investments perform the more fees the managers earn and vice versa.
(E) Actuarial fees are projected by the Police and Fire Pension Fund to be $90,000 for the current fiscal year due to all additional actuarial requests. For Fiscal Year 2012-2013 a special study is scheduled as well as anticipated actuarial requests for additional information on the Police and Fire Pension Fund.
(F) The Police and Fire Pension Fund is no longer involved in Securities Lending transactions.
(G) The increase in legal services is due to increased litigation both for rental issues and pension related issues.

COMMENTS AND RECOMMENDATIONS
POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
2012/2013 PROPOSED BUDGET

BUILDING OPERATIONS:

The Police and Fire Pension Fund owns its headquarters building located at One West Adams Street and leases out office space in the building.

	2011/2012 ORIGINAL	2012/2013 PROPOSED	DOLLAR CHANGE	PERCENT CHANGE	F/N
Operating Expense	$ 201,400	$ 242,900	$ 41,500	21%	
Capital Outlay	40,375	40,375	$ -	0%	
Total Building Operations	$ 241,775	$ 283,275	$ 41,500	17%	**(H)**

(H) The Building Operations expenditures will be offset by rental revenues estimated at $387,419 for the 2012/2013 fiscal year.

PARKING GARAGE OPERATIONS:

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

	2011/2012 ORIGINAL	2012/2013 PROPOSED	DOLLAR CHANGE	PERCENT CHANGE	F/N
Operating Expenses	$ 12,200	$ 12,200	$ -	0%	
Capital Outlay	25,400	25,400	$ -	0%	
Total Expenditures	$ 37,600	$ 37,600	$ -	0%	**(I)**

(I) The Parking Garage Expenditures will be offset by rental revenues estimated at $76,179 for the 2012/2013 fiscal year.

HAVERTY'S (JAKE GOLDBOLD) BUILDING REVENUE : $1,249,500

The Police and Fire Pension Fund owns the building located at 407 N. Laura Street. Pursuant to an agreement approved by Ordinance 2006-951-E, the City makes lease payments amounting to an annual rate of 11.9% of all costs incurred by Police and Fire Pension Administration for renovation of the building but not exceeding $10 million in costs. 11.9% of the maximum cost of $10 million results in an annual lease payment to the Police and Fire Pension Fund of $1,190,000, or $19.83 per square foot. However starting in May 2013, the City will begin paying lease payments amounting to 13.3% of all costs incurred. 13.3% of the maximum cost of $10 million results in an annual lease payment to the Police and Fire Pension Fund of $1,332,800 or $22.21 per square foot.

Beginning with May 2013 and every four years thereafter, the City has the option of purchasing the Haverty's Building. The re-purchase price of the Haverty's building from the Police and Fire Pension Fund will consist of the (i) the $3,000,000 original purchase price from the City and (ii) reimbursement of the Fund's out-of-pocket costs incurred with the renovation of the property not to exceed $10,000,000, together with its closing costs for purchase and sale, plus a 3% annual increase in such costs. The re-purchase price will be approximately $14,500,000 at the first re-purchase window in Fiscal Year 2012/13. The next re-purchase window would not occur until Fiscal Year 2016/17 and the price would be approximately $16,000,000 at that time.

The Administration has not included the purchase of the Haverty's Building in this Fiscal Year's CIP budget. By opting to wait until the next four year option, the City would incur an approximate increase in purchase price of $1,500,000, in addition to making four years of lease payments.

COMMENTS AND RECOMMENDATIONS
POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
2012/2013 PROPOSED BUDGET

MARKET VALUE OF INVESTMENTS: PER NORTHERN TRUST, INVESTMENT CUSTODIAN

	June 30, 2011	June 30, 2012	DOLLAR CHANGE	PERCENT CHANGE
Bonds/Notes	$ 240,323,309	$ 287,693,191	$ 47,369,882	20%
Stocks	708,759,165	656,273,336	$ (52,485,829)	-7%
S&P 500 Index	81,684,455	65,399,450	$ (16,285,005)	-20%
Cash Equivalents	13,712,959	17,384,147	$ 3,671,188	27%
Real Estate	76,842,639	86,040,283	$ 9,197,644	12%
Total	$ 1,121,322,527	$ 1,112,790,407	$ (8,532,120)	-1%

DEPARTMENT EMPLOYEE CAP:	**2011/2012 Original**	**Inc/(Dec)**	**2012/2013 Proposed**
	8	0	8

Note: One part-time position has been added to the proposed 2012/2013 Budget with a dollar value of $20,800.

