



City of Atlantic Beach  
**Agenda**  
**Commission Workshop**  
Monday, September 9, 2019 - 5:30 p.m.  
Commission Chamber  
City Hall, 800 Seminole Road

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Page(s)

**CALL TO ORDER**

**1. TOPICS**

- 1.A. Presentation by Jerry Holland, Duval County Property Appraiser, regarding property taxes 3 - 12  
[Information & proposed Resolution No. 19-52](#)
- 1.B. Budget Update  
[Link to Proposed Annual Budget for FY 2019-2020](#)

**2. PUBLIC COMMENT**

**ADJOURNMENT**

Please note: This meeting will be live-streamed and videotaped. The video recording will be posted within four business days on the City's website at [www.coab.us](http://www.coab.us). To access it, click on the Meeting Videos tab on the home page or contact the City Clerk at 247-5809 or [dbartle@coab.us](mailto:dbartle@coab.us).

Any person wishing to speak to the City Commission on any matter at this meeting should submit a request to the City Clerk. For your convenience, forms for this purpose are available at the entrance to the Commission Chamber.

In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the City Clerk's Office by 5:00 PM, the Friday prior to the meeting.



**CITY OF ATLANTIC BEACH  
CITY COMMISSION  
STAFF REPORT**

**AGENDA ITEM:** Authorizing the Duval County Property Appraiser's Office to partner with Tax Management Associates, Inc. (TMA) to undertake a comprehensive tangible personal property tax audit.

**TODAY'S DATE:** Aug. 28, 2019

**MEETING DATE:** Sept. 9, 2019

**SUBMITTED BY:** Kevin Hogencamp, Deputy City Manager *KA*

**SUMMARY:** The Duval County Property Appraiser's Office desires to partner with Tax Management Associates, Inc. (TMA) to audit and ensure tangible personal property tax compliance countywide. In addition to ensuring tangible personal property tax compliance, this endeavor would directly benefit the City of Atlantic Beach via the collection of additional tangible personal property tax revenue

Property Appraiser Jerry Holland and staff will make a presentation on this endeavor at the City Commission's Sept. 9 workshop; the measure will then be considered for adoption via resolution at the Commission's regular meeting on Sept. 9

**RECOMMENDATION:** Commission approve Resolution No. 19-52 authorizing the Duval County Property Appraiser's Office to partner with Tax Management Associates, Inc. (TMA) to undertake a comprehensive tangible personal property tax audit.

**BUDGET:** NA

**ATTACHMENTS:**

1. Resolution 19-52
2. May 8, 2019, Correspondence from TMA to the Office of the Property Appraiser – Duval County, regarding the firm's services
3. Guide to the TMA Business Personal Property Audit Process
4. Agreement for Use of Property Tax Collections to Fund Business Personal Property Tax Audit Services

**CITY MANAGER:** \_\_\_\_\_

*Joe Minty*

**RESOLUTION NO. 19-52**

**A RESOLUTION OF THE CITY OF ATLANTIC BEACH AUTHORIZING THE DUVAL COUNTY PROPERTY APPRAISER'S OFFICE TO PARTNER WITH TAX MANAGEMENT ASSOCIATES, INC. (TMA) TO UNDERTAKE A COMPREHENSIVE TANGIBLE PERSONAL PROPERTY TAX AUDIT; AUTHORIZING THE CITY MANAGER TO EXECUTE ANY CONTRACTS AND PURCHASE ORDERS AS NECESSARY TO EFFECTUATE THE PROVISIONS OF THIS RESOLUTION; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Duval County Property Appraiser's Office desires to partner with Tax Management Associates, Inc. (TMA) to audit and ensure tangible personal property tax compliance countywide; and

**WHEREAS**, in addition to ensuring tangible personal property tax compliance countywide, this endeavor would directly benefit the City of Atlantic Beach via the collection of additional tangible personal property tax revenue.

**NOW, THEREFORE, BE IT RESOLVED** by the City Commission of the City of Atlantic Beach as follows:

**SECTION 1.** The Mayor and City Commission hereby authorizes Duval County Property Appraiser's Office to partner with Tax Management Associates, Inc. (TMA) to undertake a comprehensive personal property tax audit.

**SECTION 2:** The City Manager is hereby authorized to execute any contracts and purchase orders in accordance with and as necessary to effectuate the provisions of this Resolution.

