



Council Auditor's Office 2023/24 Annual Report

Report # 889

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 the selection of an outside audit firm for the City's annual independent audit.

Our Product

Audit

We issued two performance audits and four attestations during FY 2023/24. Overall, these reports identified several process changes that could reduce costs and made multiple recommendations to address deficient system controls and safeguard City assets. We also issued 9 reports that were follow-ups on prior audits to determine whether our recommendations from the audits were implemented. We also passed our peer review with no management letter comments.

Legislation

We reviewed approximately 625 legislative bills which included over 20 economic development deals, including a significant proposal related to Laura Street Trio. Our review of legislation results in financial savings, protections or safeguards in contracts, improvements in reporting requirements, and many other benefits to the City, which are not always quantifiable, but place the City in a better financial position than what was originally proposed.

One significant piece of legislation reviewed this year was the ordinance that authorized several agreements with the Jacksonville Jaguars and related parties that included the renovation of the Municipal Football Stadium, authorizing a new thirty-year lease, implementing a non-relocation agreement, and a community benefits agreement.

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 reduced expenditures by \$12.9 million.

Special Projects

We issued seven special reports and conducted numerous other special projects throughout the year. The special reports were our Quarterly Summary Reports, FY 2023/24 Budget Summary Report, Office Annual Report for FY 2022/23, and Special Report on Shands Jacksonville, which included a presentation to City Council on the current costs for indigent care and financial issues faced by Shands Jacksonville. Separately, current and former staff of the Council Auditor's Office testified in the federal trial against the former CEO and CFO of JEA related to our office's 2019 memo on the potential financial exposure of the proposed Performance Unit Plan.



Council Auditor's Office

Annual Report FY 2023/24

February 14, 2025

Report #889

ANNUAL REPORT

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



February 14, 2025

Report #889

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, 2024, 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 audit of the City.

In addition to issuing reports, performing special projects, and reviewing legislation, more than 4,200 staff hours were spent from July through September 2024 reviewing the proposed fiscal year 2024/2025 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 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 GAGAS and/or the American Institute of Certified Public Accountants (AICPA), and assists the external auditors with the City's Annual Comprehensive Financial Report (ACFR). Audit work accounted for approximately 14,900 hours of the overall time of our office in FY 2023/24. 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 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 and Exhibit B for a listing of the FY 2023/24 reports and a brief summary of the FY 2023/24 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 objective analysis, findings, and conclusions to assist management and those charged with governance.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 two performance audits during FY 2023/24. These two reports identified nine findings, one internal control weakness, and one opportunity for improvement. Overall, these audits identified several process changes that could reduce costs and made multiple recommendations to address deficient system controls and safeguard City assets.

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 four attestations during FY 2023/24, which were required by Florida Statutes. These four reports identified two internal control weaknesses.

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 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 Carr, Riggs and Ingram, LLC with the audit work performed on the City's annual financial audit.

Results

By providing assistance to the external auditors, we reduced the cost of the contracts by approximately \$50,000 and our staff gained valuable experience, information, and training for future audit work.

¹ Comptroller General of the United States, *Government Auditing Standards 2018 Revision Technical Update April 2021* (Washington, DC: U.S. Government Printing Office, 2021), p.10-11

² Comptroller General of the United States, *Government Auditing Standards 2018 Revision Technical Update April 2021* (Washington, DC: U.S. Government Printing Office, 2021), p.15

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 9 follow-ups on audit reports. We noted that 57 findings, 27 internal control weaknesses, and 35 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 7 findings, 4 internal control weaknesses, and 1 opportunity for improvement that still need to be addressed related to 6 of the reports that will be followed up on again in the future.

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 4,600 hours of the overall time of our office. See Exhibit A for a listing of FY 2023/24 reports and Exhibit B for a summary of the FY 2023/24 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. Our office also annually issues a report on our offices activities during the prior fiscal year and a summary of the budget review.