RECOMMENDATIONS:

1. We recommend removing the language found in Section 8.4 of the Proposed Budget Ordinance and replacing with Revised Section 8.4 as shown on a following page.
2. We recommend removing Budget Ordinance Schedules AB and AC and replacing them with Revised Schedules AB and AC as shown on a following page.

Senior Staff Voluntary Retirement Plan

The Senior Staff Voluntary Retirement Plan (Plan) was created and adopted by the Police and Fire Pension Fund Board of Trustees on September 20, 2000. The Plan was created for the benefit of its senior staff employees and other employees of the Board not otherwise enrolled in the City of Jacksonville Retirement System. The participant contributes 7% of their salary into the plan, and the Asset Value of the Plan as of September 30, 2011 was $2,345,679. The Board of Trustees view the Plan as a stand alone plan that is administered by the Board and is funded by the Police and Fire Pension Plan.

The plan provisions provide for an Normal Retirement to be at age 65 with 5 years of service. Benefits are equal to three (3%) of average final compensation for each year of credited service. An Early Retirement is at age 60 with 5 years of service with benefits reduced by .5% per month before age 65. Vesting occurs after completion of five years of service and Final Average Earnings are the average of the last 24 months of employment with a Cost of Living Increases at 3%.

COMMENTS AND RECOMMENDATIONS
POLICE & FIRE PENSION ADMINISTRATION (S/F 621)
2012/2013 PROPOSED BUDGET

POLICE AND FIRE PENSION RETIREMENT SYSTEM FUNDING PROGRESS

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2011 (Per PFPF Actuarial Valuation Report)

Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (a-b)	Funded Ratio (b/a)
$ 2,427,197,626	$ 1,039,894,242	$ 1,387,303,384	42.84%

The pension rate contribution from the City as a percentage of covered payroll will be 81.91%, for FY 2013 which computes to a contribution of $122,019,612.

Council Auditor's Office
Police and Fire Pension
Salary Comparison
2012/2013 Budget

Position Description 2011/2012	2011/2012 Original	Position Description 2012/2013	2012/2013 Proposed	Dollar Change	Percent Change	F/N
Executive Director/Administrator	$ 238,702	Executive Director/Administrator	$ 289,620	$ 50,918	21%	**(A)**
Deputy Executive Director	169,744	Deputy Executive Director (Vacant)	83,546	$ (86,198)	-51%	**(B)**
Financial Services Manager	97,368	Position Eliminated	-	$ (97,368)	-100%	**(C)**
N/A	-	Controller	98,256	$ 98,256	N/A	**(D)**
Building Services Manager	88,932	Pension Benefits Manager	89,100	$ 168	0%	**(E)**
Executive Assistant	62,362	Executive Assistant	61,128	$ (1,234)	-2%	
Assistant Building Services Manager	59,880	Building Services Manager	64,107	$ 4,227	7%	**(F)**
Pension Benefits Specialist	53,604	Senior Pension Benefits Specialist	55,296	$ 1,692	3%	
Administrative Assistant	39,756	Pension Benefits Specialist	48,495	$ 8,739	22%	**(G)**
Intern (Unpaid per PFPF)	-	Part-Time Economic Research Analys	20,800	$ 20,800	N/A	**(H)**
2% Council cut to Salary line item	(16,207)					
	$ 794,141		**$ 810,348**	**$ 16,207**	**2%**	

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

(B) - The Deputy Executive Director position became vacant during Fiscal Year 2011-2012.

(C) - The Financial Services Manager was a vacant funded position for FY 2011-2012, however that position has been eliminated.

(D) - The Controller position was established to take over some of the duties that were previously done by the Deputy Executive Director.

(E) - The individual that held the Building Services Manager position became the Pension Benefits Manager during FY 2012.

(F) - The Assistant Building Services Manager was promoted to the Building Services Manager position and the Assistant Building Services Manager position was eliminated.

(G) - The individual that held the Administrative Assistant position is now in the Pension Benefits Specialist position and the Administrative Assistant position was eliminated.

