

CITY OF JACKSONVILLE, FLORIDA  
**ANNUAL FINANCIAL PLAN**  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005

## Reading Initiative



As Jacksonville prepares to take the world stage for Super Bowl XXXIX, there's a lot of talk about the economic impact the game will have on the city. Business and community leaders look forward to showing off the First Coast's many assets to the VIPs who attend the Super Bowl.

Jacksonville has a great climate, beautiful location, reasonable cost of living, low tax burden and high quality of life: all qualities that

appeal to businesses looking to relocate. The most important thing the First Coast has to offer business in today's knowledge-based economy is an educated workforce. And that's why Mayor John Peyton has made early literacy a cornerstone of his administration.

From kindergarten through third grade, children learn to read. After that, they must read to learn. Because early literacy is directly tied to school success, graduation, job potential and higher income, the mayor contends that improving early literacy is the crucial factor in ensuring both individual success and long-term regional economic growth.

Over the course of the past year, Mayor Peyton and his team have worked with individuals and groups throughout Duval County to create and implement a plan to enhance the early literacy skills and school readiness of Jacksonville's preschool children. "RALLY Jacksonville!" as the mayor's initiative is called, is aimed mainly at 4-year-olds, the children who will enter kindergarten next year.

RALLY aims to make early literacy a core value in Jacksonville, improve the quality of child care and increase the number of children who are ready for school when they begin kindergarten. The initiative features awareness efforts such as the Mayor's Book Club, a million-book giveaway and a literacy summit. It includes pilot projects to create literacy-rich environments in some of the city's most under-served neighborhoods. It will also undertake an intensive effort to move childcare in Jacksonville from custodial care to early education.

As RALLY Jacksonville! is implemented over the next year, it will help our community prepare its children to read and succeed.

# Annual Financial Plan

CITY OF JACKSONVILLE, FLORIDA

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005

John Peyton  
MAYOR

Dan Kleman  
CHIEF OPERATING OFFICER

City Council Members

Elaine Brown, President

Group 2 At-Large

Lake Ray, District 1

Lynette Self, District 2

Jerry Holland, District 3

Suzanne Jenkins, District 4

Art Shad, District 5

Sharon Copeland, District 6

Pat Lockett-Felder, District 7

Gwen Yates, District 8

Reggie Fullwood, District 9

Mia Jones, District 10

Warren Alvarez, District 11

Daniel Davis, District 12

Arthur Graham, District 13

Michael Corrigan, District 14

Faye Rustin, Group 1 At-Large

Lad Daniels, Group 3 At-Large

Kevin Hyde, Group 4 At-Large

Glorious J. Johnson, Group 5 At-Large

Calvin C. Ray

DIRECTOR OF ADMINISTRATION & FINANCE

Frank Castriota

BUDGET OFFICER

# CITY OF JACKSONVILLE, FLORIDA

## ANNUAL BUDGET

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# CITY OF JACKSONVILLE, FLORIDA

## INTRODUCTION

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**CITY OF JACKSONVILLE, FLORIDA**





## Mayor Peyton's Budget Address July 13, 2004

### **Madam President, Members of the Council, honored guests, citizens of Jacksonville:**

Good evening. I am happy to be here with you tonight. I'd also like to say hello to those of you watching us from home. YOU are the major stockholders of this business we call city government. And it is important for you to know how we are conducting your affairs -- and managing your money.

I want to thank the members of the city council for working with me and my team in such a productive manner this past year. We have not always agreed. But in the end, we have worked well together. And I appreciate the collaborative relationships we have developed.

I especially want to thank former Council President Lad Daniels for his strong leadership, for his friendship, and for his dedication to this city. I look forward to working with our new Council President and Vice President in the year to come.

I was gratified to hear President Brown say that literacy and early childhood education are top priorities on her list. And I know that many of our council members share her passion for education and early literacy. I appreciate their interest and support on this crucial issue and many others. The people of Jacksonville can be confident they are well-represented by this City Council!

As Mayor of the City of Jacksonville, one of my core responsibilities is to present a budget to City Council each year on the second Tuesday in July. Once again, it is the second Tuesday in July. And once again, it is my pleasure to present to you a balanced budget. A budget that funds the daily operations of our government. A budget that supports the priorities we share for moving Jacksonville forward as a great American city. And a budget that embodies our commitment to measurement, accountability and return on investment.

This budget contains no new taxes. That's worth some applause, isn't it? NO NEW TAXES.

In fact, this budget marks the 10<sup>th</sup> consecutive reduction of the millage rate in Duval County. Over the past 10 years, our millage reduction has put more than \$226 million back into the pockets of our citizens. That's \$226 million that went into college funds, bought groceries, straightened teeth, and paid mortgages instead of feeding the endless appetite of government!

This budget reflects our obligation to be the best possible stewards of the taxpayers' money. This budget reflects our dedication to making Jacksonville the best place in America to live, work and raise a family. AND this budget demonstrates our commitment to bringing best practices to the way this city does business.

This budget is also a continuation of the good work we started last year. Although I am happy to say we had more time to prepare it (!), this year's budget reflects the teamwork of the same talented professionals who did such an excellent job last year.

I want to take a moment to publicly thank Cal Ray, Frank Castriota and the rest of our budget and finance team for their hard work. I'd especially like to thank Walt Bussells. Walt has worked two full-time jobs for the past 12 months to help make our city a national leader in financial and management practices. Walt is a good friend of mine and a good friend to this city. I am sure the members of the Council join me in wishing him well in his next endeavors.

Over the past year, my team and I began a comprehensive, systematic review of city government. We wanted to identify ways to meet two goals: improve service to the taxpayers.... AND be good stewards of every dollar they provide.

As a result, we have implemented changes in city management and financial practices. And .... we plan to continue our review over the coming year. We have looked to the business world for proven solutions to challenges we face.

And we have put our entire city government on notice: "Business as usual" will NOT take us where we are trying to go in a new economy. We have adopted a competitive mentality - looking for ways to do things better, faster and cheaper.

In the coming fiscal year, we will continue working to provide our citizens with the BEST possible service at the LOWEST possible cost.

Talking about the budget is not an easy thing to do. People's eyes often glaze over when they hear words like "fiscal management." ...Particularly after they've eaten a large barbecue dinner like the one we just enjoyed!!!

Many people think budgeting is boring. In fact, budgeting is anything BUT boring. How we spend our money is the tangible statement of our values and priorities. And how this government manages its finances directly affects our citizens --in services provided, in forward progress for our community, and in keeping the tax burden low.

We are most fortunate that the financial climate in which this budget was prepared is a healthy one. Jacksonville's credit rating is strong. Wall Street appreciates our good stewardship and fiscally conservative practices. We enjoy one of the best bond ratings in the nation. This is important!

Good bond ratings translate into lower interest rates. Lower interest rates help keep taxes down and increase resources to meet community needs. For example, a rating difference on a one-hundred-million-dollar bond issue is seven hundred thousand dollars. That's enough to build a new fire station, drain a flooded street, repair dangerous sidewalks or enhance a park.

Over the past year, we have improved our financial management with a new investment and borrowing policy called "matched book." The term might sound confusing. Simply, it means we have worked to get a better return on our investment .... and ... to borrow at a lower cost.

This policy - which is a best practice in the private sector - has given our taxpayers a net benefit of about \$10 million to date. That's \$10 million dollars to date. AND we expect a benefit of \$20 million from the matched book strategy in our Fiscal Year 2004-2005 budget. This is a great example of how resources can be leveraged to provide services and draw state and federal dollars without raising taxes.

We measured our investing and borrowing policies. And we worked to get a "better return" on our investment. Over the past year, we have worked to make Jacksonville a national leader in the timeliness and transparency of our budgeting and accounting process.

For example, we have set ambitious goals for releasing financial reports earlier each year over the next three years. This is important because it improves our citizens' access to information about how

we are spending their money! In an era when the corporate world is plagued with accounting scandals, it is important that OUR stockholders know their money is handled with integrity.

We are measuring results. We are being accountable. And we are always seeking the best return on our investments.

On behalf of our stockholders, over the past 12 months we have begun the single largest performance review and reorganization of city government in many years. We have streamlined and centralized "city purchasing". We have revamped our planning department. We have given more authority to our managers to do business on behalf of the city. And we are implementing performance measures that will increase the accountability of our employees.

We are in the process of negotiating ways to use these performance measures to reward "star performers" and to identify those who need assistance. I'd like to thank our City Council members for their support in these endeavors, and for their ongoing help with our efforts to work smarter, to increase service and to decrease costs.

Over the past year, we have also streamlined and reorganized several of our city departments. We have invested in personnel and infrastructure in ways that will increase both efficiency and revenue. For example, we appointed a task force to review city "permitting practices", with an eye toward simplifying and speeding up the process.