One additional special report during FY 2023/24 was related to a request from the Council President at the time. The request was that our office look at the financial conditions faced by Shands Jacksonville Medical Center, Inc., which is a subsidiary of Shands Jacksonville HealthCare, Inc. The City has a contract with Shands Jacksonville to provide indigent care to residents of Duval County as well as a lease agreement. The report provided background on the applicable agreements, information on the City's funding and Shands Jacksonville's indigent health care costs, information on the circumstances impacting the financial condition of Shands Jacksonville, as well as outlined items for the City to consider in the future.

Results

We issued seven numbered special reports in FY 2023/24.

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.

One recurring project that our office participated in was the Solid Waste Residential Hauler Rate Review. The review is generally performed for each hauler contract every three years and is part of the process to set the new base rate for each hauler contract. The Rate Review Committee works with the haulers following the rate review process outlined in the applicable contracts. In the rate review, the hauler's audited financial statements, along with proposals for the next year, are examined and reviewed for reasonableness. A new rate is calculated and recommended to City Council for approval. The most recent rate review was only for one of the three contracts due to timing of the contract periods.

Another special project that occurs every year is the annual Recapture of General Fund subsidies to General Fund Supported Funds as outlined in Section 106.106(i), Ordinance Code. After our review, the General Fund recaptured \$7,017,587. This was an increase of \$575,356 from the original amount that was proposed by the Administration to be recaptured. Also, as required by the annual Budget Ordinance 2023-504-E, we coordinated with the Department of Finance and Administration to identify funds that were unlikely to generate sufficient revenue through the remainder of the fiscal year to cure its negative cash position. Through this process, we avoided correcting what was initially projected as negative cash in the amount of \$4,647,443 through further analysis of the funds proposed to receive a transfer to correct their negative cash position.

Finally, current and former employees of the Council Auditor's Office were called as witnesses for the federal trial involving JEA's former Chief Executive Officer and former Chief Financial Officer. The testimony mainly related to a memo issued in 2019 to notify City Council and the public of the potential financial exposure of the potential payouts from a planned Performance Unit Plan incentive program.

City Grants

Per Chapter 118 of the 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 legislation approved by City Council.

Results

There were 206 grants totaling \$26.6 million that were reviewed by our office in FY 2023/24. As of September 30, 2024, there were 47 organizations that were on the non-compliance list.

Legislative Function

Overview

The legislative 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 10,900 hours of the overall time of our office in FY 2023/24, which includes over 4,200 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 economic incentives, capital project approval and appropriation, grant contracts and appropriations of funds, lease agreements, appointments. The Legislative review function will make Council Committees aware of concerns that staff has with particular matters and recommend a solution to address those matters. The decision to fund an initiative or a project is always a policy decision to be made by the City Council, but the recommendations from staff are usually centered around providing better protection for the City. These recommendations can be related to the timing of funding, claw backs after the funding has been disbursed, suggestions to result in financial savings, improvements in reporting requirements, and many other benefits to the City.

Results

During FY 2023/24, we reviewed approximately 625 legislative bills which included 14 economic development deals and over 20 direct contract agreements (See Exhibit C for a listing of significant legislation reviewed during FY 2023/24). The legislative review also encompassed some significant redevelopment agreements this year, which included:

- *A proposal to redevelop the Laura St. Trio (2023-876) was introduced as a 1-cycle emergency in December of 2023. Under limited time constraints, we made a presentation to the full City Council Committee of the Whole discussing numerous concerns found during the review. Council took no action on this bill and it was put in a holding place until the developer and the DIA/City Administration could come back with a deal that alleviated numerous financial concerns. A new deal has not yet been proposed to the City Council.*
- *A multi-agreement proposal concerning the future of the Jacksonville Jaguars was reviewed by the City Council Committee of the Whole. The proposed agreements included:*
 - *A development agreement related to the construction renovation of the municipally owned stadium,*
 - *An amended stadium lease agreement with the Jaguars,*
 - *A non-relocation agreement in the event the Jaguars were to move during the term of the lease,*

- *An amended amphitheater lease and a new Sports Performance Center lease agreement for the parties' use of the facility,*
- *A stadium security agreement and parking agreement to outline each parties' responsibilities, and*
- *A community benefits agreement for investments into the surrounding community, downtown parks, and countywide improvements.*

These agreements were discussed in detail over the course of June 2024 by the Council Committee of the Whole. We provided summaries, concerns, financial impacts, suggested amendments, and comparisons with other NFL agreements where applicable to City Council for their deliberation and consideration.