(H) - The individual that holds the Part-Time Economic Research Analyst position was an unpaid intern for FY 2012.

Section 8.4 Pension Contributions.

The employer's contribution to the pension funds as a percentage of covered payroll is hereby set as follows:
(a) for the 1937 City Employees Pension Fund, the percentage shall be 20.81%, which includes 0.3% for Disability.
(b) for the Corrections Officer’s Pension Fund, the percentage shall be 39.11%.

(c) The October 1, 2011 Actuarial Valuation Report for the 1937 Jacksonville Police and Fire Pension Fund (using the active payroll as of July 2011) computes the contribution to be $122,019,612 based on a City contribution percentage of 81.91% of covered payroll. To assist in reducing the Unfunded Actuarial Accrued Liability of the Police and Fire Pension Fund, the City will contribute the greater of $122,019,612 or 81.91% of the covered payroll.

POLICE AND FIRE PENSION FUND
JACKSONVILLE, FLORIDA
BUDGET FISCAL YEAR 2012/2013

ESTIMATED REVENUES

Trust Fund Revenues	$	9,053,292
Rental Revenues	$	320,875
Total Estimated Revenues	$	9,374,167

REVISED SCHEDULE AB

APPROPRIATIONS

Administration		
Personnel Services	$	1,201,691
Operating Expenses	$	7,799,223
Capital Outlay	$	52,378
Total Administration	$	9,053,292
Rental		
Operating Expense	$	255,100
Capital Outlay	$	65,775
Total Rental	$	320,875
Total Appropriations	$	9,374,167

REVISED SCHEDULE AC

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

	Building Operations	Parking Garage Operations	Godbold City Hall Annex	Totals
Rental Revenues	$ 387,419	$ 76,179	$ 1,249,500	$ 1,713,098
Total Revenues	$ 387,419	$ 76,179	$ 1,249,500	$ 1,713,098
Operating Expenses	$ 242,900	$ 12,200	$ -	$ 255,100
Capital Outlay	$ 40,375	$ 25,400	$ -	$ 65,775
Total Expenses	$ 283,275	$ 37,600	$ -	$ 320,875
Surplus/(Deficit)	$ 104,144	$ 38,579	$ 1,249,500	$ 1,392,223

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
EMPLOYEE SERVICES
GENERAL FUND (S/F 011)

PROPOSED BUDGET BOOK- Page #86-87
ON SCREEN- PDF Page #98-99

BACKGROUND:
In the General Fund, this department consists of Compensation and Benefits, Employee and Labor Relations, Office of the Director and Talent Management. This department was established by Budget Ordinance 2011-732-E. This Department was previously the Human Resources Division within the Central Operations Department.

EXPENDITURES:
Salaries:

- The increase of $141,829 is mainly attributable to the increase in permanent salaries of $133,039 due to Employee Cap Changes noted below.

Employer Provided Benefits:

- The net increase of $98,491 is mainly due to increases in salaries resulting in increases in pension of $77,798, group health insurance of $10,757 and FICA taxes of $6,826.

Internal Service Charges:

- The net increase of $113,061 is primarily due to increases in ITD Computer System Maintenance charges of $121,238 and OGC legal charges of $45,117 which have been utilized more in an effort to reduce contractual expenditures (labor negotiations). This is somewhat offset with a decrease in copy center charges of $38,756 due to changes in the allocation method.

Other Operating Expenses:

- The net decrease of $850,413 is mainly attributable to reductions in professional services of $472,497, tuition reimbursement of $330,000 and employee training of $34,997.

EMPLOYEE CAP CHANGES:

For FY 2011/12, the Council approved budget for the Human Resources Division included 46 positions and expenditures of $6,336,559. The budget book page should include authorized positions of 46 in order to properly present the FY 2011/12 budget and provide comparison to FY 2012/13 proposed budget. From FY 2011/12 to FY 2012/13, positions increased by one. See the table below for details.

Department	FY 2011/12 Approved	FY 2012/13 Proposed	Net Change
Employee Services (former Human Resources)	46	47	**+1**

The following changes took or will take place:

- 1 position was moved to Mayor's Office during current fiscal year;
- 10 positions were moved in from ASD during current fiscal year;
- 2 positions were moved in from the vacancy pool during current fiscal year- Chiefs of Talent Management and Labor and Employee Relations – which totaled to $286,568 (salaries plus benefits);
- 10 positions will be cut in the FY 2012/13 resulting in a savings of $594,931 to the City (salaries plus benefits).

