



Council Auditor's Office 2018/19 Annual Report

Special Report #830

Executive Summary

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 also 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 for outside audit services and assisting in the selection of an outside audit firm for the City's annual independent audit.

Our Product

Audit

We issued three performance audit reports. In total, we identified 28 Findings, 10 Internal Control Weaknesses, and 7 Opportunities for Improvement in our audits aimed at improving the City's operations and protecting the City's assets. The performance audits identified over \$200,000 in annual lost revenues and \$480,000 in reduced costs of which approximately \$50,000 was annual. Additionally, the staff assisted the external auditors on the audits of the City and JEA, saving the City and JEA over \$60,000.

Legislation

We reviewed approximately 630 legislative bills. Additionally, the office is responsible for reviewing the proposed budget for the City and its Independent Authorities.

Our review of the Mayor's Proposed Budget resulted in recommendations that increased revenues by \$1,295,269 and reduced expenditures by \$34,092, which created savings totaling \$1,329,361.

Special Projects

We issued 16 special reports and conducted numerous other special projects throughout the year. These special reports included 10 that were related to follow-ups on prior audits to determine the status of our recommendations. The remaining 6 included our Quarterly Summary Reports and Budget Summary Report.

We reviewed the VAB invoicing to the DCSB, which resulted in additional reimbursement to the City of \$85,476. We also reviewed the submission of audits for City Grant recipients and reviewed the annual Recapture of funds to the General Fund.



Council Auditor's Office

Annual Report FY 2018/19

February 4, 2020

Special Report #830

ANNUAL REPORT

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



February 4, 2020

Special Report #830

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, 2019 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.

The office issued 22 reports, in addition to performing many special projects and providing 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 external financial audits of the City and JEA.

In addition to issuing reports, performing special projects and reviewing legislation, more than 3,700 staff hours were spent from July through September 2019 reviewing the proposed fiscal year 2019/2020 budgets for the City and its Independent Agencies, 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.

OUR WORK PRODUCTS

Our office performs three essential functions: audits, special projects, and legislative review.

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 Accountants (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 13,000 hours (or 35.5%) of the overall time of our office in FY 2018/19. 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 users 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 our last audit and the internal and external oversight of the area by other parties are 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 and Exhibit B for a listing of the FY 2018/19 reports and a brief summary of the FY 2018/19 reports, respectively.

The Municipal Code requires the offices of the Clerk of Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector to be audited by the Council Auditor's Office no less than once every five years. The office is in compliance with this requirement.

Performance Audits

A performance audit is an engagement that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.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,

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2012), p.17.

increase productivity, and correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient.

Results

We issued three performance audits during FY 2018/19. These three reports identified 28 findings, 10 internal control weaknesses, and 7 opportunities for improvement. Overall, these audits identified several process changes that could reduce costs and made multiple recommendations to address deficient system controls.

Of the items easily quantifiable, the performance audits identified over \$200,000 in annual lost revenues and \$480,000 in reduced costs of which approximately \$50,000 was annual.

Attestations

Attestation engagements can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion, depending on the users' needs. GAGAS incorporates by reference the AICPA's Statements on Standards for Attestation Engagements (SSAE). The AICPA's standards recognize attestation engagements that 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 three attestations during FY 2018/19. These three reports identified two findings and two opportunities for improvement.

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 those charged with 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 with the audit work performed on both the City and JEA's annual financial audits. Our office provides a total of 600 hours to assist Carr, Riggs and Ingram, LLC with the annual financial statement audit for the City and a total of 160 hours to assist Ernst & Young, LLP with the financial audit of JEA.

Results

By providing assistance to the external auditors, we reduced the cost of the contracts by approximately \$60,000 and our staff gained valuable experience, information, and training for future audit work.

² Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2012), p.16.

Special Project Function

Overview

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 6,100 hours (or 16.6%) of the overall time of our office. See Exhibit A for a listing of FY 2018/19 reports and Exhibit B for a summary of the FY 2018/19 reports.

