

COUNCIL AUDITOR'S OFFICE

2010/11 OFFICE ANNUAL REPORT

Executive Summary
Special Report #707



Authority

The position of the Council Auditor is established by Section 5.10 of the Charter of the Consolidated Government of the City of Jacksonville. The Council Auditor is appointed by the City Council and is the Director of the Council Auditor's Office, a department of the legislative branch of the consolidated government. The Council Auditor is responsible for conducting a continuous internal audit of the fiscal operations of the consolidated government and all independent agencies. Audits are selected based on risk factors, reported problems in an area, or at the request of City Council. The Council Auditor's Office conducts legislative review and performs other forms of research as Council Committees, the Council President or individual Council Members may request. The office is also tasked with developing specifications to be included in the request for proposal (RFP) for outside audit services and assisting in the selection of an outside audit firm for the City's annual independent audit.

Annual Expenditures

	FY 09/10 Expenditures	FY 10/11 Estimated Expenditures
Salaries	\$ 1,329,074	\$ 1,335,558
Pension	178,594	170,378
Other Employee Benefits	157,984	144,032
Internal Service Charges	120,530	79,402
Other Operating Expense	35,336	25,525
Total	\$ 1,821,518	\$ 1,754,895

Our Product

Audit

We issued six performance audit reports and two attestations. In total, we identified 32 Audit Findings, 32 Internal Control Weaknesses, and 13 Opportunities for Improvement in our reports aimed at improving the City's operations and protecting the City's assets. Additionally, the staff assisted the external auditor's on the audits of the City and JEA.

Legislation

We reviewed approximately 630 pieces of legislation. In performing our review of legislation, we found \$575,000 in errors and other findings which benefited the City. Additionally, the staff is responsible for reviewing the proposed budget for the City and its Independent Authorities. During the review, we made recommendations totaling nearly \$5.5 million, which allowed facilities maintenance and roadway resurfacing projects to be funded with cash rather than incurring more debt.

Special Projects

We issued eight special reports and conducted numerous other special projects throughout the year. We also reviewed the submission of audits for City Grant recipients. As a part of the Rate Review Team of the independent solid waste contract haulers, the staff assisted in saving the City over \$4.8 million over the next three years. In addition, this work assisted in the City avoiding a potential cost of \$350,000 per year for the next three years by reducing the fuel cap for the haulers.

(Please refer to the full Annual Report for more detailed information)

COUNCIL AUDITOR'S OFFICE

ANNUAL REPORT 2010/2011

December 1, 2011

Special Report #707

ANNUAL REPORT

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OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



December 1, 2011

Special Report #707

Honorable Members of the City Council
Jacksonville, Florida

The annual report of the City Council Auditor's Office of Jacksonville, Florida for the fiscal year ended September 30, 2011 is presented for your review. This report provides a description of the mission and goals of the Council Auditor's Office and an explanation as to the types of work performed.

Another productive year resulted in the issuance of 16 reports, in addition to many special projects and numerous hours reviewing legislation and attending meetings of City Council and its committees. A summary of the reports, along with highlights of significant legislation, is included. The Council Auditor's Office also provided staff time to assist in the audits of the City and JEA.

In addition to issuing reports, performing special projects and reviewing legislation, more than 5,400 staff hours were spent from July through September 2011 reviewing the proposed 2011/2012 budgets for the City and its Independent Authorities, preparing handouts with recommendations, and researching numerous questions for Council Members.

MISSION AND GOALS

Charter Authority of the City Council Auditor

The position of the Council Auditor is established by Section 5.10 of the Charter of the Consolidated Government of the City of Jacksonville. The Council Auditor is appointed by the City Council and is the Director of the Council Auditor's Office, a department of the legislative branch of the consolidated government. The Council Auditor is responsible for conducting a continuous internal audit of the fiscal operations of the consolidated government and all independent agencies. Audits are selected based on risk factors, reported problems in an area, or at the request of City Council. The Council Auditor's Office conducts legislative review and performs other forms of research as Council Committees, the Council President or individual Council Members may request. The office is also tasked with developing specifications to be included in the request for proposal (RFP) for outside audit services and assisting in the selection of an outside audit firm for the City's annual independent audit.