CONCERN:
While there is currently a tuition reimbursement program available to employees, funding for it has been drastically reduced from $450,000 to $120,000 in the proposed budget. Per Employee Services, only JSO and JFRD employees will receive tuition reimbursement in FY 2012/13. The City is contractually obligated to provide tuition assistance to JSO employees in the amount of $60,000. Per Employee Services, there is no contractual obligation to provide tuition assistance to JFRD employees. As of July 24, 2012, the City has already reimbursed approximately $159,000 to JSO employees and $224,000 to JFRD employees. Approximately $78,000 was reimbursed to general employees. Finally, there are approximately $40,000 in tuition reimbursement claims that are being currently processed.

SERVICE LEVEL CHANGES (PER EMPLOYEE SERVICES):
- Public records request could potentially be delayed as a result of the cuts.
- Needs of employees and walk-in visitors may not be met in a timely manner.
- Tuition reimbursement reductions have collective bargaining implications.
- Absence of tuition reimbursement for general employees and limited tuition reimbursement for JFRD and JSO employees, along with other various cuts in the Department and throughout the City, will negatively impact the City's ability to recruit and retain talented employees.

CAPITAL OUTLAY CARRYFORWARDS:
None

RECOMMENDATION:
The funding of $92,362 for one position should be removed to accurately reflect the intention of the Budget Office to remove funding associated with this position (Compensation Analyst). We also recommend deleting this position from the employee cap. This will have a positive impact on the Special Council Contingency of $92,362.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
GENERAL CAPITAL PROJECTS (S/F322)

PROPOSED BUDGET BOOK- Page #15-17
ON SCREEN- PDF Page #22-24

BACKGROUND:
This fund houses appropriated pay-go and Banking Fund borrowed funds prior to FY 2008/2009. The only new activity in this fund is an annual loan repayment amount and other non- interest pay-go capital projects.

REVENUES:
Transfers From Other Funds:

- This amount represents two transfers in from other funds. The first is a transfer of $392,000 from the Municipal Stadium (4A1) fund for loan repayment which is based upon a repayment schedule that was established at the time the loan was issued. The remaining transfer of $552,000 is from the Sheriff's Trust Fund (64A) to fund two FY 2012/13 proposed CIP projects. The detail is provided below in the table under Capital Outlay.

EXPENDITURES:
Cash Carryover:

- This is the loan repayment of $392,000 as mentioned above.

Capital Outlay:

- The table below details the project and project amounts for all funding sources:

552,000

Project		Project Title	FY 13 Proposed
PW0565	02	PRETRIAL DETENTION FACILITY - MAINT AND UPGRADES	252,000
SH0020	01	MONTGOMERY CORRECTIONAL - CLINIC	300,000

SERVICE LEVEL CHANGES:
No significant service level changes

EMPLOYEE CAP CHANGES:
There are no positions in this subfund.

RECOMMENDATIONS:
None

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
EMERGENCY CONTINGENCY (S/F 018)

PROPOSED BUDGET BOOK - Page #64-65
ON SCREEN-Page #73-74

BACKGROUND:
This fund is the General Fund's Emergency Contingency, which was moved to a separate fund as part of the FY 06 and FY 07 budget ordinances. The goal, as stated in municipal code section 106.107, is that this fund should be approximately equal to seven percent (25.5 days average cash flow) of the total General Fund/General Services District budgeted expenditures.

REVENUES:
1. Miscellaneous Revenue:
   - Interest earnings for FY 2012 are expected to decrease by $366,069 due to lower returns on investment.

2. Transfers from Fund Balance:
   - This amount is the estimated FY 2012 ending cash balance.

EXPENDITURES:
Cash Carryover:
- This amount is the estimated FY 2013 ending cash balance including interest income.

EMPLOYEE CAP CHANGES:
There are no employees associated with this subfund.