**SECTION 3.** This Resolution shall take effect immediately upon its passage and adoption.

**PASSED AND ADOPTED** by the Mayor and City Commission of the City of Atlantic Beach, this 9th day of September, 2019.

\_\_\_\_\_  
Ellen Glasser, Mayor

Attest:

\_\_\_\_\_  
Donna Bartle, City Clerk

Approved as to form and correctness:

\_\_\_\_\_  
Brenna M. Durden, City Attorney

## Guide to the TMA Business Personal Property Audit Process

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### **TMA'S COMPREHENSIVE BUSINESS PERSONAL PROPERTY AUDIT SERVICES**

Tax Management Associates, Inc. (TMA) understands the company will perform audits of the Duval County businesses selected by the Duval County Property Appraiser's Office.

The following describes in detail how TMA's Business Personal Property Audit Services will be performed in Duval County.

Following the award of bid and execution of a contract to perform audit services, TMA will conduct a kickoff meeting and send the appropriate staff to accumulate data pertinent to the assigned audits.

Audit assignments will be determined by the Property Appraiser. Upon a determination of audit assignments, the Property Appraiser will be responsible for providing to the auditor copies of the personal property schedules, forms and other pertinent file data applicable to the years under audit. Using TMA's on-line portal called *Informer*, we will maintain a database of all audit activity which will provide the Property Appraiser a real time detailed status report reflecting each audit assignment as well as project details.

TMA staff will prepare all necessary documents, letters, forms and notices in connection with scheduling audits and audit findings. All letters and notices to taxpayers will be approved and signed by the Property Appraiser or authorized representative prior to sending to the taxpayer.

### **COMPREHENSIVE PERSONAL PROPERTY AUDIT TECHNIQUE**

Over the years of providing Business Personal Property Auditing and Consulting Services to state and local government, TMA has established a sound methodology for completing an individual audit assigned to it by the contracting jurisdiction. The steps below give detail to the actual process of initiating a personal property audit. This is the same process regardless of the size of the taxpayer in question.

#### **1. Notify the Taxpayer**

TMA will prepare a form letter to be mailed to the assigned account. This letter will be forwarded to the Duval County Property Appraiser's Office for proper signature and for mailing. This letter informs the taxpayer of an intended audit and advises the taxpayer that a TMA representative will be making contact for scheduling the audit date.

#### **2. Make initial contact with the Taxpayer**

A TMA representative will contact the taxpayer by telephone to determine the individual with whom the auditor should be speaking regarding the scheduling of an audit appointment and the place at which the financial accounting records are located.

Once the proper individual and the place at which the accounting records are located are determined, the TMA representative will consult with the applicable party to determine an appointment date and to respond to questions. At this time, discussions will usually relate to the type of financial documentation that will be required for audit completion. TMA places emphasis on cooperating with taxpayers and scheduling audit appointments at the convenience of the taxpayer, provided the elapsed time is within reason.

#### **3. Prepare Confirmation Letter**

Once the appointment has been made by phone, TMA creates a letter to the taxpayer to confirm the appointment date and time. This letter also notifies the Property Appraiser of the scheduled audit, the name of the auditor and the place at which the audit will be performed. The letter is created on the Property Appraiser's letterhead for authorized signature.

## Guide to the TMA Business Personal Property Audit Process

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### 4. Audit Performance

According to internal TMA audit rules, it is imperative that the auditor arrives on time as scheduled, dressed appropriately, and prepared to perform the audit. Any delay should promptly be communicated to the taxpayer and the project manager and the reason for delay adequately explained.

Upon arrival, the auditor usually has a meeting with the taxpayer and/or his/her representatives, to explain TMA's relationship with the Duval County. The auditor also utilizes this time to ask questions regarding their accounting records and accounting policies. If applicable, a walk-through of the facility where the personal property is located may take place at this time. Notes will be taken regarding observations throughout the walk-through.

TMA procedures for the performance of comprehensive audits consist of a detailed review of taxpayer's accounting records at the place at which the taxpayer's accounting records are located and meeting with the property owner or representative to discuss the audit. TMA will conduct audits in accordance with applicable laws, rules, regulations, and professional standards.