At their recommendation, this budget contains funding for 9 new positions in the building inspection division. This targeted staffing increase will ensure safer buildings as well as get projects on the tax rolls sooner. That's a win-win scenario!

Another project that will pay a big dividend for our taxpayers is the construction of a fueling facility at "Trail Ridge Landfill". Once complete, the facility will eliminate markup and taxes that would otherwise be charged to the city budget by our waste haulers. This facility will pay for itself within its first year of operation, and it will yield hundreds of thousands of dollars in savings each year: an excellent return on investment for taxpayers!

We have also made some changes at the executive branch agencies. We have reined in spending and streamlined staffing at the Jacksonville Public Library. And we have set the stage for a major reorganization of the Jacksonville Economic Development Commission.

The savings from these steps will accomplish our goals without raising taxes. For instance, changes made at the Library will provide our libraries with the staffing needed to effectively serve the public. BUT -- those changes will also free up funds to be used for other purposes. Make no mistake -- our libraries are a top priority for me. These changes are NOT about skimping, or short-changing the library system. They are about good management: measurement, accountability, and return on investment.

This budget continues our commitment to projects we began last year. For instance, it maintains our pledge to repair hazardous sidewalks throughout the city. It supports the ongoing efforts of the Jacksonville Housing Commission. And it reaffirms and expands our mutual commitment to the Town Center Initiative.

This budget also reaffirms our goal of working smarter through the use of technology. It funds new software that will extend the life of the city's computers and exponentially decrease security threats to our networks.

It also funds an Automated Vehicle Locator system in 10,000 city vehicles, ranging from police cars and fire engines ...to vehicles used by employees of the Parks Department, Public Works and the Property Appraiser.

Installation of the "AVL", as it called, will increase responsiveness and efficiency, providing quicker turnaround times for first responders. It will increase accountability, spotting problem behavior such as erratic driving or staying too long in one location. And it will provide a safety net for employees

who might become injured on the job. The AVL is another example of our commitment to measurement, accountability, and return on investment.

A major focus of this budget is public safety. From the beginning of recorded history, government has played a primary role in ensuring the safety of citizens. In Jacksonville, we take that responsibility seriously. We want to provide our men and women in uniform with the training, facilities, apparatus and technology they need to do their jobs. And -- we want to make Jacksonville the "safest city in America".

This budget marks a historic commitment to public safety through the "Safety First Initiative". The budget provides capital and operating dollars to equip our firefighters, to modernize some fire stations and to construct others. It gives Sheriff Rutherford the wherewithal to "hire the right individuals, provide them with the right training and the right equipment, deploy them properly and ensure that they are skillfully managed."

This budget provides our Medical Examiner, Dr. Aruzza, with the equipment and personnel to speed "crime solving". And this budget supports our continuing efforts to protect our citizens against terrorism. Changing times bring changing needs and it is our job to respond to those needs to keep Jacksonville safe.

One of the biggest challenges we face as a community is "growth management". Here's an interesting statistic: Every day, a town the size of St. Augustine moves to Florida. ...A town the size of St. Augustine!!!!

It's reasonable to think a portion of those people are moving to the First Coast. And, as we welcome them and build infrastructure to support our needs, we must be careful not to diminish our quality of life.

Toward that end, this budget contains funding to continue infrastructure improvements through the Better Jacksonville Plan. It also supports a critical effort to protect and enhance our city's green space and waterways.

Jacksonville is blessed to have the largest park system in America. This budget provides \$10 million for the purpose of taking our park system from the biggest to the best by enhancing access and amenities. We OWN this parkland. As good stewards of the property, we must make it accessible, useable and safe for all to enjoy.

Another "quality of life" project funded in this budget is a \$5 million commitment to the "Jacksonville Zoological Gardens" for expansion and improvements. It is a little-known fact that the Zoo belongs to the City of Jacksonville, even though it is operated by a local nonprofit board.

The public/private partnership between the Zoo and the city has been very successful, resulting in strong management and creative exhibits. This budget contains matching funds that will help the Zoo provide education and enjoyment for our citizens and tourist dollars for our economy.

As we think about quality of life, it's important to remember that it is not just about parks or "bricks and mortar". It's about people. We have established ambitious goals for moving Jacksonville forward. But it is unreasonable to think that government alone can implement every change needed to make Jacksonville great.

What government CAN and SHOULD do, however, is increase the capacity of our faith and community-based institutions. Over the past year, we have reached out to these organizations in an unprecedented way. As an outgrowth of those efforts, this budget contains a million dollars to create an Office of Faith and Community-Based Partnerships, and to provide matching funds to bring new state and federal dollars to Jacksonville. The Office of Faith and Community-based Partnerships will work with private sector organizations to increase their power -- and -- to do important work on behalf of some of our most challenged citizens.

Our faith and community leaders can connect with citizens far better than government. They are among the most learned and trusted individuals in our community.....  
.... and they can have a tremendous impact on literacy, race relations, community development and other issues.

- No government bureaucrat knows the needs of the Eastside like C.B. Dailey or Michael Edwards.
- No government program can connect with the people of the Southside and the Beaches like R.F. Washington, Rabbi Michael Matuson, Bishop Edward Robinson, or Imam Zed Malik.
- And no civil servant knows the Westside like Garry Wiggins, Elwin Jenkins, Ron Smith or Vaughan McLaughlin.

As a city government, we cannot be all things to all people. But we CAN prime the pump for those who seek to nurture and develop human capital. I'm willing to do that, and I'm asking you to join with me!

Speaking of human capital brings me to the concept that is the driving force behind my tenure as mayor: growing this economy and creating high-quality jobs.

A job is better than any government program. Nothing in the world can substitute for a good job. Jobs hold families and neighborhoods together and reduce crime. And, over the long haul, jobs translate into economic and cultural growth for our city.

To grow jobs now ... and in the future, I have worked closely with the Chamber and our local business leaders this year. I am proud to say that we have taken city support of our local military presence to an entirely new level.

Jacksonville is proud to be a military town. We appreciate our military men and women and their families, and we know that Jacksonville is a better place because they are here. They keep our nation safe. They make our communities and neighborhoods stronger. They contribute dramatically to our local economy. We want to keep them here.

This is a critical year for the "base realignment and closure" process. It is more important than ever that we maintain our commitment to making Jacksonville the most military-friendly city in America. My staff, under the leadership of Dan McCarthy, is on top of this issue, working to build the case that Jacksonville is better prepared to meet the changing needs of our military than any other city in America.

While we are preparing for BRAC, we are also preparing to take the world stage as the hosts of "Super Bowl 39". I have been personally involved with preparations for the Super Bowl, as have many members of this Council. And I can assure our citizens that we take this opportunity very seriously.

We have planned for it well. We have made enormous progress in our preparations. And the expenditures this budget authorizes will have a residual benefit for our citizens as well as enhance our guests' experience in February.

This budget ALSO provides for security arrangements surrounding the Super Bowl. While we continue to look for funding assistance for security, I am confident the funding in this budget will ensure the safety of both citizens and visitors during this important event.

The Super Bowl has the potential to be both a short-term and a long-term shot in the arm for Jacksonville's economy. But we must not place too much emphasis on this one event. An ongoing component of our city's economic growth is the health and well-being of our "small and emerging businesses".

Small business is anything BUT small when it comes to providing jobs and driving our economy. Unfortunately, the policies currently in place for dealing with small and disadvantaged businesses are broken: They are not producing the results we want. They are not producing the results our community deserves.

With help and hard work from a diverse and dedicated panel of community leaders, we have put together a plan to fix those policies. This budget funds changes to modernize our "Procurement Department" and improve the way our city does business with local businesses. It supports a "new approach" to monitoring and enforcement – so that companies doing business with the city represent our population.

Speaking of this new approach, I would like to take a moment to salute the members of our City Council for their thoughtful and extensive work on this.

This issue is complex... and it is emotionally charged. Our council members have spent countless hours both individually and collectively discussing and refining our approach. The legislation they will consider in full session two weeks from tonight is truly the result of a joint effort. And I deeply appreciate their work, their wisdom, and open minds.

I would also like to thank Dr. Chester Aikens and Steve Halverson for their leadership on this issue. I look forward to working with our council members and our citizens to do the right thing for our city's small and emerging businesses.

And I think the approach we have laid out will provide an enormous return on investment. We will measure our results. We will be accountable for them. And, if we need to make adjustments in the future, we will do that, too.

Education continues to be the number-one challenge faced by our county. Education is not only the responsibility of our school board. It is critically important to all of us, and it must become a core value in our community. The single most important thing we can do today to guarantee economic success tomorrow is to educate our children well.

They must grow into adults who can learn and re-learn. People who can think critically and creatively. The knowledge-based economy demands it! We MUST TEACH OUR CHILDREN TO READ!

- Early literacy predicts success in school
- Early literacy predicts high school completion
- Early literacy predicts earning potential.
- Early literacy predicts the quality of our workforce.