SERVICE LEVEL CHANGES:
None

CAPITAL OUTLAY CARRYFORWARDS:
None

RECOMMENDATIONS:
None

COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
NORTHWEST/NORTHSIDE EAST TAX INCREMENT DISTRICT USD1B & USD1C (SUB-FUND 181)
2012/13 PROPOSED BUDGET

BUDGET BOOK REFERENCE - Page # 66-67
PDF Page # 75-76

	2011/12 ORIGINAL BUDGET	2012/13 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	ORIGINAL TO PROPOSED PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1981/1984	1981/1984		
Preliminary Taxable Values	$ 885,111,347	$ 852,968,056	$ (32,143,291)	-3.6%
Less Taxable Value in Base Year	416,379,969	416,379,969	-	
Taxable Value Incremental Increases	**$ 468,731,378**	**$ 436,588,087**	**$ (32,143,291)**	**-6.9%**
Taxable Value Percentage Changes	112.57%	104.85%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	$ 4,468,667	$ 4,162,228	$ (306,439)	-6.9%
Transfer from General Fund	3,322,168	2,425,390	(896,778)	-27.0%
Total Revenues	**$ 7,790,835**	**$ 6,587,618**	**$ (1,203,217)**	**-15.4%**
EXPENDITURES				
Debt Service:				
06C ETR, Carling	$ 2,122,899	$ 2,130,344	$ 7,445	0.4%
HUD Section 108, 1997, LaVilla	109,848	119,288	9,440	8.6%
Fiscal Agent Fee (Misc)	775	1,550	775	100.0%
Total Debt Service	**$ 2,233,522**	**$ 2,251,182**	**$ 17,660**	**0.8%**
(A) **Contribution to Community Development**	**75,000**	**75,000**	**-**	**0.0%**
Other Operating Expenses:				
Vestcor (Lynch Building)- Payback	$ 1,294,313	$ 1,294,313	$ -	0.0%
MPS Library Garage	75,000	75,000	-	0.0%
(B) MPS Urban Core Garage	2,075,631	999,466	(1,076,165)	-51.8%
JTA/Fidelity Parking Lease	12,000	12,000	-	0.0%
(B) MPS Arena and Sports Complex	2,025,369	1,880,657	(144,712)	-7.1%
Total Other Operating Expenses	**$ 5,482,313**	**$ 4,261,436**	**$ (1,220,877)**	**-22.3%**
Total Expenditures	**$ 7,790,835**	**$ 6,587,618**	**$ (1,203,217)**	**-15.4%**

FOOTNOTES

(A) The Contribution to Community Development is for payments on the CDBG loan for the Museum of Modern Art. This is an interest-free loan of $1,500,000 to be repaid in twenty annual installments of $75,000. This payment is the 13th installment.

(B) The City has an agreement with Metropolitan Parking Solutions (MPS), in which the City guarantees a return on MPS's investment in three downtown parking garages. The City makes semi-annual loans to MPS in order to insure cash flows sufficient to cover all operating and ownership expenses, required reserves, a 6.75% return on the $3 million ownership equity (8.75% if performance goals are met) and a Debt Service Coverage Ratio of 1.0. The loans are budgeted to decrease next year mainly due to the opening of the Courthouse.

RECOMMENDATION: We recommend that the appropriation for the MPS downtown garage loans be increased by $115,410 due to a budgeting error by JEDC. Because expenditures exceed revenues in this subfund, an additional contribution from the general fund of $115,410 will be needed to make the subfund balance. This will have a negative impact on Special Council Contingency of $115,410.

COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTHBANK TAX INCREMENT DISTRICT USD1 A (SUB-FUND 182)
2012/13 PROPOSED BUDGET