Applicable books and records include, but are not limited, to the following:

- Chart of Accounts
- Corporate Trial Balance
- Income Tax Return Schedules
- Review Proper application of the Statutory Exemption, if applicable
- Corporate General Ledger of all fixed asset accounts, including but not limited to:
  - Land and land improvements
  - Building and improvements
  - Machinery and equipment
  - Office furniture and fixtures
  - Data processing equipment
  - Leased equipment
  - Licensed and non-licensed motor vehicles
  - Construction-in-progress (real and personal)
  - Leasehold improvements
  - Tooling
  - Supplies
  - Repair and refurbishments
  - Other assets accounts described by Chart of Accounts

The auditor will review application of additional depreciation where applicable, review property application of statutory exemption, review construction in progress, and reporting review of rebooked costs.

The audit will result in a proper classification between real and personal property assets, a determination of assets qualifying for exempt status, the determination of the full-absorbed cost of assets, proper years of acquisition and proper classification for appraisal purposes.

Each auditor will be provided a laptop computer to capture all applicable data derived from the audit. Templates will be developed for use in computing valuations by asset classes for each year under audit and for preparing audit reports in compliance with the requirements of the Property Appraiser.

## Guide to the TMA Business Personal Property Audit Process

The taxpayer, or knowledgeable business representative, usually participates in the verification of information contained in their listings as the auditor moves forward with the audit. The auditor will request additional information if needed, and respond to any questions the taxpayer may have regarding the findings.

The taxpayer is also advised that a complete summary of the findings will be forwarded along with any proposed assessment.

### **5. Prepare Audit Report for Property Appraiser**

Upon the auditor's return to their workplace, a report, inclusive of checklists and details, is prepared for the project manager for review and approval. This summary will contain a breakdown of all business assets by year and proper schedule classification.

Upon approval, a letter that fully explains the audit findings is prepared and forwarded to the Duval County Property Appraiser's Office. This letter is considered a "Position Letter." The Property Appraiser or authorized staff person, reviews the findings and is responsible for final determination prior to any notice being mailed to the taxpayer. If there are adjustments needed, the auditors will be advised and will respond accordingly. Upon approval, the letter is initialed and returned to TMA for the final draft of notice to the taxpayer.

TMA will also include property location changes, impending property location change, when applicable, or other business changes such as impending close. This information will be submitted to the Property Appraiser when received by TMA in order to adequately document changes in property.

### **6. Prepare Notice of Audit findings for taxpayer**

Upon completion of final audit findings as approved by the Property Appraiser, a notice will be prepared for mailing to the taxpayer. This notice will be prepared on the Property Appraiser's letterhead and signed by the Property Appraiser or authorized representative. This letter represents a detailed analysis of the audit findings and defines the errors or omissions causing any proposed additional assessments by classes of assets.

In addition, the taxpayer is advised of the appeal procedures to be followed if an exception is taken to the findings or proposed assessment. TMA defends its audit findings throughout all appeal processes.

### **7. Audit Follow-up**

If the taxpayer files an exception to the audit findings, the auditor will review any claim or documentation the taxpayer provides to support a change in the audit findings including an updated review of the accounting records to verify additional data. The auditor will adjust the audit findings accordingly if justified and approved by the Property Appraiser. It is rare for any assessment generated from a TMA audit to be appealed further than the administrative level.

### **8. On-site Reviews**

It is TMA's practice to conduct a walk-through of the facility where the audited personal property is located whether or not required by contract. This process will be performed on all field audits performed by TMA audit staff.

### **9. Defense of Audit Findings**

As directed by the Property Appraiser, TMA will provide the Property Appraiser's Office or its legal counsel, representation and/or testimony on behalf of the Property Appraiser's Office as an expert witness during appeals and/or litigation regarding the audit findings.

**Agreement for Use of Property Tax Collections to Fund  
Business Personal Property Tax Audit Services**

THIS AGREEMENT ("Agreement") is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between the DUVAL COUNTY PROPERTY APPRAISER ("PROPERTY APPRAISER"), DUVAL COUNTY TAX COLLECTOR ("TAX COLLECTOR"), and the undersigned Local Governing Boards of the TAXING AUTHORITIES of Duval county, hereinafter referred to collectively as the "TAXING AUTHORITIES."