Special Reports

The Council Auditor's Office performs some 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. For example, in accordance with Section 106.421 of the Municipal Code, the Council Auditor compiles and reviews quarterly financial reports from the City and its Independent Agencies and presents reports thereon.

Results

We issued six numbered special reports in FY 2018/19. These were primarily 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. These are typically small requests initiated by a Council Member. The nature of these projects typically relates to the gathering of financial information, which also assists the office with gaining an understanding of all City operations and properly compiling a risk assessment of the City.

Results

One special project that occurs every year is the annual Recapture of General Fund subsidies to General Fund Supported Funds or Sub-funds as outlined in Section 106.106(i), Ordinance Code. After our review, the General Fund recaptured \$4,351,843. This was an increase of \$364,570 from the amount that was proposed by the Administration to be recaptured. Also, as required by the annual Budget Ordinance 2018-504-E, we coordinated with the Department of Finance and Administration to identify a subfund that was unlikely to generate sufficient revenue through the remainder of the fiscal year to cure its negative cash position. This was addressed with ordinance 2019-282-E by transferring some of the recaptured funds.

A separate matter that was researched was the amount of expenses billed by the Duval County Value Adjustment Board (VAB) to the Duval County School Board (DCSB) for its portion of costs. We researched this matter due to the questions that arose during the FY 2018/19 budget review process related to how much the DCSB was billed. After working with VAB staff to determine what expenses were billed and reviewing billed and paid amounts for the last ten years, we discovered that some allowable expenses of the VAB were not being billed to the DCSB. We brought this to the attention of the VAB and they made adjustments to the amount billed to DCSB. This resulted in the General Fund/General Services District receiving an

additional \$85,476 in reimbursement for the 2018/19 fiscal year and should result in additional revenue in future years.

Follow-Ups on Audits

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.

Results

During the fiscal year, we completed follow ups on ten audit reports. We noted that 56 findings, 22 internal control weaknesses, and 13 opportunities for improvement which had been reported as issues during those audits had been addressed by the various departments since our original audit or the latest follow up. This left 12 findings, 6 internal control weaknesses, and 4 opportunities for improvement that still need to be addressed related to the ten reports that will be followed up on in the future.

City Grants

Per Chapter 118 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 required deadlines, the Council Auditor's Office also reviews the audits and financial reports. 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. The Council Auditor's Office maintains a "non-compliance list," which includes all agencies that are out of compliance with their grant contract or Chapter 118. Entitlement is re-instated upon correction of non-compliance or as directed by City Council legislation.

Results

During FY 2018/19 six organizations were added to the non-compliance list. All six of those organizations were removed once reporting requirements were fulfilled. In addition, one organization that was placed on the non-compliance list in a prior year resolved their non-compliance issues. Payments were withheld for noncompliant organizations until those organizations demonstrated compliance with the requirements of Municipal Code Chapter 118.

Legislative Function

Overview

The legislative review function reviews all legislation for all of the Council Committees, with the exception of the Land Use and Zoning Committee, and attends all City Council meetings. It is the role of this team to provide transparency and accountability to each legislative bill that is reviewed. The legislative review function accounted for over 9,200 hours (or 25.1%) of the overall time of our office in FY 2018/19, which includes over 3,700 hours related to the annual budget review. The following more specifically describes the scope of work performed.

Legislative 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, appointments, and redevelopment agreements.

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 2018/19, we reviewed approximately 630 legislative bills, including multiple economic development agreements. Several of these bills, which required a significant amount of analysis and/or time to review, are detailed in Exhibit C.

Budget Review

The Council Auditor's Office is also responsible for reviewing the proposed budgets for the City and its Independent Agencies. 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, Constitutional Offices and Independent Agencies to complete our analysis and obtain answers to questions regarding budget requests. Approximately 3,700 staff hours were spent mainly from July through September 2019 reviewing the fiscal year 2019/20 budget proposal. We recently released Report #828 summarizing the Mayor's and Independent Agencies' proposed budgets and City Council actions regarding those budgets.