Our Mission

The mission of the Council Auditor's Office is to improve the accountability and effectiveness of local government by actively providing independent and informative services to the City Council and the citizens of Jacksonville. The City Council, Mayor, Independent Agencies and the public need timely, objective, and accurate information regarding the efficiency and effectiveness of the operations of the City and its Independent Agencies. We seek to accomplish our mission by evaluating department and program performance.

Statement of Values

- We expect excellence in the services we provide: excellence achieved through motivated personnel upon whose abilities, initiative, and creativity we depend.
- We are committed to sustaining a work environment that provides opportunities for personal growth, and supports innovation and change as essential to achieving our vision in a rapidly changing world.
- We expect the development of new ideas and enhancements in our ability to perform and work effectively at all levels of the organization.
- We value our relationships with others.
- We demonstrate integrity and honesty in all facets of our work.

OUR WORK PRODUCTS

Our office performs three essential functions: audits, special projects, and legislative review. These three areas combine to allow us to provide the best value we can to the citizens of Duval County.

Audit Function

Overview

The audit function of the office conducts performance audits in accordance with Generally Accepted Governmental Auditing Standards (GAGAS), attestations in accordance with the American Institute of Certified Public Accounts (AICPA) and/or GAGAS, and assists the external auditors with the City's Comprehensive Annual Financial Report (CAFR) and JEA's Annual Financial Report. Audit work accounted for over 11,300 hours (or 32%) of the overall time of our office. The standards that we utilize require due professional care in conducting audits, professionally qualified staff, independence, adequate supervision and planning of audit work, reporting of audit results, and periodic review of the office by outside professionals. This enhances the quality of our work product which enables the user agency to place greater reliance on our work.

We select areas to audit based on several factors. We consider areas that provide services to the government and community that may have potential for improvement in the areas of economy and efficiency. Areas at risk for the misuse of assets or resources are more likely to be selected for audit. We also consider areas with a high volume of complaints or concerns identified by the City Council, Mayor, and management. The length of time since the last audit is also considered. Appropriate staff is assigned to the audit based on individual staff qualifications and the number

of staff needed to conduct the audit. See Exhibit A for a listing of the reports and Exhibit B for a brief summary of the reports.

Performance Audits

A performance audit is an engagement that provides assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices.¹ This type of auditing may also include steps to determine if the City is in compliance with contracts, laws, regulations and procedures. The benefit of audit work is not always quantifiable. Performance audits result in recommendations that will improve resource utilization, reduce the risk of loss or abuse of assets, increase productivity, and correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient.

Results

We issued six performance audits during FY 2010/11. These six reports identified 32 internal control weaknesses, 28 findings, and 13 opportunities for improvement.

Attestations

Attestation engagements can cover a broad range of financial or nonfinancial objectives and may provide different levels of assurance about the subject matter or assertion depending on the users' needs. Attestation engagements result in an examination, a review, or an agreed-upon procedures report on a subject matter or on an assertion about a subject matter that is the responsibility of another party.²

Results

We issued two attestations during FY 2010/11 both of which are required by Florida Statutes. We identified four findings while performing this work.

External Auditors

The Council Auditor's Office is tasked with engaging an outside audit firm to perform the City's annual independent audit. Pursuant to Section 102.116 of the Jacksonville Municipal Code, the Council Auditor's Office establishes the specifications to be included in the request for proposal (RFP) for the City's independent audit, assists in the ranking and selection of an outside audit firm and negotiates the formal fee and contract terms.

The Council Auditor's Office also provides staff to assist in the audit work performed on both the City and JEA's annual financial audits. Four of our staff members provided over a total of 600 hours to assist McGladrey & Pullen, LLP with the annual financial statement audit and the preparation of the Management Letter. In addition, two of our staff members provided a total of 160 hours to assist Ernst & Young, LLP with the financial audit of JEA.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2007), p.17.

² Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2007), p.15.

Results

By providing this assistance, we reduced the cost of the contracts by approximately \$85,000 and provided staff valuable information and training for future audit work.

Special Project Function

The special project function releases special reports, which are typically in response to a request by a Council Member or involve a project substantially less in scope than an audit conducted in accordance with GAGAS. This area accounts for over 5,300 hours (or 15%) of the overall time of our office. See exhibit A for a listing of reports and Exhibit B for a summary of the reports.