Quite frankly, early literacy predicts local prosperity and the quality of life in Jacksonville in the years to come. Everything we want for Jacksonville... everything we are working to create... rests on early literacy.

My team and I have made enhancing early literacy a top priority. Over the past year, we have reached out to the community in an unprecedented way. We have studied the educational challenges we face and the resources available to meet them. And we have put together a strategy to "move the needle" on early literacy.

This budget contains \$7 million to implement the first year of that strategy, which we call "RALLY Jacksonville." "RALLY Jacksonville" is aimed at: making literacy a core value of this community, enhancing school readiness among preschool children, and involving our entire community in the process.

Some of the experts say it will take a generation for Jacksonville to fix its literacy problem. As your Mayor, I'm not willing to wait a generation.

We cannot afford to waste the opportunities that lie ahead for our city. The people of Jacksonville are not going to wait. And the City of Jacksonville is not going to wait. And I'm not going to wait. We're going to teach children in this town how to read. And we are going to start THIS YEAR!

I believe that reaching out to every 4-year-old in Jacksonville with research-based learning and literacy techniques can change this city for generations to come. RALLY Jacksonville gives us a chance to do that.

This is about the personal success of individuals and the economic competitiveness of our region. We will measure our results. We will be accountable for our actions. And we will replicate and continue the things that work. And although it will take a while for us to see the return on our investment, I believe that history will prove it to be one of the wisest choices we made during our stewardship of this government.

We are at a crossroads in Jacksonville. We all feel it. There is a tremendous amount of energy in the air. Our downtown is being revitalized. Our infrastructure is being renewed. Our government is being revamped and revitalized. We are committed to continuing improvement.

Jacksonville is getting ready to take the world stage as the host of Super Bowl 39. And, increasingly, Jacksonville is being nationally recognized as a great place to live and to do business. Just within the last couple of months, we have been named the third most taxpayer-friendly city in America and featured in the New York Times!

It is an exciting time. And everywhere I look, I see progress and possibility. This budget provides our city with the means to achieve that progress and realize that possibility.

This budget is fiscally sound, socially responsive, and filled with best practices. This budget maintains our commitment to measurement, accountability and return on investment. This budget supports responsible stewardship of the taxpayers' dollars. This budget builds upon our successes. AND, this budget defines our priorities for the future.

Ladies and Gentlemen of the Council, honored guests, and citizens of Jacksonville: I look forward to working with you over the coming year to continue to increase service, decrease costs, and always, always exceed expectations.

God bless you, and God bless this great city. Thank you and good night.

A handwritten signature in black ink, appearing to read "John Knight". The signature is stylized with a large, looping initial "J" and "K".

# **CITY OF JACKSONVILLE, FLORIDA**

## **MISSION**

Serving you, meeting today's challenges, focusing on the future.

## **VISION**

To make Jacksonville's local government the most responsible and effective city government in America, and Jacksonville the best place in the nation to live, work and raise a family.

## **GUIDING PRINCIPLES**

- I. Increase economic opportunity and jobs, including full support for our military and minority business ownership
- II. Increase public safety, including homeland security and emergency preparedness
- III. Increase early literacy
- IV. Enhance quality of life, including transportation, planning and parks
- V. Increase infill housing
- VI. Streamline government to facilitate business growth

## **METHODS**

We will achieve results, without raising taxes, by:

- Reducing risk and saving taxpayer dollars by applying conservative best practices to City's investing and borrowing
- Using "public service return on investment" analysis to prioritize City spending
- Amending parts of City's Ordinance Code which block the most efficient use of taxpayer dollars
- Saving taxpayer dollars by applying best practices and technology to enable City employees to be more productive

## **2004-2005 ANNUAL BUDGET**

# **CITY OF JACKSONVILLE, FLORIDA**

## **Mayor Peyton's Highest Priority Initiatives With Associated 2005 Business Plan Goals**

### **I. Increase economic opportunity and jobs, including full support for our military and minority business ownership**

- A. Increase prosperity to all Jacksonville
  - 1. Recruit and expand higher-wage job opportunities
  - 2. Promote and encourage private capital investment
  - 3. Enhance and expand business relationships, pursuant to Part 6 of Chapter 126 of the Jacksonville Ordinance Code, with governments, neighborhood organizations and non-traditional resources
  - 4. Facilitate job creation through small business development
- B. Promote planned and controlled development in the targeted areas of the City
  - 1. Promote a healthy and vibrant downtown
  - 2. Promote and leverage investment in economically distressed areas
- C. Remove barriers that prevent all citizens from enjoying economic opportunity
  - 1. Proactively address employment and housing discrimination complaints

### **II. Increase public safety, including homeland security and emergency preparedness**

- A. Improve safety and security
  - 1. Improve Fire and Rescue services
  - 2. Improve emergency management, including disaster preparedness/response and the security of our citizens
  - 3. Reduce criminal activity
- B. Increase health and safety in Jacksonville's neighborhoods
  - 1. Improve health and safety by removing known hazards
  - 2. Expand code enforcement services in Historic Springfield and neighborhoods in the "old city"

### **III. Increase early literacy**

- A. Implement actions that will address early literacy intervention and remediation
  - 1. Increase intervention efforts focused on increasing youth literacy
  - 2. Increase maintenance and remediation efforts designed to address adult literacy so that all parents will have the capability to serve as literacy role-models for their children

### **IV. Enhance the quality of life, including transportation, planning and parks**

- A. Improve the quality of life for all citizens of Jacksonville
  - 1. Improve support for families and children
  - 2. Improve support for people of need
  - 3. Improve support for senior citizens
  - 4. Promote volunteerism to improve our community
  - 5. Support unity and equality among our citizens regardless of their age, race, gender, religious affiliation and economic status
- B. Improve services to Jacksonville's neighborhoods
  - 1. Continuously improve and expand services to Jacksonville's neighborhoods
- C. Improve Jacksonville's overall transportation system
  - 1. Improve Jacksonville's roadway system
  - 2. Improve Jacksonville's bikeway and sidewalk systems and transit opportunities

## **2004-2005 ANNUAL BUDGET**

## **CITY OF JACKSONVILLE, FLORIDA**

- D. Grow Smart
  - 1. Enhance quality of life through improved community design
  - 2. Implement Growth Management Task Force recommendations
  - 3. Encourage development that balances high, middle and affordable housing (i.e. Traditional Neighborhood Development (TND) with mixed use/mixed income/mixed lot size and square footage, along with sidewalk placements
  - 4. Continued implementation of the Better Jacksonville Plan
- E. Increase public space and public recreational opportunities for Jacksonville citizens
  - 1. Increase the recreational opportunities available to Jacksonville citizens
  - 2. Maintain and improve existing recreational facilities
  - 3. Develop our Preservation Projects for eco-tourism
- F. Preserve and improve the water quality of the St. Johns River
  - 1. Continue quality initiatives through reduction of septic tanks, drainage improvements and renewal and replacement of old sewer and water lines in older neighborhoods
- G. Clean up, beautify and "Green-up" Jacksonville
  - 1. Clean-up Jacksonville
  - 2. Beautify and "Green-up" Jacksonville
  - 3. Improve Jacksonville's air quality
- H. Improve external communications
  - 1. Improve external communication and marketing of the City of Jacksonville and its services to customers and the public

### **V. Increase infill housing**

- A. Enhance and improve the stock of affordable housing in targeted areas of the city
  - 1. Increase affordable housing opportunities

### **VI. Streamline government to facilitate business growth**

- A. Improve customer service
  - 1. Reduce cycle time from customer request-to-compliance citywide
  - 2. Ensure that services are performed competitively and that customers' expectations are met through measurement and benchmarking
  - 3. Streamline organizational rules, regulations and procedures
  - 4. Improve vendor and provider management and relationships
  - 5. Develop strategies, processes and vehicles to improve internal communications
- B. Increase effective/efficient total quality government with no new taxes
  - 1. Reduce costs and staff requirements and increase productivity through process improvement
  - 2. Enhance current and future technology to improve services to internal and external customers
- C. Employ the right number of the right people in the right jobs at the right time in an environment that supports them
  - 1. Maintain non-public safety staffing at or below the 1991 level
  - 2. Improve employees' skill levels and ensure that employees are adequately trained and cross-trained to perform required functions
  - 3. Improve and streamline recruitment and hiring methodology to strengthen City's competitive ability to attract qualified candidates
  - 4. Develop strategies to address employee satisfaction, health and safety

# CITY OF JACKSONVILLE, FLORIDA



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## *Distinguished Budget Presentation Award*