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. Over 4,200 staff hours were spent mainly from July through September 2024 reviewing the fiscal year 2024/25 budget proposal. We recently released Report #886 summarizing the Mayor's and Independent Agencies' proposed budgets and City Council actions regarding those budgets.

Results

The total City budget for FY 2024/25, including Independent Agencies, was approved by the City Council at \$8,300,785,834. Our review of the Mayor's Proposed Budget resulted in recommendations that reduced expenditures by \$12,947,500. These savings were used to help reduce the usage of Operating Reserves.

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

Special Committees

- Special Committee to Review JSO Primary Facilities
- Special Committee on Homelessness and Affordable Housing
- Special Committee on JSEB
- Special Committee on the Future of Downtown
- Special Committee on the Community Benefits Agreement

OFFICE OPERATIONS

Our Structure

The Council Auditor's 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 2023/24 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 two staff members who are Certified Internal Auditors (CIAs).

Expenditures

The Council Auditor's Office had expenditures of approximately \$3 million in fiscal year 2023/24, as detailed in the following table:

Description	FY 2023/24 Expenditures*
Salaries	\$ 1,944,808
Pension	719,896
Other Employee Benefits	210,353
Internal Service Charges	135,630
Other Operating Expenses	39,688
	\$ 3,050,375

**Please note that these amounts are unaudited.*

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 were members of organizations such as the Association of Local Government Auditors, Governmental Finance Officers Association, the Florida Government Finance Officers Association, the First Coast Chapter of the Florida Government Finance Officers Association, 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 Government Auditing Standards in April 2024, with no management letter comments. This peer review covered all audits and attestations performed in accordance with Governmental Auditing Standards from January 1, 2021 through December 31, 2023.

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

Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor

EXHIBIT A
REPORTS RELEASED DURING THE YEAR

Performance Audits

	Issued
Report No. 881 Audit of Indigent Care Agreement with Shands	April 18, 2024
Report No. 882 City Encumbrance Carry Forward Audit	May 14, 2024

Attestations

Report No. 875 Sheriff's Investigative Fund Fiscal Year 2018/19	January 11, 2024
Report No. 876 Sheriff's Investigative Fund Fiscal Year 2019/20	January 11, 2024
Report No. 877 Sheriff's Investigative Fund Fiscal Year 2020/21	January 11, 2024
Report No. 884 DAVID Compliance Attestation - Clerk of Courts	May 22, 2024

Special Reports – Excluding Follow-Ups

Report No. 873 Quarterly Summary for the Twelve Months Ended 9/30/23	December 15, 2023
Report No. 874 Special Report on Shands Jacksonville	January 10, 2024
Report No. 878 Budget Summary Fiscal Year 2023/24	January 22, 2024
Report No. 879 Council Auditor's Office Annual Report Fiscal Year 2022/23	January 22, 2024
Report No. 880 Quarterly Summary for the Three Months Ended 12/31/23	February 14, 2024
Report No. 883 Quarterly Summary for the Six Months Ended 3/31/24	May 15, 2024
Report No. 885 Quarterly Summary for the Nine Months Ended 6/30/24	August 15, 2024

Follow-Ups on Audits

Report No. 812B Follow-up on Landfill Contract Audit	November 6, 2023
Report No. 800B Follow-up on City Wire Transfers Audit	November 7, 2023
Report No. 856A Follow-up on Electronic Fund Transfers In Audit	November 7, 2023
Report No. 815B Follow-up on Defined Contribution and Deferred Compensation Plans Audit	November 15, 2023
Report No. 834A Follow-up on Tax Collector Audit - Local Business Tax	November 15, 2023
Report No. 726C Follow-up on Municipal Code Compliance Division Revenue Audit	January 11, 2024
Report No. 824A Follow-up on Capital Assets Audit	April 10, 2024
Report No. 762C Follow-up on City Payroll Audit	May 13, 2024
Report No. 798B Follow-up on JTA Paratransit Audit	May 28, 2024

All reports are public record and are available to the public.
www.coj.net/City-Council/Council-Auditor.aspx

EXHIBIT B
SUMMARY OF REPORTS

Performance Audits

Audit of Indigent Care Agreement with Shands

Report #881 – April 2024

We conducted an audit of compliance with the Indigent Care Agreement between Shands Jacksonville Medical Center, Inc. and the City of Jacksonville. Our audit focused on whether patients whose bills were charged to the Charity Services Contractual Account qualified per the Indigent Care Agreement.