Special Reports

The Council Auditor's Office performs other reviews to fulfill the City Charter and Ordinance Code requirements of providing the City Council with reports of financial analysis and information pertaining to the operations of the City and its Independent Agencies. As a part of this effort, the Council Auditor compiles and reviews quarterly financial reports from the City and its Independent Agencies and presents reports thereon. The majority of our special project work products are not summarized in formal numbered reports.

Results

We issued eight numbered special reports in FY 2010/11. Two of the reviews resulted in six findings, one internal control weakness and four opportunities for improvement. The remaining reports were prepared to provide information to City Council and the citizens of Jacksonville regarding the City's financial position and our office's work.

Special Projects

The Council Auditor's Office performs many special projects that do not result in a report. An example of this can be seen with the assistance provided by our office with the rate review of the independent contract garbage haulers. Pursuant to the contract with the Independent Haulers, the Council Auditor's Office was a member of the rate review team.

Results

This contract review resulted in a savings of \$1.4 million in fiscal year 2010/11 and savings of \$1.7 million in both fiscal year 2011/12 and 2012/13 in the contract cost due to a reduction in the rate paid per premise. Furthermore, the City avoided a potential cost of \$350,000 per year for three years associated with potential fuel costs.

Follow-up Reviews

The Council Auditor's Office conducts follow-up reviews to determine the progress made in addressing findings and recommendations identified in previously issued audit reports. These reviews are performed periodically and are substantially less in scope than an audit conducted in accordance with GAGAS.

City Grants

Per Chapter 118.201 and 118.202 of the Jacksonville Municipal Code, the Council Auditor's Office is tasked with overseeing the proper submission of annual audits and financial reports by

agencies which receive City of Jacksonville grant funding. In addition to assuring that the audits and financial reports are submitted by the appropriate deadlines, the Council Auditor's Office also reviews the audits and confirms that City funding is properly disclosed in each report. Per Chapter 118.504, the Council Auditor's Office has the authority to remove entitlement of grant funding from an agency that does not follow the provisions of Chapter 118. In practice, the Council Auditor's Office has maintained a "non-compliance list," which includes all agencies that have committed infractions which have not yet been resolved. The Council Auditor's Office may reinstate entitlement upon the correction of most infractions by the agency.

Results

During FY 2010/11, 19 organizations were added to the non-compliance list with all, but one being removed once reporting requirements were fulfilled. Payments were withheld for non-compliant organizations until these organizations demonstrated compliance with the requirements of Municipal Code Chapter 118.

Legislative Function

Overview

The legislative review function provides an examination of legislation for all of the Council Committees, with the exception of the Land Use and Zoning Committee, and attendance at all City Council meetings. It is the role of this team to provide transparency and accountability to each piece of legislation that is reviewed. The legislative review function accounts for over 11,300 hours (or 32%) of the overall time of our office, which includes over 5,400 hours related to the annual budget. The following more specifically describes the scope of work performed by each group.

Legislation Review

The legislative review function is performed by staff members in order to provide Council Members with information regarding areas of potential improvement, full disclosure of financial impacts, errors requiring correction and other possible outcomes of pending legislation to assist Council Committees in their decision-making process. Some of the general categories of legislation reviewed are capital project approval and appropriation, grant contracts and appropriations of funds, lease agreements, fair share assessments, and redevelopment agreements. Refer to Exhibit C for a summary of significant legislation.

Results

The legislative review process provides City Council Members with information and research that adds to the resources available for their decision making process. During FY 2010/11, we reviewed approximately 630 pieces of legislation. In performing our review of legislation, we found approximately \$575,000 in errors and other findings which benefited the City.

Budget Review

The Council Auditor's Office is also responsible for reviewing the proposed budgets for the City and its Independent Authorities. This review entails an extensive analysis of revenue and expenditures on a line item basis, along with statistical calculations and a review of material changes in funding for expenditures. Our staff interacts with the Budget Office, City

Departments and Independent Authorities to complete our analysis and obtain answers to questions regarding budget requests. Approximately 5,400 staff hours were spent from July through September 2011 reviewing the 2011/2012 budget proposals. A report is prepared annually outlining the Mayor's and Independent Agencies' proposed budgets and City Council actions regarding those budgets.