Results

The total City budget for FY 2019/20, including Independent Agencies, was approved by the City Council at \$5,587,388,428. Our review of the Mayor's Proposed Budget resulted in recommendations that increased revenues by \$1,295,269 and reduced expenditures by \$34,092 which created savings totaling \$1,329,361. These savings and other reductions identified by the Finance Committee were utilized to offset items with a negative impact to the budget that were identified during our review and to help fund other initiatives of the City Council.

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 Special Committee on the Opioid Epidemic was charged to assess the various impacts (economic, public health, social, public safety, etc.) of the opioid epidemic on the City and citizens of Jacksonville.

The Special Committee on Short Term Vacation Rentals was charged to:

- Evaluate and make recommendations on the City's zoning and other laws to determine whether there are limitations on the ability of short-term vacation rental uses to operate in the City and to ensure their compatibility with other adjacent or nearby uses if they were allowed.
- Investigate the ability of the City to collect the appropriate taxes for such uses and suggest improvements to facilitate collection of all such amounts owed.
- Evaluate and make recommendations on potential methods that owners and/or operators of short-term vacation rentals would be required to use to register with the City similar to other requirements for home occupation providers already in existence.
- Investigate and address "leasing strategies" that are employed or may be employed to circumvent zoning regulations for long-term rentals including the ability to break a long-term lease with no penalty in order to appear to be long-term while facilitating a short-term rental.
- Evaluate the City's code enforcement capabilities and make recommendations regarding enforcement of any regulations imposed on short-term vacation rentals.

The Special Committee on Historical Remembrance was charged with:

- Advising how best to reflect our history in our parks and public spaces.
- Advising on enhancing existing events or creating new ones to celebrate historical moments.
- Evaluating any legislation or policy that would help appropriately celebrate the richness and diversity of experiences of Jacksonville's people.
- Working with city departments to contemplate improvements of existing public spaces that portray our history, and whether additional public spaces should be created.

The Council Auditor's Office attended all of the above committee meetings throughout the fiscal year and provided background and financial information as requested.

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

Pursuant to the FY 2018/19 budget, the office was authorized to fill 19 full-time positions. Positions include the Council Auditor, an Assistant Council Auditor, 16 auditors and an administrative assistant (refer to Exhibit D). All auditors have degrees in accounting, including several with graduate degrees. The Charter requires the Council Auditor to be a Certified Public

Accountant (CPA). The audit staff members are CPAs or are in the process of preparing for or taking the CPA exam. We also have one staff member who is a Certified Internal Auditor (CIA).

Expenditures

The Council Auditor’s Office had expenditures of approximately \$2.34 million in fiscal year 2018/19, as detailed in the following schedule:

	FY 2018/19 Estimated Expenditures*
Salaries	\$ 1,572,517
Pension	429,554
Other Employee Benefits	184,325
Internal Service Charges	114,808
Other Operating Expenses	30,243
	<u>\$ 2,341,447</u>

**Please note that the amounts 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. Procedures have been 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. 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, and the First Coast Chapter of the Florida Government Finance Officers Association. Some staff members are also members of 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 Government Auditing Standards in April 2018, with no management letter comments. This peer review covered all audits and attestations performed in accordance with Governmental Auditing Standards between January 1, 2015 and December 31, 2017.

We appreciate the strong support given to us by the City Council. We continually work to find ways to improve our City and its Independent Agencies.

Respectfully submitted,

Kyle S. Billy

Kyle S. Billy, CPA
Council Auditor

EXHIBIT A
REPORTS RELEASED DURING THE YEAR

Performance Audits

Report No. 823	Stormwater Fee Audit	April 9, 2019
Report No. 824	Capital Assets Audit	April 16, 2019
Report No. 826	MPS Redevelopment Agreement Audit	July 22, 2019

Attestations

Report No. 816	Sheriff's Investigative Fund Report FY 2013/14	October 31, 2018
Report No. 817	Sheriff's Investigative Fund Report FY 2014/15	October 31, 2018
Report No. 818	Sheriff's Investigative Fund Report FY 2015/16	October 31, 2018