Significant Issues:

- The City was not properly monitoring Shands' compliance with the Agreement. This has been an ongoing issue.
- Medical care costs billed to the City Contract Account were not charged based on the patient fee schedules in the Agreement, and since compliance with the Agreement was not being monitored, the City was unaware.
- Shands was not consistently evaluating patients' Medicaid eligibility status in accordance with the Agreement.

City Encumbrance Carry Forward Audit

Report #882 – May 2024

We conducted an audit of the City encumbrance balances and associated budgets that were carried over at the end of the fiscal years 2019/20 and 2020/21. Our audit focused on whether the budget capacity associated with an encumbrance carry forward was accurate and that any unused budget capacity that was carried forward was properly released to fund balance.

Significant Issues:

- Encumbrance carryforward issues related to the initial calculation caused by:
 - Invoices recorded in the new year prior to the carryforward not being properly accounted for in the carryforward.
 - Inaccurate totals for invoices charged to POs.
 - Un-invoiced receipt accrual expenses recorded in FY 2020/21 prior to the carryforward process that were not accounted for when calculating the carryforward amount.
- Purchase order balances carried forward were reduced without a reduction to budget.
- Failure to reduce budget capacity and encumbrances for invoices recorded in prior year after the carryforward process.
- No reduction in budget capacity for PO accruals recorded after the carryforward process.

Attestations

Sheriff's Investigative Fund FY 2018/19, FY 2019/20, and FY 2020/21

Reports #875, #876, and #877 (all issued January 2024)

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. We found the schedule presented fairly, in all material respects, the receipts and distributions of the Criminal Investigative Fund for the applicable periods.

EXHIBIT B
SUMMARY OF REPORTS

David Compliance Attestation – Clerk of Courts

Report #884 – May 2024

This attestation is required by the Memorandum of Understanding (MOU) between the Florida Department of Highway Safety and Motor Vehicles and the Duval County Clerk of Courts. We examined and expressed an opinion on the internal controls in place to protect personal data in the Driver and Vehicle Information Database (DAVID) system from unauthorized access, distribution, use, modification, or disclosure pursuant to the MOU. We found no issues.

Special Reports

Special Report on Shands Jacksonville

Report #874 – January 2024

This was a special written report in accordance with Ordinance Code Section 102.102(c) pursuant to a request from the Council President to look at the financial conditions faced by Shands Jacksonville Medical Center, Inc., which is a subsidiary of Shands Jacksonville HealthCare, Inc. This analysis included reviewing the costs of Shands Jacksonville to provide the indigent health care services.

Budget Summary for FY 2023/24

Report #878 – January 2024

The Budget Summary Report details the major points of the City Council approved budget for FY 2023/24. 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 the Finance Committee and our office.

Council Auditor's Office Annual Report FY 2022/23

Report #879 – January 2024

This report provides a summary of the activities and accomplishments of the Council Auditor's Office during the fiscal year ended September 30, 2023.