PRESENTED TO

**City of Jacksonville  
Florida**

For the Fiscal Year Beginning

**October 1, 2003**

President

Executive Director

### **AWARD FOR DISTINGUISHED BUDGET PRESENTATION**

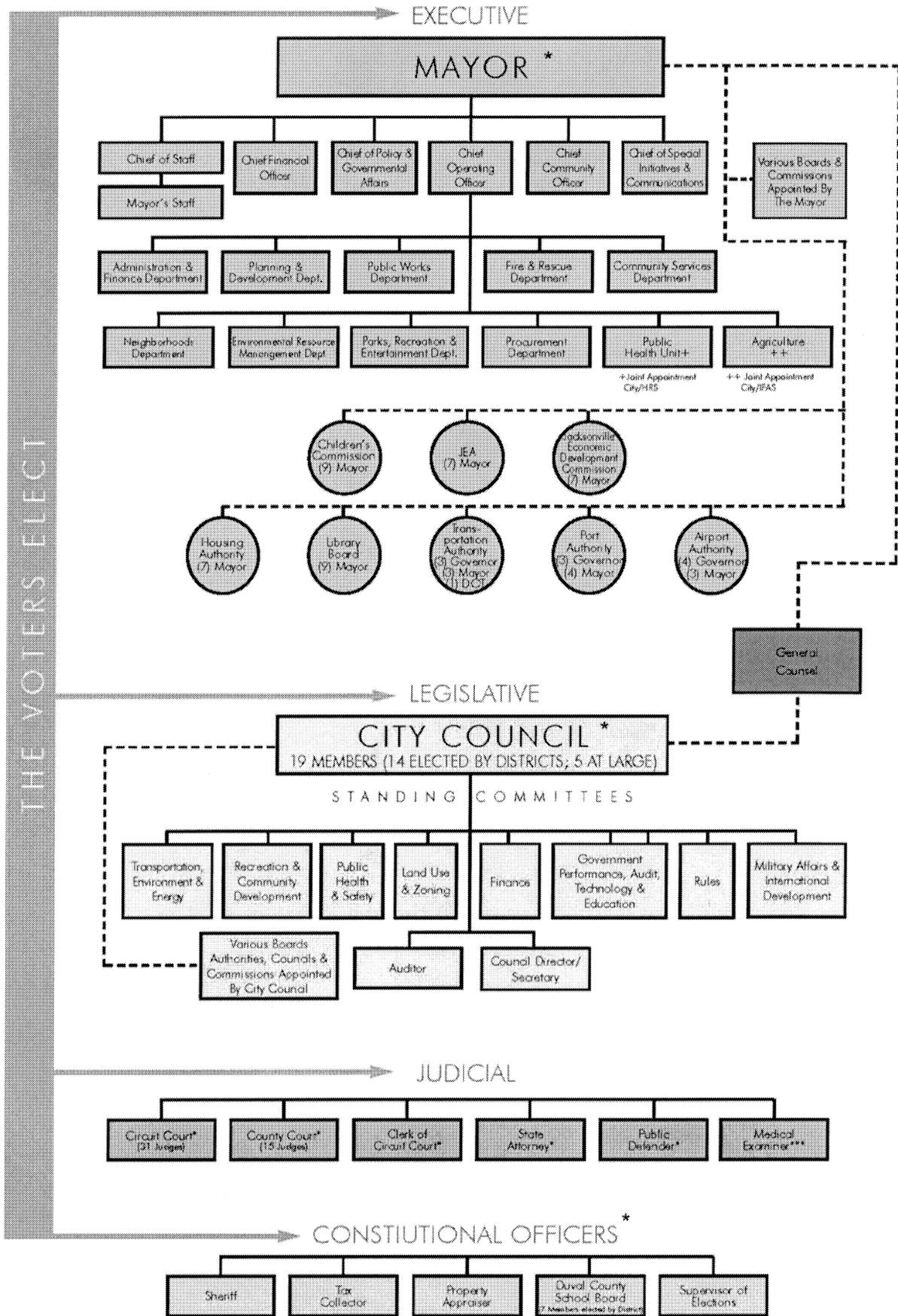
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Jacksonville, Florida for its annual budget for the fiscal year beginning October 1, 2003.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

### **2004-2005 ANNUAL BUDGET**

# CITY OF JACKSONVILLE, FLORIDA



\* Elected Official

\*\*\* Appointed by the Governor

## 2004-2005 ANNUAL BUDGET

# **CITY OF JACKSONVILLE, FLORIDA**

## **JACKSONVILLE PROFILE**

Located in the Northeastern corner of Florida, fashioned from seashore and forest and nurtured by the majestic St. Johns River, Jacksonville provides abundant opportunities for visitor and resident alike. At 841 square miles, Jacksonville is the largest city in the continental United States. It is also a major port, the insurance and financial center of Florida, the site of key U.S. Navy bases, home to the National Football League's Jacksonville Jaguars and host of the 2005 Super Bowl. More than a million people live in the greater Jacksonville metropolitan area, approximately 800,000 of them within the city limits.

Jacksonville boasts a strong economy and an exceptional quality of life. More than 80 corporate and regional headquarters are based here and expanding or relocating companies created 50,000 new jobs during the last five years. For the third consecutive year, Expansion Management magazine has selected Jacksonville to be among "America's Hottest 50 Cities," ranking the city third in 2003 among the nation's 370 metropolitan statistical areas (MSA) behind only Atlanta and Nashville. In 2004, Partners for Livable Communities selected Jacksonville as one of the 30 "Most Liveable Cities" in the country.

Jacksonville is governed by a unique consolidated government of city and county, meaning that Duval County and the City of Jacksonville are one and the same. The city has a "strong mayor" form of government and elects a 19-member City Council, with five at-large members and 14 members elected by district. Five constitutional officers are also elected: the Tax Collector, Property Appraiser, Clerk of the Courts, Sheriff and Supervisor of Elections. The City funds the operating budgets of each of the constitutional officers.

In 2001, Jacksonville's government won the Florida Governor's Sterling Award, an honor that recognizes organizational excellence. The various administrative departments within city government are responsible for providing streets and infrastructure maintenance, solid waste disposal, public safety and other social and human services to citizens. The majority of these services are financed through the General Fund, while the Enterprise Funds, which are intended to be self-supporting, employ user fees.

As a rapidly growing city, Jacksonville is recognized as a national leader in managing development and "growing smarter." A number of mayoral initiatives are incorporating growth management strategies to balance economic development and preservation. The Preservation Project, initiated by Jacksonville's then-mayor John Delaney in January 1999, is a national model for land conservation and collaborative management. In less than three years, more than 20,000 acres of land have been set aside for preservation and recreational uses, giving Jacksonville the nation's largest urban park system. A high-profile Parks Task Force is currently studying ways to make these lands accessible while preserving their natural beauty.

In addition, in September 2000, Jacksonville voters approved a ½-cent local option sales tax to provide funding for The Better Jacksonville Plan (BJP), a comprehensive infrastructure improvement and growth management strategy. The BJP is improving roads and infrastructure, renovating and constructing public facilities including libraries and a sports and entertainment complex, preserving the environment, targeting economic development to areas that need and can sustain it and playing an active role in the revitalization of downtown Jacksonville.

With a growing population, a strong economy and abundant natural resources, Jacksonville is poised to continue to prosper in the 21<sup>st</sup> century as one of the nation's most dynamic and progressive cities.

## **2004-2005 ANNUAL BUDGET**

# CITY OF JACKSONVILLE, FLORIDA

## JACKSONVILLE FACT SHEET FY 2004-2005

Jacksonville has a strong mayor form of government with a City Council composed of 19 members, of whom 5 are at-large members and 14 represent council districts.

Population	825,793		
City Area	840.1 square miles		
Internet Home Page Address	<a href="http://www.coj.net">http://www.coj.net</a>		
	<b>Comparisons</b>		
	FISCAL YEAR 2002-03	FISCAL YEAR 2003-04	FISCAL YEAR 2004-05
General Fund Budget (GSD)	\$749,506,884	\$797,706,626	\$855,985,187
General Fund Net Budget (GSD)	655,823,483	693,083,977	752,404,426
Total City Budget (Includes Misc Federal Programs)	1,214,406,456	1,361,325,014	1,478,685,437
Total City Net Budget	977,139,754	1,092,923,695	1,197,323,377
Ad Valorem Taxes (GSD)	320,946,911	338,671,804	359,494,205
Total Number of City Employees	7,394	7,581	7,857
Police Officers	1,599	1,599	1,760
Fire/Rescue	1,103	1,102	1,189
Millage Rate			
Operations	10.1650	9.8398	9.6879
Debt Service	0.0192	0.0	0.0
Total	10.1842	9.8398	9.6879