Results

Based on our review of the Mayor's Proposed Budget, we brought several concerns to the attention of the Council, including the following:

- *The funding for personnel service expenses for the Sheriff's Office assumed a 2% reduction effective at the beginning of the fiscal year even though union negotiations were still not settled.*
- *The budget for the Sheriff's Office assumed that a grant of \$3.5 million would be received from the Federal Government even though the award status and amount was unknown.*
- *The funding for pension costs for the General Employees' Retirement Plan assumed that the actuarial study would be deferred another year. Ultimately the City Council voted to not defer the actuarial study. Budget adjustments of over \$6.2 million were made as a result.*
- *The Solid Waste Fee, rather than the General Fund, was used to fund litter pick-up and illegal dumping, resulting in a budgetary problem of nearly \$1.5 million.*
- *Additional borrowing of \$71 million was initially proposed for the banking fund. This amount was reduced by the City Council to approximately \$58 million.*

Additionally, as a result of our review, we made recommendations totaling nearly \$5.5 million, which allowed facilities maintenance and roadway resurfacing projects to be funded with cash rather than incurring additional debt. We also recommended that the City Council revise the Municipal Code to only allow projects with a useful life greater than five years, rather than one year, and a per unit cost of \$50,000 or more, rather than \$1,000, to be funded via the banking fund.

Assistance to Special and Ad Hoc Committees

The Council Auditor's staff attends special committee meetings to provide background information and aid committee members in their review and deliberations on tasks assigned to the committee. Staff participated in meetings associated with the Better Jacksonville Plan, the Duval County Tourist Development Council, the Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission, as well as various special committees noted below.

The Performance and Audits Subcommittee of the City Council Finance Committee was created to study City government performance and to review audits and reports about City finances and operations. The subcommittee meets on an as needed basis to receive information from the Council Auditor and the City's independent auditor. This provides the opportunity for the subcommittee to discuss the reports and ask questions of Council Auditor's staff and the agency staff addressed in the report.

Council Auditor reports are forwarded to the TRUE Commission for their review. Council Auditor staff attend the TRUE Commission meetings to answer questions regarding each report released. The TRUE Commission provides recommendations and feedback to the Council President at their discretion.

The Special Committee on Privatization created in August of 2011 was charged with discussing and exploring the privatization of certain City services. The committee is to perform an analysis and provide its findings and recommendations to the Council.

The Ad Hoc Budget Savings Review Committee created in March of 2011 was charged with creating a set of recommendations to be utilized by the Mayor and Finance Committee during the FY 2011/12 budget preparation process. After the initial discussions the committee decided to focus their efforts on understanding the City’s internal service operations of the City. The committee arrived at a list of twenty-four action items.

OFFICE OPERATIONS

Our Structure

Our office is structured in the most effective method for internal audit independence in that we report directly to the City Council. Given the unique nature of functions our office performs, our office is recognized as a model organization and from time to time we are contacted by other jurisdictions who want to better understand our operation.

Staffing

As part of the FY 2010/2011 budget, the office was authorized to fill 18 full-time positions. Positions include the Council Auditor, an Assistant Council Auditor, 15 auditors and one administrative assistant. (Refer to Exhibit D) All auditors have degrees in accounting, including several with graduate degrees. The audit staff members are Certified Public Accountants (CPAs) or in the process of preparing for or taking the CPA exam. Audit staff members are encouraged to obtain a CPA license. Since the beginning of FY 2010/11, the number of staff members with CPA licenses has increased from ten to thirteen.

Expenditures

The Council Auditor's Office had expenditures of approximately \$1.75 million in fiscal year 2010/11, as detailed below.

Annual Expenditures

	FY 09/10 Expenditures	FY 10/11 Estimated Expenditures*
Salaries	\$ 1,329,074	\$ 1,335,558
Pension	178,594	170,378
Other Employee Benefits	157,984	144,032
Internal Service Charges	120,530	79,402
Other Operating Expense	35,336	25,525
Total	<u>\$ 1,821,518</u>	<u>\$ 1,754,895</u>

**Please note that the amounts for FY 2010/11 are pending the final close out of the City’s Annual Financial Audit.*

PROFESSIONAL DEVELOPMENT

Summary

The work of the Council Auditor's Office requires professionals with high standards of integrity, independence, and conduct. Principles are established as a guide for development and improvement of the employee's professionalism. The Council Auditor's Office emphasizes professional development to improve our skills, effectiveness and efficiency. The office provides required continuing education, encourages professional certification, and supports staff involvement in professional associations.