BUDGET BOOK REFERENCE - Page # 68-69
PDF Page # 77-78

	2011/12 ORIGINAL BUDGET	2012/13 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	ORIGINAL TO PROPOSED PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1980	1980		
Preliminary Taxable Values	$ 425,336,469	$ 392,008,471	$ (33,327,998)	(7.8%)
Less Taxable Value in Base Year	89,127,781	89,127,781	-	
Taxable Value Incremental Increases	**$ 336,208,688**	**$ 302,880,690**	**$ (33,327,998)**	**(9.9%)**
Taxable Value Percentage Increases	377.2%	339.8%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	$ 3,205,257	$ 2,887,524	$ (317,733)	(9.9%)
Debt Repayment Revenue (Hilton) (A)	$ 110,000	$ 55,000	$ (55,000)	(50.0%)
Total Revenues	**$ 3,315,257**	**$ 2,942,524**	**$ (372,733)**	**(11.2%)**
EXPENDITURES				
Debt Service:				
HUD Section 108, Hampton Inn	$ 53,264	$ 57,976	$ 4,712	8.8%
HUD Section 108, Hilton Hotel	290,588	309,036	18,448	6.3%
05A ETR, Strand	188,396	189,274	878	0.5%
Total Debt Service	**$ 532,248**	**$ 556,286**	**$ 24,038**	**4.5%**
(B) Other Operating Expenses	1,300,000	1,200,000	(100,000)	(7.7%)
Transfer to General Fund	1,483,009	1,186,238	(296,771)	(20.0%)
Total Expenditures	**$ 3,315,257**	**$ 2,942,524**	**$ (372,733)**	**(11.2%)**

FOOTNOTES

(A) Hilton is required to repay a portion of the HUD debt, which is first applied to their property taxes. If the taxes are insufficient to cover the obligation, Hilton must make an additional payment to cover the difference. The decrease in their additional payment is due to the refinancing of the loan which resulted in lower debt service.

(B) Other Operating Expenses includes the following items:

	2011/12	2012/13		
San Marco Place (REV)	300,000	250,000	(50,000)	(16.7%)
Strand/Peninsula (REV)	1,000,000	950,000	(50,000)	(5.0%)
Total	**$ 1,300,000**	**$ 1,200,000**	**$ (100,000)**	**(7.7%)**

RECOMMENDATION: We recommend that the REV grant payments to San Marco Place and Strand/Peninsula be reduced by $50,000 each ($100,000 total) for a revised amount of $200,000 and $900,000 respectively in order to better align with current year actuals. This will increase the transfer to the General Fund by $100,000. It will also have a positive impact on Special Council Contingency of $100,000.

COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE BEACH TAX INCREMENT DISTRICTS USD2 A&B (SUB-FUND 184)
2012/13 PROPOSED BUDGET

BUDGET BOOK REFERENCE- Page # 70-71
PDF Page # 79-80

	2011/12 ORIGINAL BUDGET	2012/13 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	ORIGINAL TO PROPOSED PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Years	1983 & 1986	1983 & 1986		
Preliminary Taxable Values	$ 774,791,830	$ 717,478,064	$ (57,313,766)	(7.4%)
Less Taxable Value in Base Years	48,790,640	48,790,640	-	
Taxable Value Incremental Increases	**$ 726,001,190**	**$ 668,687,424**	**$ (57,313,766)**	**(7.9%)**
Taxable Value Percentage Increases	1488.0%	1370.5%		
Operating Millage Rates	6.7446 mills	6.7446 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	**$ 4,651,758**	**$ 4,284,528**	**$ (367,230)**	**(7.9%)**
EXPENDITURES				
Contribution to Jacksonville Beach	**$ 4,651,758**	**$ 4,284,528**	**$ (367,230)**	**(7.9%)**

Percentage of USD2 Taxes Received by City of Jacksonville

	Countywide Levy	USD2 Levy	
2012/13 Beaches Preliminary Taxable Values	$ 2,461,560,122	$ 2,461,560,122	
Levy (A)	10.0353 mills	6.7446 mills	
Collection Rate	95.0%	95.0%	
Taxes	$ 23,467,370	$ 15,772,126	
Less TIF	-	4,284,528	
Net Revenue to City	**$ 23,467,370**	**$ 11,487,598**	
	100.00%	48.95%	- Percentage of countywide levy collected from USD2 after TIF and Interlocal Agreement reductions.

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

RECOMMENDATION: None.

COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
JACKSONVILLE INTERNATIONAL AIRPORT AREA REDEVELOPMENT
TAX INCREMENT DISTRICT GSA (SUB-FUND 185)
2012/13 PROPOSED BUDGET

BUDGET BOOK REFERENCE - Page # 72-73
PDF Page # 81-82

	2011/12 ORIGINAL BUDGET	2012/13 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	ORIGINAL TO PROPOSED PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	1990	1990		
Preliminary Taxable Values	$ 803,294,936	$ 760,069,939	$ (43,224,997)	(5.4%)
Less Taxable Value in Base Year	189,200,262	189,200,262	-	
Taxable Value Incremental Increases	**$ 614,094,674**	**$ 570,869,677**	**$ (43,224,997)**	**(7.0%)**
Taxable Value Percentage Increases	324.6%	301.7%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	**$ 5,854,493**	**$ 5,442,406**	**$ (412,087)**	**(7.0%)**
Total Revenues	**$ 5,854,493**	**$ 5,442,406**	**$ (412,087)**	**(7.0%)**
EXPENDITURES				
Debt Service:				
HUD Section 108, 1994, Coach	$ 522,994	$ 547,097	$ 24,103	4.6%
HUD Section 108, 1996, Sally Beauty (A)	42,902	-	(42,902)	(100.0%)
HUD Section 108, 1997, Body Armor	71,210	80,824	9,614	13.5%
05A ETR, RAMCO	1,106,229	1,110,356	4,127	0.4%
Fiscal Agent Fees	810	810	-	0.0%
Total Debt Service	**$ 1,744,145**	**$ 1,739,087**	**$ (5,058)**	**(0.3%)**
Other Operating Expenses (B)	385,000	405,000	20,000	5.2%
Transfer Out to the General Fund	3,725,348	3,298,319	(427,029)	(11.5%)
Total Expenditures	**$ 5,854,493**	**$ 5,442,406**	**$ (412,087)**	**(7.0%)**

FOOTNOTES

(A) This loan has been paid off.

(B) Other Operating Expense includes the following item:

	2011/12	2012/13		
RAMCO (REV)	$ 385,000	$ 405,000	$ 20,000	5.2%
Total	$ 385,000	$ 405,000	$ 20,000	5.2%

RECOMMENDATION: We recommend that the REV grant payment to RAMCO be reduced by $55,000 for a revised total of $350,000 in order to better align with current year actuals. This will increase the transfer to the General Fund by $55,000 and have a positive impact of $55,000 on Special Council Contingency.

COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
SOUTEL-MONCRIEF
TAX INCREMENT DISTRICT GSK (SUB-FUND 186)
2012/13 PROPOSED BUDGET

BUDGET BOOK REFERENCE- Page # 74-75
PDF Page # 83-84

	2011/12 ORIGINAL BUDGET	2012/13 PROPOSED BUDGET	ORIGINAL TO PROPOSED DOLLAR CHANGE	ORIGINAL TO PROPOSED PERCENT CHANGE
TAXABLE VALUES & RATES				
Base Year	2008	2008		
Preliminary Taxable Values	$ 115,108,461	$ 102,841,726	(12,266,735)	(10.7%)
Less Taxable Value in Base Year	71,064,917	71,064,917	-	0.0%
Taxable Value Incremental Increases	**$ 44,043,544**	**$ 31,776,809**	**(12,266,735)**	**(27.9%)**
Taxable Value Percentage Increases	62.0%	44.7%		
Operating Millage Rates	10.0353 mills	10.0353 mills		
Collection Rate	95.0%	95.0%		
REVENUES				
Ad Valorem Taxes - GF / GSD	**$ 419,891**	**$ 302,945**	**$ (116,946)**	**(27.9%)**
EXPENDITURES				
Cash Carryover	**$ 419,891**	**$ 302,945**	**$ (116,946)**	**(27.9%)**

NOTE

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

RECOMMENDATION: None.

COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2012/13 BUDGET
DOWNTOWN VISION, INC. (DVI)

BACKGROUND:
Downtown Vision Inc. (DVI) is a not-for-profit 501(c) organization whose mission is to build and maintain a healthy and vibrant downtown community and to promote downtown as an exciting place to live, work and visit. A public hearing on the assessment roll for DVI is scheduled for August 7, 2012 at the regular City Council Finance Committee meeting.

REVENUES:
1. Special Assessment:
   - DVI's main source of revenue has been a 1.1 mill special assessment of downtown commercial property owners. This year's funding is contingent upon approval of Ordinance 2012-422. Without this legislation, the City has no agreement in place with DVI. The budgeted assessment based on the continued 1.1 mills is estimated to be $686,000, a decrease of $64,000 from the previous year due to decreased property value. The estimate assumes a 2 percent yearly delinquency rate and that the remaining assessments will be paid on or before November 30 qualifying all property owners for a 4 percent discount.