## 2004-2005 ANNUAL BUDGET

Policies

TAB

# **CITY OF JACKSONVILLE, FLORIDA**

## **FISCAL YEAR 2004-2005 BUDGET HIGHLIGHTS**

- The Ad Valorem millage rate was reduced for the tenth consecutive year of millage cuts, resulting in a 1.53 mill decrease over the past ten years. This represents savings to the taxpayers of approximately \$59.9 million in the current year and cumulative savings of \$226.1 million over the ten-year period.
- The Assessed Tax Roll increased by \$2.62 billion on a July-to-July basis, a 7.0 percent increase.
- General Fund revenues are up \$42,129,960 excluding transfers, which represents a 5.86 percent increase.
- For the tenth consecutive year, the City continues its effort to build up reserves. General Fund cash carryover has been increased to \$40 million from \$37.2 million.
- The Public Library received 135 new positions last year, 120 of those positions were not fully funded due to the timeline for completing new and expanded facilities. The current year budget provides full funding for all these positions, as well as for nine new positions added this year. Funding is also included for security and custodian services.
- The Public Library was provided \$5.3 million for the purchase of books system-wide.
- The Super Bowl was funded for \$5.6 million to be used primarily for security, sanitation and clean-up efforts.
- Funding to the Jacksonville Children's' Commission again has been increased by \$1 million. In addition, \$5 million has been budgeted for the Mayor's Early Literacy Initiative. The Commission provides all local governmental services to children. Fully 90% of the new money will translate into direct services to children.
- The contribution to Shands Hospital/Jacksonville in support of indigent care has been maintained at \$23.8 million.
- Juvenile Justice is funded for \$3.9 million for services previously provided by the State.
- Fire and Rescue received 45 additional positions to provide additional on-scene firefighting capability and support staff, as well as to staff the newly opened Station # 58.
- The Medical Examiner received three additional positions as well as funding for instruments and supplies in the Toxicology Lab.
- The Tax Collector received 16 additional positions and approximately 16,000 new part-time hours. Funding for a new Tax System is also included in this budget.
- The Property Appraiser received nine positions along with funding for the new Computer Assisted Mass Appraisal (CAMA) system.
- Within the Office of the Sheriff, the Corrections Division received 13 additional positions. The Investigations and Homeland Security Division received 12 positions along with funding for the first installment for a replacement helicopter. Police Operations received 19 positions, which include one each for the Park Safety Program and security at Ocean Way Middle School. Personal and Professional Standards Division received 11 positions. Police Services Division converted a number of part-time positions to permanent full-time positions. In addition to positions added, this conversion amounted to 38 positions. Administration Division received seven positions as well as funding for an automated fingerprint machine and other equipment and technological needs. An additional 130 positions have been established for that organization's use; however funding has not been budgeted.
- The re-organization within the Executive Branch established Purchasing and Procurement as a Department. Fully funded is a newly created program, to include a staff of 11, to assist Jacksonville's small and emerging businesses.
- The Treasury Division was funded for two additional positions for a newly created Internal Financing Mechanism managed by that Division. This mechanism provides for internal financing of installment and lease purchases, vehicle replacements, public safety programs and some capital expenditures. The current year's budget anticipates approximately \$66.6 million in financing through this mechanism.

## **2004-2005 ANNUAL BUDGET**

## **CITY OF JACKSONVILLE, FLORIDA**

- The Information Technologies Division was funded \$1.6 million for development of new technology.
- Funding in the amount of approximately \$140 million was provided through Long Term Capital Investment for fire stations, sidewalk repairs & replacements, Bay Street Towncenter, senior centers expansion, Parks/Recreation capital improvements, and other capital projects.
- The Cultural Council was provided \$4 million in funding.
- Parks, Recreation and Entertainment received four additional positions.
- The Neighborhood Department is funded for the Faith Based Initiative for approximately \$1.1 million. In addition, Animal Care and Control received five additional positions and Special Events received two. Also funded in Code Enforcement is the update to the Code Enforcement Management System.
- This year's budget includes funding for the Jacksonville Housing Commission, which combined the operations of the Housing Services Division and the Duval County Housing Authority.

# **CITY OF JACKSONVILLE, FLORIDA**

## **COUNCIL CHANGES TO THE BUDGET**

The City Council Finance Committee performs detailed reviews of each area of the Annual Budget. The Council Finance Committee began its work shortly after the Mayor delivered his proposed budget on July 13th, 2004 and completed its review and made final recommendations on September 20th. During the review period, the Finance Committee held hearings with the individual departments, heard from a variety of community organizations and concerned citizens and discussed matters of particular interest with the Council Auditor's staff and the Administration. All meetings were open to the public. The Budget was ultimately adopted on September 28th and was signed into law by the Mayor on October 1, 2004.

The Mayor recommended a gross Annual Budget of \$1,475,553,488. The budget was amended by City Council to a new gross total of \$1,478,685,437 an increase of \$3,131,949 or 0.2%.

The following are some of the changes made by City Council:

- Increased Public Parking revenues by \$45,000 for the first ½ hour parking fee
- Increased Tax Collector Investment Pool Earnings by \$355,151 to fund build out of the Gateway branch
- Increased Medical Examiner revenues by \$16,000
- Increased revenues in Building Inspections by \$380,000
- Reduced Animal Care and Control revenues by \$53,250
- Reduced Investment Pool Earnings by \$4,305,000
- Increased Property Room revenues by \$151,245
- Reduced revenues for Court Fines and Penalties by \$139,000
- Increased the cost of Group Health Insurance Premium allocations by \$3,298,894
- Increased salary funding in the Office of the Sheriff by \$3,786,458
- Moved the funding for the purchase of \$5.3 million in library books from the Internal Loan Pool to Operating Expenses
- Increased funding for game day security pat downs by \$110,000
- Increased funding in Mosquito Control \$60,601 for additional chemicals
- Increased funding for Fleet Management – Parts, Oil, Gas and Lube internal service allocation by \$2,329,291
- Added 130 unfunded positions for the Office of the Sheriff
- Added one School Resource Officer in the Office of the Sheriff for Oceanway Middle School
- Added four positions for two dedicated mowing crews
- Added two positions in Special Events

# **CITY OF JACKSONVILLE, FLORIDA**

## **THE ANNUAL BUDGET**

The Annual Budget as developed, adopted, and implemented by the Consolidated City of Jacksonville accomplishes several purposes. First and foremost, it complies with state and local legal requirements for a balanced financial plan of operation for the government that coincides with and is limited to the City's fiscal year. As a financial plan, the budget identifies revenue and other financial resources that are anticipated to be available for appropriations, establishes appropriations, authorizes expenditures and uses of financial resources, and otherwise provides for the continuing financial operation of the City.

The budget also provides one of the most concise presentations of governmental policy, especially the implementation of policy changes. The Mayor's Budget Message in particular, identifies the City's major goals and objectives and the intended means of achieving them. The evolutionary process of the budget, through direction of the Mayor and the City Council and numerous open meetings and public hearings, ensures that the City's policies are integrated into the budget. To a very real extent, the budget clearly quantifies executive and legislative policy through its use of line-item presentations and historical comparisons.

Under the framework of the procedures established in the Charter and the Ordinance Code, the budget also provides a formal, flexible guideline for the financial operation of the City. As implemented by the Mayor, the budget for each individual activity specifies how much may be expended for each type of operating account and the number and classification of each authorized position. Together with departmental mission, vision, goals and objectives, these detailed components of the budget outline operational direction.

As an outline of the financial operating plan and in other ways that are integral to the budget processes and documents, the budget also serves as a vehicle for disseminating information. Although the primary use of many of the budget's schedules is for purposes internal to the government, several schedules, descriptions, and exhibits are of interest to the public. This document provides a variety of readers with a comprehensive view of the City's budget, its purposes, contents, and what it means to our citizens, our departments, and bond investors.

## **BUDGETARY ENTITY**

The City of Jacksonville is a consolidated city/county political entity that extends geographically throughout Duval County. As of October 1, 1968, the beginning of consolidated government, all county, municipal and local governments and districts within Duval County, and their boards, bodies and officers, merged into a single new corporate and political entity known as the City of Jacksonville, except that the cities of Jacksonville Beach, Atlantic Beach, and Neptune Beach, and the Town of Baldwin were reconstituted as separate and distinct urban services districts and retained their municipal government structure.

The consolidated City of Jacksonville also contains various independent agencies, including the Duval County School Board, the JEA, the Jacksonville Airport Authority, the Jacksonville Port Authority, the Jacksonville Transportation Authority, the Jacksonville Economic Development Authority and the Jacksonville Police and Fire Pension Board of Trustees.

## **2004-2005 ANNUAL BUDGET**

# **CITY OF JACKSONVILLE, FLORIDA**

## **BUDGETARY POLICIES**

The City's budgetary policies are based upon guidelines and restrictions established by Florida Statutes, the Consolidated City of Jacksonville Charter, the City's Ordinance Code, Executive Orders, and generally accepted accounting principles for governmental entities. Applicable provisions of State law are incorporated into local procedures and set forth the municipal fiscal year, restrictions on taxation, conditions of participation in State revenue sharing and other programs, and also mandate that the City must have a balanced budget.