Quarterly Summaries

Reports #873 (December 2023), #880 (February 2024), #883 (May 2024), #885 (August 2024)

The City and Independent Agencies are required to submit to the Council Auditor's Office quarterly financial reports 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 #812B (November 2023), #800B (November 2023), #856A (November 2023), #815B (November 2023), #834A (November 2023), #726C (January 2024), #824A (April 2024), #762C (May 2024), #798B (May 2024)

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

- **2023-20-E:** Repealed and replaced most of the City’s Procurement Code (Chapter 126).
- **2023-345-E:** Authorized Amendment One to the Second Amended and Restated Redevelopment Agreement with Axis Hotels LLC for the Ambassador Hotel project.
- **2023-806-E:** Waived the permit requirement provision in the FY 2022/23 City Grant Agreement with FOBT Pipeline, Inc. and authorized removal of FOBT Pipeline, Inc. from the Council Auditor’s Non-Compliance List.
- **2023-807, 808, and 847-E:** These three bills appropriated \$26,201,214.50 for various Mayor’s Task Force Programs and Council Initiatives. The funding consisted of:
 - \$11,146,000 placed in a Mayor’s Task Force designated contingency within the General Fund during the FY 23/24 Budget Process,
 - \$13,275,214.50 placed in a Mayor’s Task Force designated contingency within the American Rescue Fund during the FY 23/24 Budget Process,
 - \$1,300,000 from the Kids Hope Alliance Fund,
 - \$280,000 from the Council President’s designated contingency account created during the FY 23/24 Budget Process, and
 - \$200,000 from the Disabled Parking Fines Fund.
- **2023-876:** Proposed a Redevelopment Agreement for the buildings known as the Laura Street Trio to include City incentives of \$60,558,600 for the project, consisting of Downtown Preservation and Revitalization Program (DPRP) funding, REV grants, a City participation loan, and a City forgivable loan. The City was also to act as the guarantor on the developer’s loan, which created an uncapped liability to the City. This bill was still pending as of September 30, 2024.
- **2024-31-E:** Appropriated a \$227,891.50 grant from the U.S. Election Assistance Commission through the State of Florida, Department of State, Division of Elections, for reimbursement of the City’s costs related to the purchase of election technology upgrades and enhancements.
- **2024-45-E:** Amended Code Sec. 112.307 (Claims and suits brought against the City for monetary relief) and Sec. 128.313 (Settlement of claims) to require approval of Constitutional Officers for certain claim types.
- **2024-46-E:** Approved amendments to the Municipal Code to clarify and establish new laws surrounding the City accepting gifts and in-kind contributions.
- **2024-69-E:** Amended the Charter of the Baymeadows Community Improvement District (BCID) previously approved by Ord. 2021-838-E.
- **2024-80-E** Appropriated \$531,652.61 from the Downtown Northbank Community Redevelopment Area Trust Fund for the Shipyards West project.
- **2024-118-E:** Appropriated \$2,027,000 from General Fund Operating Reserves to provide a grant to the Jacksonville Historical Society for Phase II of the Florida Casket Company Building Restoration project.
- **2024-168-E:** Reallocated \$802,300.54 in grant funds from the Department of Justice Community-Based Violence Intervention and Prevention Initiative to pay for pension costs of a grant-funded position and fund contractual services with Family Foundations of Northeast Florida, Inc.
- **2024-175-E:** Authorized an executive branch reorganization, which included the creation of a new Office of Administrative Services, elimination of the Office of International Trade, creation of two new positions within the Jacksonville Fire and Rescue Department (Deputy Fire Chief and Administrative Services Chief) and elevation of the Information Technology Division to a department (Technology Solutions Department).