Continuing Education

Government Auditing Standards require that our staff complete at least 80 hours of continuing education every two years, including 24 hours in subjects directly related to the government environment or government auditing. Those auditors who are CPAs must also complete the 80 hours every two years to retain their active status as Florida CPAs. The professional staff is in compliance with these provisions.

Professional Associations

The Council Auditor and other staff members are members of organizations such as the Association of Local Government Auditors, the Florida Government Finance Officers Association, the Government Finance Officers Association, and the Florida Audit Forum. Some staff members are also members of the American Institute of Certified Public Accountants and the Institute of Internal Auditors.

Quality Assurance

In compliance with Government Auditing Standards, the Council Auditor's Office undergoes an external quality control review once every three years by an organization not affiliated with the Council Auditor's Office. We participate in the peer review program of the Association of Local Government Auditors through which our office had a peer review and was found to be in compliance with the Government Auditing Standards in April 2009. Our next peer review is scheduled for the spring of 2012 for the review period of January 1, 2009 to December 31, 2011.

We appreciate the strong support given to us by the City Council and the cooperation extended to us by the Mayor and the Administration. We look forward to continuing to work on finding ways to improve our City and its Independent Agencies.

Respectfully submitted,

Kirk A. Sherman, CPA
Council Auditor

EXHIBIT A

*All reports are public record and are available to the public in our office or on our web site at
www.coj.net/City-Council/Council-Auditor.aspx*

REPORTS RELEASED IN FISCAL YEAR 2010/2011

Performance Audits

Report No. 691	Jacksonville Aviation Authority Accounts Payable	December 2010
Report No. 693	Shands Indigent Care Audit	December 2010
Report No. 694	Supervisor of Elections Audit	January 2011
Report No. 697	City Accounts Receivable	March 2011
Report No. 698	Audit of Miscellaneous Bank Accounts	April 2011
Report No. 701	JEA Accounts Payable Audit	June 2011

Attestations

Report No. 695	Report on Statement of County Funded Court-Related Functions – FY 09/10	January 2011
Report No. 702	Sheriff's Investigative Fund 2010	July 2011

Special Reports

Report No. 688	Value Adjustment Board Revenue for 2008/2009	October 2010
Report No. 689	Council Auditor's Annual Report	October 2010
Report No. 690	Budget Summary for FY 10/11	November 2010
Report No. 692	Quarterly Financial Report for the Fiscal Year Ending 9/30/10	December 2010
Report No. 696	Quarterly Financial Report for Three Months Ending 12/31/10	February 2011
Report No. 699	Quarterly Financial Report for Six Months Ending 3/31/11	May 2011
Report No. 700	Sunshine Law Compliance Review	May 2011
Report No. 703	Quarterly Financial Report for Nine Months Ending 6/30/11	August 2011

EXHIBIT B

SUMMARY OF REPORTS

Performance Audits

Jacksonville Aviation Authority Accounts Payable

Report #691 – December 2010

The Jacksonville Aviation Authority (JAA) Accounts Payable Department consists of seven employees. These employees are tasked with processing payment for all payments owed by the Jacksonville Aviation Authority for goods, services, and other internal operations. In FY 2008/09 4,000 checks were issued totaling \$79 million.

Significant Issues

Overall it appears that payments made by JAA were materially correct and lawful, but there was still some room for improvement. For example, we found:

- Inadequate policies relating to payments to non-profits, approval of travel and business promotion, and for Direct Payment Vouchers.
- JAA was missing contracts for payments made to vendors totaling \$753,034.
- JAA was noncompliant with the State of Florida's Record Retention Policy for Accounts Payable documentation.
- JAA made severance payouts of \$549,605 without properly reporting them to the Board.

Shands Indigent Care Audit

Report #693 – December 2010

During the annual budget process, the City of Jacksonville approved \$23 million to be sent to Shands Jacksonville to provide medical care to the indigent. The City and Shands have a written agreement that dictates how these funds are to be utilized. For example, the funds are to only be utilized for Duval County residents.

Significant Issues

Overall it appeared that Shands was compliant with the agreed upon terms between the City and Shands relating to indigent care; however, we did have some findings. For example:

- There were two policies that allowed two people in the exact same financial and family situation to receive different levels of assistance.
- There was a policy to write-off certain patient types without verification that they were a Duval County resident.