The City of Jacksonville deems its budget to be balanced if revenues meet expenditures, without undue reliance on one-time sources and that no bond proceeds or other debt instruments are used to satisfy recurrent operating expenditures.

In accordance with the City Charter, the budget is divided between general operating funds and capital improvement funds, with separate legislative approval and separate printed documents. This document primarily addresses the City's operating funds, but includes summary information on the Five-Year Capital Improvement Program and details of priority "one" projects. This program lists schedules and sets priorities for the City's major capital expenditures. In order to provide an overall view of the City's operating budget, independent authorities and the School Board, summary information is provided in the Comparative Budget Summary.

As adopted by the City Council, the annual budget is in the form of an ordinance which contains estimated revenue and other financial sources, any revenue restrictions, special provisions which apply to miscellaneous appropriations and departmental capital outlay, authorizations of full-time positions and temporary employee hours, and any amendments to the Ordinance Code that may be related to the budget. Incorporated as integral parts of the Annual Budget Ordinance are the following schedules that specify the City's budget:

- Budgeted Revenues, Expenditures, and Reserves Summary
- Schedule of Capital Outlay Projects
- Schedule of Public Service Grants
- Schedule of Appropriations by Division
- Miscellaneous Federal Programs, which is included for information only
- Position Redlines

As implemented by the Mayor and the Department of Administration and Finance, the budget is expanded to the activity level. Thus managers are provided with maximum permissible expenditures by object account within activity. The maximum number of full-time employees and aggregate salary level, as well as the number of part-time hours available, is also provided. Service levels requiring additional or redistributed resources must be approved as budget amendments. For the interested reader, a discussion of the procedures used to amend the budget follows later in this section.

This level of detail provides readers with information about specific service levels and associated resources budgeted to provide these services. City management is likewise provided with a practical means of controlling uses of resources and gauging budgetary performance for improved productivity and efficiency.

# **CITY OF JACKSONVILLE, FLORIDA**

## **CONFORMITY WITH GAAP**

Budgetary and accounting policies of the City conform to generally accepted accounting principles (GAAP) for governmental entities, with certain exceptions, and are substantially comparable to the policies of most other governments. Revenue is budgeted on the modified accrual basis, although GAAP accounts for enterprise and similar trust fund revenue using the accrual basis. The modified accrual basis means that revenue is recognized when it becomes both "measurable" and "available to finance expenditures of the current period." Ad Valorem taxes and most revenue received from the state, such as the half-cent sales tax distribution and state shared revenue, is accrued, because it meets the criteria of being susceptible to accrual. On the other hand, licenses and permits, fines, and charges for services, for example, are recognized when received in cash, because they normally are not measurable until they are actually received.

Differences between budgetary policies and GAAP exist for several reasons, with the main reason being that existing procedures have worked well and changes have not been required for administrative or control purposes. Additionally, law requires certain budgetary procedures that are not in conformance with GAAP. In particular, the City Charter specifies that fund balances must be considered together with anticipated revenue and applicable reserves in determining the ad Valorem tax to be levied.

Other differences between budget and GAAP are the treatment of interfund transfers, departmental capital outlay, depreciation, and debt service principal payments. The City's budgeting practices include interfund transfers and subsidy contributions as revenue and expenditures, whereas GAAP classifies such interfund transactions as being other financing sources or uses.

Departmental capital outlay is budgeted for administrative control purposes. By including capital outlay in the annual budget, it becomes part of the readily accessible on-line control systems and appears as line items on all budget and accounting system reports.

Depreciation expense, which is recognized only in proprietary and City-wide statements, is not budgeted primarily due to funding policy determination. Included within the Enterprise fund type for reasons of public policy and capital maintenance considerations are funds such as the City's Solid Waste Disposal, which are not fully self-supporting. Because the budget is legally required to be in balance, if depreciation expense were budgeted in the Enterprise funds, then corresponding adjustments would be necessary in increased other financing sources or decreased expenses. Not providing for depreciation in the budget has not adversely affected the enterprise funds.

# **CITY OF JACKSONVILLE, FLORIDA**

## **BUDGETARY ASSUMPTIONS AND TRENDS**

One way in which most municipal budgets differ from those of private sector organizations is in their lower degree of flexibility. The City's budget is very flexible in its ability to accommodate minor adjustments, and as explained under Budget Revisions that follows, there are established means to implement the substantial number of changes that the budget undergoes during the year. However, certain assumptions that underlie most of the numbers in the budget are more critical than those of private sector organizations are.

### **REVENUE PROJECTIONS:**

#### **Ad Valorem**

Ad Valorem taxes account for nearly 41% of the General Fund revenues; 29.2% of the overall City budget net of interfund transfers. Ad Valorem taxes are levied against real estate and certain personal, non-real estate property held for commercial or investment purposes. Growth trends, real estate market conditions and building permits are tracked to provide longer-term projections for limited planning purposes. However, the actual revenue estimates used in each successive annual budget are a mathematical exercise dictated by law and driven by factors that are not definitively known at the time the calculations are made.

Under Florida law, the property appraiser must certify the ad valorem tax roll to each authority levying taxes within the county by July 1st. The annual tax roll is the sum of all currently assessed valuations net of homestead exemptions, various other exemptions, deletions of any improvements and the addition of new construction.

Each levying authority must then adopt a preliminary millage rate by legislative action. Additionally, each taxing authority must advertise in advance the proposed levy and hold a public hearing. Such action must be completed and certification of such action returned to the property appraiser and to the state within 30 days of the July 1st date. The levying authority may ultimately adopt a different millage. However, if the ultimate levy is higher than that originally advertised, the proposed levy must be re-advertised and another public hearing held.

Millage is an expression of the number of mills per dollar of assessed valuation levied. The FY 2004-2005 Jacksonville/Duval Co. millage rate is 9.6879 mills or .96879 cents per dollar of assessed valuation, down .1519 mills from FY 2003-2004. This is the tenth successive mill reduction.

The calculation of the new year ad valorem revenue is the assessed valuation tax roll multiplied by the millage multiplied by 95.5%. It allows for discounts offered for early payment (as much as 4% if paid by November), for errors discovered after tax roll certification and for ultimate bad debt. The new year assessed tax roll is up \$2.62 billion over the prior year; an increase of 7%. New construction and appreciation of property value continues unabated. These conditions are expected to continue for the next several years. Conservative estimates of tax roll growth are in the \$2 billion range.

#### **Solid Waste Revenue**

The primary source of revenue for Solid Waste is a per ton landfill tipping fee. The tipping fee will be reduced in the second quarter FY 04-05 from \$30 to \$25 per ton to match a competitive market. However, increases in tonnage due to growth are expected to result in a continuing revenue increase. The City renegotiated its recycling contract, eliminating the City's recycling recovery costs but gaining a better net price for the sale of recyclables. The City also renegotiated its contract with commercial waste haulers and this year will provide fuel at the City's cost but will pay the haulers a reduced price per premise, which also will result in a net gain for Jacksonville.

## **2004-2005 ANNUAL BUDGET**

# **CITY OF JACKSONVILLE, FLORIDA**

## **Local Option Sales and Gas Taxes**

The City levies a one-half cent sales tax for transportation under a special provision of the Florida statutes. The state collects all sales taxes and remits to the City the actual collections for this tax, which is then forwarded to the Jacksonville Transit Authority (JTA). The state publishes annual estimates of collections generated via its annual revenue estimating conference. The City uses these estimates virtually as is since these estimates have proven to be reasonably reliable and correlate fairly well with the City's own projections.

Historically, this half-cent has grown by an average 3% per year over the last three years. A reasonable estimation for near term future years would be 3% for planning purposes

The City also levies a six cents per gallon local option gas tax. In the past, this tax has provided funding for transportation services including roadway improvements and reconstruction, associated drainage for roadways and mass transit. Beginning in 2000-2001, in accord with the Better Jacksonville Plan (BJP) and the Interlocal Agreement between the City and the JTA, the revenue in this fund is transferred to JTA as a mass transit subsidy and for debt service, with the balance being remitted to the fiscal agent as a funding source for Part I of the BJP.

The state annually estimates the value of this levy by jurisdiction statewide. These state estimates are incorporated in each successive annual budget. The basis of the levy is per gallon rather than per dollar. This basis of levy cannot be expected to keep pace with the City's other revenue streams. Further the audit responsibility for collection and reporting of this stream is vested in the state; this responsibility has not been effectively pursued. During the most recent three-year period, this revenue item has shown a 4 to 5% increase. As a result, future years will very likely show 4 to 5% increases.