Special Reports – Excluding Follow-Ups

Report No. 819	Budget Summary Report FY 2018/19	November 1, 2018
Report No. 820	Council Auditor's Office Annual Report FY 2017/18	November 1, 2018
Report No. 821	Quarterly Summary for the Twelve Months Ended 9/30/18	December 13, 2018
Report No. 822	Quarterly Summary for the Three Months Ended 12/31/18	February 14, 2019
Report No. 825	Quarterly Summary for the Six Months Ended 3/31/19	May 14, 2019
Report No. 827	Quarterly Summary for the Nine Months Ended 6/30/19	August 14, 2019

Special Reports – Follow-Ups on Audits

Report No. 720B	Duval County Property Appraiser Audit Follow-up	October 1, 2018
Report No. 721B	Oceanfront Parks Revenue Audit Follow-up	October 1, 2018
Report No. 770A	Jacksonville Fire and Rescue Dept. Payroll Audit Follow-up	November 2, 2018
Report No. 778A	JAA Payroll Audit Follow-up	January 22, 2019
Report No. 780A	Jacksonville Sheriff's Office Payroll Audit Follow-up	April 1, 2019
Report No. 779A	Affordable Housing Consultant Services Audit Follow-up	April 9, 2019
Report No. 747B	Follow-up on Audit of Indirect Cost Allocation	May 22, 2019
Report No. 790A	Follow-up of DAVID Compliance Audit - Neighborhoods	May 22, 2019
Report No. 791A	Follow-up of DAVID Compliance Audit - Clerk of Courts	May 22, 2019
Report No. 766B	Follow-up on JPA Payroll Audit	July 1, 2019

All reports are public record and are available to the public.

EXHIBIT B
SUMMARY OF REPORTS

Performance Audits

Stormwater Fee Audit

Report #823 – April 2019

We conducted an audit of the City’s annual assessment for stormwater services (stormwater fee). This area was chosen based on the periodic City-wide risk assessment performed by our office. Our audit focused on whether or not stormwater fees were accurately calculated, assessed, and collected.

Significant Issues:

- Fees were not always calculated consistently across similar properties, the fee calculation process was manual, and we noted some errors as a result.
- Public Works lacked written operating procedures for the annual billing process.
- Some approved fee exemptions and credits were not supported by a completed application and some approved fee exemptions were not timely removed after the property was sold to a non-eligible owner.
- Some pond credits approved were based on construction permits instead of operating permits.
- Rate studies required to ensure equity of service charges were not conducted periodically.

Capital Assets Audit

Report #824 – April 2019

We conducted an audit of the City’s capital assets function as performed by the Accounting Division. This area was chosen for audit based on the periodic City-wide risk assessment performed by our office. Our audit focused on whether or not the City’s Accounting Division had established sufficient controls and procedures for the identification, recording and tracking of the City’s tangible personal property and if those controls and procedures were operating effectively.

Significant Issues:

- Users of the capital asset tracking system had inappropriate or unnecessary access.
- Asset transactions were performed without proper review due to the fact they were performed by the reviewer/manager.
- Some City assets were not able to be located.
- Incomplete and inappropriately authorized supporting documentation.
- Untimely and erroneous entries in the system.
- Incomplete and out of date policies and procedures.
- The annual inventory form does not facilitate compliance with Florida Administrative Code requirements.

MPS Redevelopment Agreement Audit

Report #826 – July 2019

We conducted an audit of the contractual obligations under the Redevelopment Agreement between the City, the Jacksonville Economic Development Commission (“JEDC”) and

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Metropolitan Parking Solutions (“MPS”) that was approved by the City Council in February of 2004. The Agreement is now administered by the Downtown Investment Authority (“DIA”). This Agreement involved the City authorizing the sale of three parcels of land to MPS to design, construct, and operate three parking garages on these parcels. Our audit focused on whether or not amounts paid to MPS were calculated and recorded correctly and to determine whether the DIA and MPS were complying with the terms set forth in the Redevelopment Agreement.