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

3. Other Sources
   - The increase of $57,750 is due to an anticipated $60,000 increase in sponsorship for marketing and special events initiatives offset by a decrease in interest income of $2,250. This is an item that has not been budgeted in the past, but due to lower property values, the Board of Directors has committed to raising these funds.

EXPENDITURES:
1. Salaries:
   - The reduction of $57,589 in salaries is mainly attributable to the elimination of the Marketing & Events Manager and a decreased salary package offered to the newly assigned Director of Marketing.

2. Other Operating Expenses:
   There is a net increase of $51,339 in other operating expenses due to budget changes within a majority of the accounts. This is due in large part to the hiring of a new part-time public relations and strategy consultant ($30,000) and increases in design and print costs for downtown guides ($11,606).

OVERALL COMMENTS:
- The City had no obligation to fund DVI the 1.1 mill special assessment without approval of Ordinance 2012-422 currently before Council Committees.
- The balance of DVI's special project reserve fund is currently $456,462. Currently, $100,000 has been encumbered for Laura Street Façade Improvement Grants, which were awarded in January 2012 and will be spent as projects are completed. In addition, $200,000 has been earmarked for the FY 2012/13 proposed budget to offset declining revenues while maintaining current service levels. The source of the funds in the special project reserve fund has been from excess revenues in previous fiscal years. The funds are reserved to fill budgetary gaps and to finance future downtown enhancement projects.

RECOMMENDATIONS:

Replace Schedules AD and AE with Revised Schedules AD and AE to correct grammar, remove unnecessary appropriation lines and add additional notations regarding the City contribution.

BUSINESS IMPROVEMENT DISTRICT
(DOWNTOWN VISION, INC.)
JACKSONVILLE, FLORIDA
BUDGET - FISCAL YEAR 2012/13

ESTIMATED REVENUES	**DVI FY 2012/13 Proposed**	**Council Adopted FY 2011/12**	**Change**
Assessed Properties (1)	$ 686,000	$ 750,000	$ (64,000)
City of Jacksonville (2)	311,660	311,660	-
Other Sources	99,745	41,995	57,750
Reserves	200,000	200,000	-
Total Estimated Revenues	$ 1,297,405	$ 1,303,655	$ (6,250)

APPROPRIATIONS

	Clean, Safe and Attractive	Mktg, Promotions, Special Projects	Business & Stakeholder Support	Management & General	Total FY 2012/13 Proposed	Council Adopted FY 2011/12	Change
Personnel Services	$ 79,901	$ 176,753	$ 79,901	$ 43,317	$ 379,872	$ 437,461	$ (57,589)
Operating Expenses	598,417	241,195	49,961	22,960	912,533	861,194	51,339
Contingency					5,000	5,000	-
Total Appropriations	$ 678,318	$ 417,948	$ 129,862	$ 66,277	$ 1,297,405	$ 1,303,655	$ (6,250)

(1) Represents the estimated revenue from 1.1 mills special assessment on the 2012 properties in the Business Improvement District.
(2) Includes $229,747 City contribution that has consistently been funded since FY 07/08 plus $81,913 of City funding for two additional Downtown cleaners.

BUSINESS IMPROVEMENT DISTRICT
(DOWNTOWN VISION, INC.)
JACKSONVILLE, FLORIDA
BUDGET - FISCAL YEAR 2012/13

ESTIMATED REVENUES	**DVI Proposed**
Assessed Properties (1)	$ 686,000
City of Jacksonville (2)	311,660
Other Sources	99,745
Reserves	200,000
Total Estimated Revenues	$ 1,297,405

REVISED SCHEDULE AD

APPROPRIATIONS

	Clean, Safe and Attractive	Mktg, Promotions, Special Projects	Business & Stakeholder Support	Management & General	Total
Personnel Services	$ 79,901	$ 176,753	$ 79,901	$ 43,317	$ 379,872
Operating Expenses	598,417	241,195	49,961	22,960	912,533
Contingency					5,000
Total Appropriations	$ 678,318	$ 417,948	$ 129,862	$ 66,277	$ 1,297,405

(1) Represents the estimated revenue from 1.1 mills special assessment on the 2012 properties in the Business Improvement District.
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REVISED SCHEDULE AE