## **Utility Service and Communication Service Taxes**

The City levies a public service tax on utilities. The rate is 10% of sales for water, electric, and gas. Estimates for FY 2004-2005 are based in part on historical, taking into account the seasonality of the various utilities. In the instance of water and electric, the utility tax estimates are based on water and electric sales estimates provided by the JEA. Water utility taxes are projected to increase approximately 20% based on a rate increase coupled with growth from acquisitions. Electric utilities taxes are projected to increase at about 7% based on demand and growth. Gas utility taxes continue to decline even though gas demand is increasing due to the purchase of gas out of state, which is not subject to the City's utility tax. The tax on gas makes up about 1% of the total utility tax collected.

The City levies a Communication Services Tax at the rate of 5.22% on the purchase of communication services as defined by Florida Statute 202. The tax has shown a modest decline of almost 3% growth given the current economic conditions, federal and state tax policy debate, and the ongoing continuing price decline for services given the fierce industry competition for market share.

## **State Shared Half Cent Sales Tax**

The state levies and collects six cents sales tax on various goods statewide. Fifty-nine hundredths of one cent is shared with local jurisdictions based on a formula that takes into account relative population and land mass size as compared to all other local jurisdictions as well as the actual amount collected within each respective jurisdiction. The state publishes annual estimates of revenue for each jurisdiction. Although these estimates have not always proved to be particularly accurate in the past, especially at the local level, the past three years have tracked more closely to actual. As a result, the state estimates are one of several indicators used to project future half-cent sales tax revenues. Based on the most recent history, the FY 2004-2005 estimate does place more emphasis on state based estimates. The current estimate is further influenced by the past year's actuals. Based on the recent slowdown in the economy,

## **2004-2005 ANNUAL BUDGET**

# **CITY OF JACKSONVILLE, FLORIDA**

this revenue source will continue to be monitored closely during the FY 2004-2005. Conservative assumptions for the immediate future indicate a modest performance. The One-Half Cent Sales Tax has continually increased showing a three-year average increase of 4.1%.

## **Interfund Revenues**

Net Interfund revenues consist of contributions to the General Fund. The largest of these is an annual contribution made by the Jacksonville Electric Authority. This contribution amounted to 68% of the total net General Fund Interfund Revenue items. The amount is based on the annual May to May kilowatt-hours sales figures expressed as dollars. Thus the amount is known with precision each year in advance of the budget finalization process.

This contribution has averaged an approximate 4% increase over the last five years. It is felt that the continued expansion of electric consumption over a number of years supports confidence in this item's continued growth. All indicators point to a continued average annual growth of 3 to 4% over the next several years.

## **State Shared Revenues**

The state levies a variety of taxes on fuels, cigarettes, intangible property and insurance premiums. Portions of these tax streams are shared with local governments. Here again, the state annually issues projections of these revenues by jurisdiction. These projections are reviewed along with historical trends going back as far as eight years. This data along with any other available information are then used to predict new years revenues from this stream. For FY 2004-2005, the revenue projections were based on estimates as provided by the state as a result of its estimating conference. The only exceptions are a few minor revenue sources such as mobile home licenses, alcoholic beverage licenses, and insurance agent's licenses for which the state provides no estimates. These items are individually budgeted based on historical actuals.

State Shared revenues have performed at an average 4.5% over the last four years. The Mobile Home Licenses revenue increased slightly in FY 2003-2004 by 6.4% but still shows a four-year average reduction of 11.5%. In FY 1999-2000, the state repealed the sharing of intangible tax revenues with the Counties. This revenue was replaced by 2.25% of state sales tax collections. Since their inception in FY 2000-2001 we have seen an average increase of 5.3%.

## **Other Revenues**

The revenue streams discussed thus far constitute in excess of 58% of all revenues appropriated. The remaining 42% of revenues are individually projected using historical trends, input from departments and data from a variety of other sources. These include such items as Tax Collector Fees, Court Costs, Regulatory and Inspection Fees, Ambulance and E911 Charges, and Licenses and Permits. Departmental revenue items as small as \$100 are captured and appropriated in successive budgets.

## **EXPENDITURE PROJECTIONS:**

Expenditure related assumptions are more straightforward, because budgeted expenditures are partly spending limits. If the operational planning is sound, in terms of the demand for services and the corresponding resource requirements, then the financial planning is greatly simplified. In a period of relatively stable prices, planned purchases can be projected accurately, due to contract renewal provisions and vendor estimates. The two areas where budgetary assumptions really come into play are labor costs and the implementation of new programs.

# **CITY OF JACKSONVILLE, FLORIDA**

## **RETROSPECTIVE**

General Fund - General Services District revenues completed the year at \$786.7 million as compared to the \$765.6 million budgeted, exclusive of transfers from fund balance. This resulted in a favorable variance of \$21 million, with Taxes accounting for approximately \$7 million, of which Ad Valorem accounted for \$4 million; and Earnings on Investment for another \$12 million, attributed to the recently implemented "Matched Book" investment policy. For the tenth consecutive year the millage rate was decreased.

General Fund - General Services District expenditures posted a \$1 million favorable variance against a \$773.3 million budget net of reserves and cash carry-over.

We continued our commitment to Public Safety and the Library System by setting aside \$2.9 million in a reserve for Fire and Rescue which was used to add 30 additional firefighter positions to replace those leaving due to the DROP plan and an additional 14 positions for two peak time rescue units. The Emergency Preparedness Division also received \$100,000 for a new computer system to facilitate bio-terrorism/epidemiological response. The Police Operations added a number of positions in the Corrections Division as well as a resource officer at a local High School. In addition, grant funding for the Pre-Trial services that was no longer available was funded through General Fund, which provided four corrections officers, one corrections lieutenant and one corrections sergeant. The Library System received funding for several positions as well as operating funds and an additional \$1 million for books for new and expanded facilities.

Public Buildings received six additional custodian positions to provide services to the Library system.

Parks, Recreation and Entertainment received \$2 million in funding specifically designated for enhanced maintenance.

Information Technologies was funded \$2.2 million for development of new technology.

Four Capital Projects were funded through the General Fund. These include \$3 million for downtown enhancements, \$3 million for water/sewer expansion, \$1 million for the Zoo and \$300,000 for sidewalk maintenance.

The City continues to invest, not only in infrastructure, but also in services that enhance the quality of life in our citizens. Once more an additional \$1 million was added to the annual contribution to the Jacksonville Children's Commission, bringing the contribution to nearly \$15.9 million. This million is targeted to the Early Literacy Initiative. The contribution to Shands Hospital for indigent health care was maintained at \$23.8 million.

We continued our efforts to satisfy the needs of our customers, the citizens, by improving the skills and abilities of our employees. Last year we completed in excess of 131,000 hours of career development training.

TAB

Procedures

# **CITY OF JACKSONVILLE, FLORIDA**

## **BUDGET REVISION PROCEDURES**

Both the City and the Municipal Code impose restrictions on the budget to safeguard the financial resources of the City and to ensure that sound financial conduct is maintained. Within the joint framework, the Annual Budget Ordinance establishes specific appropriations and personnel caps.

In keeping with the strong Mayor form of government of the City, executive policy has established budgetary control by object account within activity for expenditures and by occupation code within activity for personnel. Any change to these authorizations requires the approval of the Mayor, and may require the approval of the Council. As one may expect, literally hundreds of budget amendments are considered each year.

Most budget amendments are initiated by the cognizant division chief, using a standard personnel reclassification form (RC), or a combined purpose transfer directive (TD) and budget transfer (BT) form. An RC is used for any proposed transfer of authorized positions or part-time hours between activities, for changing the occupation code of an authorized position, or for requesting establishment of additional positions or hours. A TD is used to transfer budgeted appropriations from one object account to another, within the authorized transfer power of the Mayor. A BT is used for appropriation transfers that require City Council approval, and for increasing appropriations.

Budget Office recommendations are noted on all forms, which are returned to the Mayor's Budget Review Committee (MBRC) secretary for inclusion on the agenda for the following bi-weekly MBRC meeting. MBRC reviews and acts on all proposed budget amendments in accordance with administrative policy and applicable legal requirements. After an amendment that does not require Council action has been approved, it is entered into the Personnel, Accounting and Budget systems. An action that requires Council approval is incorporated into a proposed ordinance by the office of the General Counsel and is forwarded to the Council Rules Committee for introduction.

Actions that are beyond the Mayor's transfer powers and require City Council approval, include:

1. Appropriation of new revenues
2. Transfers into or out of USD 1
3. Transfers out of an Internal Services Fund
4. Transfers affecting a Public Service Grant
5. Transfers out of or into a C.I.P. project in excess of 10% or \$100,000, whichever is less
6. Any action that affects Council operation accounts
7. Transfers out of a reserve or cash carryover account
8. Transfers between programs in the Home Investment Partnership Program
9. Transfers between programs in the Community Development Block Grant Program
10. Transfers from one Major Fund to another Major Fund unless the source is the Mayor's Executive Operating Reserve.