Significant Issues:

- The DIA did not have any written policies and procedures regarding the administration of the MPS Redevelopment Agreement.
- The documentation provided by MPS for the garages’ revenue amounts contained in the cash flow reports was incomplete and/or noncompliant with the Redevelopment Agreement in some instances.
- MPS did not submit the required cash flow reports, tranche requests, and audited financial statements within the time frames required by the Redevelopment Agreement.
- Per CAO counts, the Sports Complex Garage only had 936 parking spaces – 14 less than the minimum required in the contract.
- MPS has never paid the property taxes on time since purchasing the three parcels for the garages and as a result, MPS has incurred \$480,998 in late fees and interest, which the City is required to fund pursuant to the MPS Redevelopment Agreement.
- Several cash flow reports submitted by MPS were mathematically inaccurate on the face of the statements, which showed that the DIA was not reviewing the cash flow statements in detail.

Attestation Audits

Sheriff’s Investigative Fund Attestations

Report #816 – October 2018 (FY 2013/14), Report #817 – October 2018 (FY 2014/15), and Report #818 – October 2018 (FY 2015/16)

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

Special Reports

Council Auditor’s Office Annual Report FY 2017/18

Report #820 – November 2018

This report provides a summary of the activities and accomplishments of the Council Auditor’s Office during the fiscal year ended September 30, 2018.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Budget Summary for FY 2018/19

Report #819 – November 2018

The Budget Summary Report details the major points of the City Council approved budget for FY 2018/19. It details the major changes that occurred from the Mayor's Proposed Budget to the City Council Approved budget that were made by the Council based on the extensive review performed by our office and using the savings identified during our review.

Quarterly Summaries

Reports #821 (December 2018), #822 (February 2019), #825 (May 2019), #827 (August 2019)

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.

Follow-Up Reports

Reports #720B (October 2018), #721B (October 2018), #770A (November 2018), #778A (January 2019), #780A (April 2019), #779A (April 2019), #747B (May 2019), #790A (May 2019), #791A (May 2019), #766B (July 2019)

These reports are a follow-up review 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 Government Auditing Standards.

EXHIBIT C
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2018-630-E:** Authorized a Redevelopment Agreement for the Jones Furniture Building and an adjacent building, which included a Downtown Historic Preservation and Revitalization Trust Fund grant of \$1,500,000 and Northbank CRA Trust Fund Loan of \$750,000.
- **2018-658-E:** Authorized the first amendment to the Redevelopment Agreement with Southbank Apartment Ventures, LLC which reduced the number of units and the minimum required capital investment, extended the performance schedule, extended the start date and term of the REV grant, and reduced the maximum amount of the REV grant.
- **2018-662-A:** Authorized an Economic Development Agreement with Project Glass for a QTI grant in the amount of \$675,000 for 135 jobs, which included \$135,000 as the local financial support and a state match of \$540,000.
- **2018-663-A:** Authorized an Economic Development Agreement with Project Empire which included a REV grant in the amount of \$3,300,000.
- **2018-747-E:** Amended Article 21 of the City Charter and the Interagency Agreement to extend JEA's City contribution through fiscal year 2022-2023 and account for the additional \$15,155,000 contributed by JEA to the City.
- **2018-755-E:** Appropriated \$2,563,209 to cover proposed changes to the collective bargaining agreements of the Fraternal Order of Police and the International Association of Fire Fighters.
- **2018-756-E:** Approved the October 1, 2017 – September 30, 2020 Collective Bargaining Agreements between the City of Jacksonville and the International Association of Fire Fighters.
- **2018-757-E:** Approved the October 1, 2017 – September 30, 2020 Collective Bargaining Agreements between the City of Jacksonville and the Fraternal Order of Police.
- **2018-785-E:** Appropriated \$12,500,000 in FDOT grant funds (a 50/50 match to the City's contribution) for Hart Bridge ramp modifications and construction of at-grade roadway and intersection improvements of the Talleyrand Connector.
- **2018-817-E:** Authorized a property exchange agreement and a Redevelopment Agreement with 2018 Leila Jax LLC for retail improvements, a surface parking lot, and a public use surface parking lot.
- **2018-837-E:** Appropriated \$2,050,000 from the Tourist Development Council Development Account to provide funding for the construction of a new Downtown riverfront visitor center and an outdoor wall projection venue on the northbank of the St. Johns River adjacent to the Times Union Center.
- **2018-840-E:** Amended Council Rule 2.102 to modify standing committee duties.
- **2018-841-E:** Amended the Council Rules to clarify and streamline procedures, increase the efficiency of council meetings, and conform the rules to current practice in some instances.
- **2018-859-A:** Authorized an Economic Development Agreement with Project Turtle for a QTI grant in the amount of \$540,000 for 108 jobs and a REV grant of \$1,100,000.
- **2018-871-E:** Amended Municipal Code Ch. 122 (Public Property), Part 4 (Real Property) to revise the City's process for acquiring, disposing, and exchanging real property, leasing of City owned property, use of property by third parties, and accounting for sales proceeds.
- **2018-872-E:** Authorized a Redevelopment Agreement with Axis Hotels LLC for the Ambassador Hotel Building, which included a Downtown Historic Preservation and Revitalization Trust Fund grant of \$1,500,000 and a REV grant of \$4,900,000.
- **2019-23-E:** Appropriated \$2,497,944 to the Kids Hope Alliance budget to fund programs and services for at-hope children and youth in Jacksonville.
- **2019-37-A:** Authorized an Economic Development Agreement with Project Danville for a QTI grant in the amount of \$261,000 for 87 jobs, which included \$52,200 as the local financial support and a state match of \$208,800.
- **2019-55-E:** Updated Building Code permit fees to include a solid waste charge for construction and demolition debris and amended fees for disposal of construction and demolition debris.