Supervisor of Elections Audit

Report 694 – January 2011

The Supervisor of Elections is a constitutional officer pursuant to Article VIII 1 (d) of the Florida Constitution and Article IX of the Charter of Jacksonville. The Supervisor of Elections is tasked with updating and maintaining the voter registration system and conducting all elections.

Significant Issues

Based on the work, performed it did appear that the Supervisor of Elections was materially compliant with the objectives in our audit; however, we did have findings. For example:

- With the accounting for capital assets, findings ranged from items missing to inaccurate information on the capital asset listing.
- With the payments to poll workers and polling locations, findings ranged from a lack of support to overpayment.

City Accounts Receivable

Report #697 – March 2011

The City's Accounts Receivable area is a component of the City's Accounting Division. The focus of the audit was on the billing and collection of bills created by the City's accounting system. As of June 30, 2010, there was approximately \$360,000 in current accounts receivable.

Significant Issues

Overall, it appears that accounts were properly monitored throughout the billing and collection process. However, we had some findings, for example:

- Lack of segregation of duties regarding receipt of payments.
- There were issues with accounts not being written-off after 365 days outstanding as required by policy.

Audit of Miscellaneous Bank Accounts

Report #698 – April 2011

The City has numerous imprest bank accounts that are housed throughout the City to assist activities with day-to-day operations. Our audit focused on the imprest accounts in the Office of General Counsel, Real Estate Division, Accounting Division, Jacksonville Public Libraries and the Jacksonville Fire and Rescue Department.

Significant Issues

Overall we determined that there needed to be improvements to the internal controls surrounding the imprest accounts. For example we found the following:

- The amount in one account was above the amount authorized by the City Charter.
- Two accounts needed to be closed due to lack of activity and one other should at least have the authorized amount reduced.
- There was a lack of segregation of duties with one account.

JEA Accounts Payable Audit

Report #701 – June 2011

JEA's Accounts Payable (AP) Division is tasked with processing all payments owed by JEA for goods, services, and internal operations. AP is staffed with six employees and in FY 2008/09 processed 19,374 payments totaling approximately \$2 billion.

Significant Issues

- Accounts Payable and Procurement Managers had the ability to override budgeted funds.
- Lack of segregation of duties with the approved vendor list, reimbursements, and purchase requisitions.
- Employee benefit contracts were not approved by the Awards Committee.
- Contract balances were difficult to track.
- Lack of adequate policies and procedures in multiple areas.

Attestations

Report on Statement of County Funded Court-Related Functions – FY 09/10

Report 695 – January 2011

This attestation involves the City's compliance with Sections 29.008 and 29.0085 of the Florida Statutes, which detail the City's funding of court-related functions that are County requirements pursuant to State Law. The reports are prepared by the City's Accounting Division and certified by our office before being sent to the State.

Sheriff's Investigative Fund 2010

Report 702 – July 2011

This attestation is required by Section 925.055(2) of the Florida Statutes. We examine and express an opinion on a schedule of Cash Receipts and Disbursement of the Criminal Investigative Fund of the Office of the Sheriff.

Special Reports

Value Adjustment Board

Report 688– November 2010

This was a review of the cash handling procedures and controls of the Value Adjustment Board. The Value Adjustment Board exists to allow property owners to dispute their property tax assessments. We noted missing money and numerous internal control weaknesses.

Council Auditor's Office Annual Report

Report 689 – October 2010

This report provides a summary of the activities and accomplishments of the Council Auditor's Office during fiscal year ended September 30, 2010.

Budget Summary Report

Report 690 – November 2010

The Budget Summary Report details the major points of the City Council approved budget. It details the major changes that occurred from the Mayor's Proposed Budget to the approved budget, as well includes suggestions to create a better process for the following year.

Sunshine Compliance Review

Report 700 – May 2011

This report is a requirement of the Ordinance Code that states we must perform an annual review and report on Council notices, meeting locations, and minutes to determine whether the City Council is in compliance with the Jacksonville Sunshine Law Compliance Act.

Quarterly Summaries

Reports 692 (December 2010), 696 (February 2011), 699 (May 2011) & 703 (August 2011)

The City and Independent Agencies are required to submit to the Council Auditor's Office quarterly financial statements by specified dates. The Council Auditor's Office is tasked with compiling the information and submitting a report to the City Council. The purpose of these reports is to identify budget problems as early as possible to allow for corrective action.