Budget amendments may also be initiated by the Council directly, as a memorandum for reallocations within the Council's own operating budget, or as an ordinance. Upon receipt by the Rules secretary, proposed budget ordinances are placed on the agenda for the next regularly scheduled Council meeting, where they are introduced and assigned to the Council Finance Committee and other committees, as appropriate. Although provisions exist for emergency action, it is normal for most legislation to proceed through three readings, which allows time for review by the Council staff and committee, and also provides time for public hearings.

After adoption by the City Council, ordinances become law when they are signed by the Mayor, or after a two-week period if not signed or vetoed by the Mayor. Unless an effective date is provided within an ordinance, it takes force when it becomes law.

## **2004-2005 ANNUAL BUDGET**

# CITY OF JACKSONVILLE, FLORIDA

## PLANNING, PROGRAMMING AND BUDGETING CALENDAR

The first phase of the Planning, Programming, and Budgeting System is the Planning phase. The ultimate product of this phase is the annual Strategic Plan. This plan, which is prepared by the Strategic Leadership Team, is the product of the Strengths/Weaknesses/Opportunities/Threats analysis combined with strategic inputs such as the Strategic Planning Survey, data from the Five Customer Group Listening Posts, the Employee Satisfaction Survey, and the Customer Satisfaction Survey. It lays out the Mayor's initiatives and objectives for a five-year period and provides the basis for program development. City Council is also invited to submit its list of priorities.

The Programming phase commences with the publication of the Strategic Plan. It serves as the guidance for program development. During this phase, the departments develop specific process improvements that address the Strategic Plan. These improvements cover a five-year period and include measurement data, proposed funding, and proposed manpower. Proposed offsets (funding sources) are also developed for improvements that are not funded within the department's Current Level Target for funding and positions. The process improvements and proposed offsets are submitted to the Budget Office for review and are briefed to the Quality Management Board (QMB). The QMB reviews the process submissions and communicates its decisions to the departments. These decisions form the basis for the annual City Business Plan.

During the budgeting phase, the departments incorporate the QMB decisions into their budget submissions. The Budget Office reviews the budget submissions along with the latest fiscal data and makes final recommendations to Mayors Budget Review Committee (MBRC). The MBRC then makes its final budget decisions. The Mayor then submits the budget.

Preparation of the annual budget is a highly interactive process throughout the schedule, as may be seen from the following calendar. Specific dates shown are those applicable to the fiscal year 2004 budget preparation phase.

- |             |  |
|-------------|--|
| November    | Departments conduct Strengths, Weaknesses, Opportunities, and Threats (SWOT) analyses.   |
| December    | The results of the department SWOT analyses are provided to the Strategic Plan Champions for assessment of the department recommendations on the Strategic Plan.   |
| February    | Under the guidance of the Finance Director and the Mayor, the Budget Office develops the budget preparation manual, associated forms, and budget reports. The Budget Office established current level targets as starting points for both the department requests and the Budget Office recommendations. |
| February 9  | The revised Strategic Plan and the Mayor's guidance are provided to the department directors and division chiefs for use in developing process improvements to support the Strategic Plan.   |
| February 16 | Deadline for submitting Motor Pool and Communications equipment replacement lists.   |
| March 1     | Proposed process improvements and associated financial impact are to be provided to the Budget Division. BU Forms S, M, and N are available electronically and should be submitted by electronic means to the Budget Division.   |
| March 29    | Distribution to the departments of budget instructions and forms, including reports with three months data and current level targets. The departments have six weeks to prepare their five-year funding and manpower profiles for process improvements to support the                                    |

## 2004-2005 ANNUAL BUDGET

## **CITY OF JACKSONVILLE, FLORIDA**

Strategic Plan, proposed offsets, and current level requests and return them to the Budget Office, using the forms and reports supplied. During this period the departments held their own meetings and work-sessions on their budget requests, and all departments worked closely with the Budget Office. As reports with more current information become available, especially after the close of the second quarter, they are provided to the departments.

- April 16      Deadline for posting revenue projections and current level request to BPREP and submitting required Strategic Plan process improvements, proposed offsets, and forms to the Budget Office. Submissions also include a letter of transmittal that explains the major factors affecting the department's budgetary requirements. Justification for all departmental requests, by subobject, is required.
- April 26 -  
May 21      MBRC PSG subcommittee review of public service grants applications.
- May 3      Distribution of revised reports to the departments that includes Budget Office recommendations on current level funding. Revisions made by the Budget Office are generally based upon consistently applied determinations that are agreed to by the departments. Some disagreements are inevitable, but most subobject level recommendations are settled by the end of the three-week period in which the Budget Office developed most of its specific recommendations.
- May 7      Deadline for departmental requests for adjustments to current level and capital carryover requests. A one-week period was afforded to the departments upon receipt of the revised report sets, in order to make final adjustments to their current level requests.
- May 3 - 21      Budget Office holds meetings with individual departments to review Budget Office recommendations. Most areas of disagreement are resolved at this time. The Mayor's Budget Review Committee (MRBC) reviews only areas of disagreement and programs that support the Strategic Plan.
- May 3 - 21      The QMB reviews proposed process improvements and associated Budget Office recommendations and makes recommendations to the MBRC.
- June      Mayor's Budget Review Committee (MBRC) hearings on departmental budgets. MBRC is a standing executive committee that is comprised of eight voting members made up of the Chief Operating Officer, Chief Financial Officer, specified Department Heads, and Administrative Aides of the Mayor. The Budget Officer, representatives of the General Counsel, the Personnel division and an administrative secretary assist them. The primary working document for the budget hearings is the Proposed Budget book. At these hearings, unresolved differences and funding for current levels of service and process improvements supporting the Strategic Plan and FY 2005 Business Plan are addressed.
- Mid June      The estimated preliminary taxable values for 2004 are received from the Property Appraiser. Historically, the preliminary estimates tend to be conservative; however, that is not always the case.
- July 1      Certifications of Taxable Value received from the Property Appraiser.
- Early July      Preliminary estimates of state-shared revenue, 1/2 cent sales tax distributions, and certain other revenue sources are available from the State Department of Revenue. During most of the budget preparation cycle, the Budget Office works with its own estimates of revenue, which are coordinated with cognizant departments, when

## **2004-2005 ANNUAL BUDGET**

## **CITY OF JACKSONVILLE, FLORIDA**

appropriate. In particular, state-shared revenue is subject to significant adjustments at the close of the State fiscal year on June 30, when more accurate information is available. Normally, the State estimates are distributed in July, but after the Mayor's Proposed Budget has been presented to the Council. It is often possible to acquire specific estimates earlier by telephone. The State estimates are not required to be used (as they once were), but they help to confirm Budget Office projections.

- July 13 The Mayor's Proposed Budget and the FY 2004 Business Plan are presented to the City Council on the second Tuesday in July; the budget ordinance, millage levy ordinance, and related resolutions are introduced. The Mayor's Proposed Budget book provides the necessary budget reports needed to allow the City Council to fully understand the composition of the Mayor's Budget and to make whatever changes they felt are required to express their own policies. Activity and Departmental recap reports provide information on original budget, revised budget, year-to-date and annualized expenditures as of April 30, 2003, as well as a comparison of recommended budget versus revised. Revenue schedules and other statistical information are also provided.
- July 13 The Council begins its review of the Mayor's Proposed Budget. For the first several weeks, review and analysis are conducted primarily by the Council Auditor's staff. At the same time that it is considering the Mayor's proposed budget for the general government, the City Council also consider the budgets of the independent agencies over which it has legislative control. As in the case of the general government, the independent agencies must submit to the City Council balanced budget proposals. During this phase of budget preparation, most of the interaction occurs between the Council Auditors and the Budget Office.
- July 20 City Council adopts roll back rate and proposed millage rate for T.R.I.M. notice.
- August The Council Finance Committee and other standing committees of the Council begin to conduct their own budget reviews. Review procedures vary by committee, but most committees elect to hold information gathering budget hearings. During detailed budget hearings with various departments, the Finance Committee develops specific amendment recommendations. Through close involvement with other Council committees, the Budget Office incorporates Council changes into the budget.
- August 26 Last day to mail out the Truth in Millage Notice (T.R.I.M.) pursuant to F.S. 200.069.
- August 30 The Finance Committee concludes its budget hearings and the budget containing the Finance Committee amendments is "laid on the table" for a seven-day period for public inspection.
- September 7 During the first Council meeting in September, public hearings are held on both the budget and the millage rate. Following the public hearings, the Council adopts a tentative budget and tentative millage rate.
- September 28 After final public hearings, the Millage Levy Ordinance and the Budget Ordinance, as amended, are adopted by the full Council. Both ordinances are signed by the Mayor to be in effect on October 1.
- October 1 The new fiscal year begins.

## **2004-2005 ANNUAL BUDGET**