EXHIBIT C (Contd.)
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2019-56-E:** Established a permanent trust fund to receive funds for the opioid abuse program and created an opioid abuse prevention committee to review and assess the annual needs of the City as to opioid addiction and recovery programs.
- **2019-62-A:** Established City Council's budget priorities for the 2019-2020 fiscal year.
- **2019-95-E:** Authorized a Naming Rights Agreement for the Jacksonville Veterans Memorial Arena, created the Veterans Memorial Arena Trust Fund, and amended the Municipal Code to reflect the new name of the Arena (Vystar Veterans Memorial Arena).
- **2019-100-E:** Approved a license agreement with Florida East Coast Railway and Flagler Development Company for the City to assume the annual license fee and other rights and obligations of Flagler Development Company.
- **2019-134-E:** Authorized a Settlement Agreement with Jacksonville Landing Investments, LLC and appropriated \$18,000,000 to pay for settlement of the Jacksonville Landing litigation, termination of the Landing lease, acquisition of title to the Landing building improvements and related personal property, obligations of the City relating to Landing sublease terminations and tenant relocation costs, and demolition of the Landing building improvements and site preparation.
- **2019-135-E:** Authorized a Purchase and Sale Agreement with Load King Manufacturing Co. to convey two City owned parcels to expand their existing manufacturing business.
- **2019-138-E:** Authorized a Purchase and Sale Agreement with Vestcor Family Foundation, Inc. to convey two City owned parcels to be redeveloped into a charter school.
- **2019-151-W:** This bill proposed a Redevelopment Agreement for the property generally known as the "Berkman II" site. This bill was withdrawn.
- **2019-152-E:** Appropriated \$486,061.70 to separately account for Tourist Development Fund Convention Grants and to allow funding to carry over each year.
- **2019-179-E:** Appropriated \$269,000 for acquisition of property adjacent to Tree Hill and for improvements to the Tree Hill property.
- **2019-222-E:** Established the Safety and Crime Reduction Commission.
- **2019-245-E:** Approved the Full Service Grocery Store Improvement Program as part of the Northwest Jacksonville Economic Development Incentive program.
- **2019-291-E:** Authorized the Kids Hope Alliance to extend various contracts to provide afterschool programming.
- **2019-306-E:** Approved a lease agreement with Wayfair, LLC for a building at Cecil Commerce Center to allow Wayfair to commence operations in advance of the opening of its new facility.
- **2019-325-E:** Appropriated \$474,018,465.15 within various 310 series capital project funds to balance revenues and expenses at the project level as part of a clean-up of Enterprise Resource Planning (ERP).
- **2019-327-E:** Appropriated \$158,854,524.90 within various 310 series capital project funds to balance revenues and expenses of all-years funds as part of a clean-up of Enterprise Resource Planning (ERP).
- **2019-330-D:** This bill proposed to amend the Municipal Code to allow for civil citations for possession of 20 grams or less of cannabis or paraphernalia. This bill was denied.
- **2019-333-E:** Approved a lease agreement with the Wildlife Rescue Coalition of Northeast Florida for property within the Arlington Lions Club Park for use as an experiential learning center for wildlife rescue and rehabilitation.
- **2019-377-A:** Authorized an Economic Development Agreement with Project Liberty for a QTI grant in the amount of \$990,000 for 198 jobs, which included \$198,000 as the local financial support and a state match of \$792,000.