EXHIBIT C

LEGISLATION REQUIRING SIGNIFICANT REVIEW IN FISCAL YEAR 2010/2011

- **2010-798:** An ordinance approving a Fair Share Assessment in the amount of \$11,802,504 with Montgomery Land Co for “Palmetto Bay RAC” Project.
- **2011-73:** An ordinance authorizing the 7th amendment to agreement with Jacksonville Landing Investments, LLC (“JLI”) to provide grant of \$3,500,000 to JLI and enable JLI to purchase 300 space parking lot at southwest Corner of Hogan and Bay Streets. This bill was denied.
- **2011-108:** An ordinance amending Municipal Code Chapter 120 regarding the General Employee (including Corrections) Pension Board of Trustee’s Investment Policy by authorizing Board to make certain investments permitted by Florida Statutes. This bill was denied.
- **2011-276:** An ordinance requiring all city employees newly hired as of July 1, 2012, including Constitutional Officers’ employees, to reside in Duval County.
- **2011-292, 2011-293 & 2011-294:** These three ordinances authorized the 1st amendments to the waste collection agreements with Advanced Disposal Services Jacksonville LLC, Waste Pro of Florida, and Republic Services of Florida LP to set the Base Rate Component and other negotiated terms.
- **2011-306:** An ordinance authorizing amendment #11 to the lease with the Jacksonville Jaguars to modify and release certain ticket inventory to the Jaguars for revenue production and memorandum of understanding specifying location and seats the Jaguars are obligated to provide to the City for the Universities’ use at FL-GA games.
- **2011-361:** An ordinance declaring surplus parcels and authorizing conveyance of fee simple title to JTA for use in Regional Transportation Center (RTC) at no cost.
- **2011-365:** An ordinance authorizing settlement agreement between City and Project Riverwatch, LLC to provide for release of obligations to construct parking garage at southeast corner of Bay and Hogan Streets and Riverwatch’s conveyance to City of the “Sister Cities Parcel” at no cost.
- **2011-366:** An ordinance authorizing an economic development agreement with Parador Partners, LLC to provide a new 500 space garage at southeast corner of Bay and Hogan Streets and authorize appropriation of \$3,500,000 City grant to Parador upon opening of garage.
- **2011-368 & 2011-369:** These are ordinances which authorize economic development agreements with Everbank. One is for expansion of operations, authorize incentives up to \$2,100,000 for creation of 200 jobs and the other is to support relocation of Everbank’s operations to downtown Jacksonville and authorize a grant of \$2,750,000.
- **2011-377:** An ordinance waiving MC Section 106.108(b) (requiring that annual funding for City’s pension plans be based upon annual actuarial reports) in order to continue the FY 2011 pension contribution rate in FY 2012. This bill was denied.
- **2011-399:** An ordinance amending MC Chapter 120 (General Employees Retirement Plan) to increase timeframe to determine final monthly compensation, increasing age of eligibility to receive retirement benefits and establish other changes to employee retirement benefits.
- **2011-400:** An ordinance amending MC Chapter 121 (Police and Firefighters Pension Plan) to establish guidelines and references within Ordinance Code for Program of Investments to be administered by Police and Fire Pension Board of Trustees. This bill has been postponed by the City Council at the time this document was released.
- **2011-536:** An ordinance amending MC Chapter 655 (Concurrency and Mobility Mgmt System) to create a mobility system to replace the transportation concurrency and fair share assessment contract system consistent with the City’s 2030 Mobility Plan and Concurrency Statute.

EXHIBIT D

CITY COUNCIL AUDITOR'S OFFICE STAFF

Staff members as of September 30, 2011:

Kirk A. Sherman, CPA, Council Auditor
Janice Billy, CPA, Assistant Council Auditor
Kyle Billy, CPA, Principal Auditor
Kim Taylor, CPA, Principal Auditor

Kelly Beckstead
Leila Bellaire
Robert Campbell
Sonia Carroll, CPA
Thomas Carter, CPA
Sean Costigan, CPA
Elena Korsakova, CPA
Carmen Martin, CPA
Heather Reber, CPA
Brian Parks, CPA
Phillip Peterson, CPA
Trista Straits, CPA
Aaron Wilkins

Administrative Assistant

Mary Fletcher