EXHIBIT C
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2024-209-E:** Appropriated a total of \$18,429,138.41 between various capital projects to provide additional funding for projects to reach completion and to clean up negative balances within various projects.
- **2024-285-E:** Authorized an Amended and Restated Redevelopment Agreement and Lease with the Duval County Fair Association to include City incentives consisting of a \$1.5 million Completion Grant, a \$1.5 million City Development Loan, and a ground lease with an initial term of 30 years related to their relocation from downtown to the westside of Jacksonville.
- **2024-286-E:** Authorized a revision to the City’s Public Investment Policy to:
 - incorporate four new small business capital access programs,
 - revise the criteria for the existing Business Infrastructure Grant/Loan (BIG) program, Small Business Development Initiative (SBDI) program, and Jacksonville Qualified Film & TV Production Incentive Program, and
 - incorporate two new film and television programs.
- **2024-298-E:** Appropriated \$100,000 from the Council President’s designated contingency account to procure the professional services of Wander Media Company to rebrand and reconfigure the City’s existing public access television channel (Channel 99) and to develop a companion digital channel that will live stream on various streaming devices and channels.
- **2024-325-E:** Appropriated \$200,000 in fund balance from the Environmental Protection Fund to contract with the University of Florida Center for Coastal Solutions to conduct a septic tank vulnerability assessment project for single-family residential septic systems in Duval County.
- **2024-371-E:** Amended Part 7 (Travel Expense Reimbursement) of Chapter 106 (Budget and Accounting Code), Ordinance Code, to clarify allowable incidental transportation expenses and increase the meal and per diem reimbursement rates for employee travel.
- **2024-436-E:** Authorized a Franchise Agreement allowing Peoples Gas System, Inc. to locate and operate its natural gas system within the City’s rights-of-way to service individual customers in exchange for a franchise fee equal to 6% of the company’s gross revenue, less any adjustments for uncollectable accounts, from the sale of natural gas to customers within the corporate limits of the City and waived various sections of the Ordinance Code that conflicted with the terms of the Franchise Agreement.
- **2024-495-E:** Authorized a Redevelopment Agreement with Gateway Companies, LLC and its affiliates for the construction of three multifamily and retail mixed-use developments and rehabilitation of an existing parking garage on multiple properties located within the Downtown Northbank Community Redevelopment Area and authorized REV Grants of \$59,628,000 and Completion Grants of \$38,946,000 for the project.
- **2024-629 and 630-E:** Approved Collective Bargaining Agreements between the City and the International Association of Fire Fighters and the Fraternal Order of Police for the period of October 1, 2024 through September 30, 2027. This agreement authorized significant increases to starting salaries and will allow existing (with a one-time option) and require new Fire, Police, and potentially Corrections employees to be on the Florida Retirement System by the end of the current collective bargaining agreement.
- **2024-635-E:** Created a new Ordinance Code Chapter 85 (Jacksonville Journey Forward) to establish the Jacksonville Journey Forward, a board within the executive branch of the consolidated government, and its structure, powers, responsibilities, and requirements.

EXHIBIT C
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2024-904-E:** The ordinance authorized the execution of several agreements related to the renovations and leasing of the Municipal Football Stadium. The City agreed to fund \$775 million and the Jaguars \$625 million for the stadium renovation costs. As part of the funding agreement, the funding of event and capital maintenance costs was adjusted to account for how the stadium was being funded and to help ensure the stadium will have a minimum useful life of 30 years.
 - Stadium Development Agreement,
 - Amended and Restated Stadium Lease Agreement (includes Guaranty Agreement),
 - Non-Relocation Agreement,
 - Amended and Restated Amphitheater Lease Agreement,
 - Performance Center Lease Agreement,
 - Stadium Security Agreement,
 - Stadium Parking Agreement (includes a Right of First Offer in favor of the Jaguars for certain City-owned property located in the Shipyards area), and
 - Community Benefits Agreement.
- **2024-905-E:** Authorized a Supplemental Community Benefits Agreement between the City and the Jacksonville Jaguars, LLC bringing the total for the financial commitments under the two agreements to \$150 million from the Jaguars and \$150 million from the City.
- **2024-782-E:** Authorized an Amended and Restated Stadium Lease Agreement to replace the version previously authorized by Ord. 2024-904-E to incorporate changes as requested by the NFL to clarify the priority scheduling rights with regard to the annual Florida-Georgia game, clarify the City's audit rights, and revise the Guaranty agreement to remove the requirement of the Jacksonville Jaguars, LLC to provide evidence of its financial ability to fulfill its obligations under the Guaranty.

EXHIBIT D
CITY COUNCIL AUDITOR'S OFFICE STAFF

Staff members as of September 30, 2024:

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

Thomas Beaucham, CPA
Leila Bellaire
Chedly Broche, CPA, CIA
Trista Carraher, CPA
Thomas Carter, CPA
Caroline Greathouse
Elena Korsakova, CPA
Alexandria Lee, CPA
Charles Lee
Louis Lepore, CPA
Edward Linsky, CPA
Jeffrey Rodda

Administrative Assistant

Mary Fletcher