EXHIBIT C (Contd.)
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2019-380-W:** This bill proposed calling a November 5, 2019 referendum for approving the School Board's levy of a half-cent School Capital Outlay Sales Surtax. This bill was withdrawn.
- **2019-399-E:** Appropriated \$75,000 to provide funding to Gateway Community Services for a contribution for the purchase and installation of an HVAC unit.
- **2019-400-E:** Appropriated \$6,449.39 to provide funding to the Jacksonville Beach Elementary Preservation Fund, Inc. for improvements to the Rhoda L. Martin Cultural Heritage Center in Jacksonville Beach.
- **2019-401-E:** Authorized a Purchase and Sale Agreement with Ryan Companies US, Inc. for the development of an office building and structured parking facility to serve as the new JEA headquarters.
- **2019-465-E:** Approved a License Agreement with Police Athletic League of Jacksonville, Inc. for facilities located within the Ed Austin Regional Park upon expiration of the lease agreement for those same facilities.
- **2019-474-E:** Authorized an Interlocal Agreement between the City of Jacksonville and the City of Jacksonville Beach for JFRD to provide fire services in Jacksonville Beach.
- **2019-523-E:** Appropriated \$400,000 to partially fund an outpatient comprehensive services center at Mental Health Resource Center's south facility.
- **2019-566-E:** Amended the Municipal Code to provide retirement benefits for JEA employees in the event of a Recapitalization Event.
- **2019-596-A:** Authorized an Economic Development Agreement with Project Sharp which included a QTI grant in the amount of \$3,000,000 for 500 jobs, a REV grant of \$23,400,000, and a City Closing grant of \$3,500,000.
- **2019-621-E:** Appropriated \$1,595,000 to continue funding the Cure Violence pilot program through fiscal year 2019/2020.
- **2019-626-E:** Authorized a Redevelopment Agreement with Blue Cross and Blue Shield of Florida, Inc. for the design and construction of a parking garage, which conveyed an approximately 2.3 acre City owned parcel, approved a parking garage grant of \$3,500,000, and authorized a Restrictive Covenants and Parking Rights Agreement for public use of the parking garage.

EXHIBIT D
CITY COUNCIL AUDITOR'S OFFICE STAFF

Staff members as of September 30, 2019:

Kyle Billy, CPA, Council Auditor
Kim Taylor, CPA, Assistant Council Auditor
Phillip Peterson, CPA, Principal Auditor
Brian Parks, CPA, Principal Auditor
Heather Reber, CPA, Principal Auditor

Thomas Beaucham
Rachel Bradford
Chedly Broche, CPA
Trista Carraher, CPA
Thomas Carter, CPA
Megan Evans
Elena Korsakova, CPA
Alexandria Lee
Charles Lee
Edward Linsky, CPA
Carmen Martin, CPA
Jeffrey Rodda
Kyle Thorpe

Administrative Assistant
Mary Fletcher