WHEREAS, the PROPERTY APPRAISER is responsible under Florida law for the administration of ad valorem property tax audits and for back taxes related to business property tax listings; and

WHEREAS, the TAX COLLECTOR is responsible under Florida law for the collection and distribution of ad valorem property taxes, including back taxes, and associated penalties, fees, and interest; and

WHEREAS, the TAXING AUTHORITIES receive local property tax revenue to fund essential public services; and

WHEREAS, the PROPERTY APPRAISER and TAX COLLECTOR intend to contract with TAX MANAGEMENT ASSOCIATES, INC. ("TMA") for audit services to conduct business personal property tax audits for the purpose of collecting taxes due on those properties, which funds would otherwise be unavailable to the TAXING AUTHORITIES (hereinafter the "TMA Audit Agreement"); and

WHEREAS, TMA shall provide said audit services in exchange for the fee established in the TMA Audit Agreement, which consists of an amount equal to thirty-five percent (35%) of any tax, penalties, and interest collected from back taxes assessed by the PROPERTY APPRAISER on parcels identified through a TMA audit (hereinafter, the "Fee"); and

WHEREAS, the Fee shall be paid exclusively from the taxes, penalties, and interest collected in relation to the business personal property tax audits resulting from the tax audits performed by TMA, and shall not constitute a pledge or general obligation of tax funds or create an obligation on the TAXING AUTHORITIES to appropriate or make monies available for the purpose of this Agreement beyond the fiscal year in which the Agreement is executed; and

NOW, THEREFORE, the PROPERTY APPRAISER, TAX COLLECTOR, and undersigned TAXING AUTHORITIES, for and in consideration of the mutual promises, covenants, and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, agree as follows:



**TERMS**

1. **Incorporation of Recitals.** The recitals set forth above are hereby incorporated into and deemed a part of this Agreement.

2. **Authorization of Reduced Collections for Fee Payment:**

The undersigned TAXING AUTHORITIES authorize the TAX COLLECTOR to deduct TMA's Fee, as established in the TMA Audit Agreement, from the total property tax, penalties and interest collected as the result of the business personal property tax audits pursuant to TMA audits. The TAX COLLECTOR shall distribute the remaining tax revenue to the undersigned TAXING AUTHORITIES according to governing Florida law.

This Agreement does not constitute a pledge or general obligation of ad valorem taxation, or create any obligation on any TAXING AUTHORITY to appropriate or make monies available for any tax year, and does not create the right in any party to compel the exercise of the ad valorem taxing power of any TAXING AUTHORITY.

The TAX COLLECTOR shall annually make available to each TAXING AUTHORITY an accounting of all tax proceeds collected pursuant to the TMA Audit Agreement, the Fees paid to TMA, and the total funds distributed to each TAXING AUTHORITY.

3. **Term & Termination:** This Agreement shall become effective from the date entered above and shall remain in effect for an initial Twenty-Four (24) Months and shall continue in effect thereafter on a month-to-month basis. This Agreement may be terminated by either party without cause following the initial term upon thirty (30) days written notice.

Any TAXING AUTHORITY may opt out of this Agreement provided it notifies the PROPERTY APPRAISER and TAX COLLECTOR in writing at least ninety (90) days before the end of a fiscal year. The option shall be effective upon the first day of the following fiscal year.

The parties acknowledge that TMA audit services shall not be provided for any parcel in a specific tax district if any TAXING AUTHORITY in that tax district does not sign, or subsequently withdraws from, an agreement or memorandum of understanding for use of property tax collections to fund audit services.

Upon termination of this Agreement, Fees for all audits completed by TMA in effected tax districts up to the date of the notification of termination shall be payable in accordance with the terms provided by the TMA Audit Agreement. Because taxes may not be paid within the term of this Agreement, the authorization of reduced collections for Fee payment shall survive the termination of the Agreement, and shall terminate upon the later of the collection and

payment of all taxes related to TMA audits, or the expiration of such taxes as a matter of Florida law.

4. Severability: Should any provision, portion, or application of this Agreement be determined by a court of competent jurisdiction to be illegal, unenforceable, or in conflict with any applicable law or constitutional provision, or should future changes to Florida law conflict with any portion of this Agreement, the parties shall negotiate an equitable adjustment in the affected provisions of this Agreement with a view toward effecting the purpose of this Agreement, and the validity and enforceability of the remaining provisions, portions, or applications thereof, shall not be impaired. If a future change to Florida law conflicts with or preempts the entirety of this agreement, the agreement will be immediately terminated, subject to the termination provisions herein.

5. Public Records: The parties are public agencies subject to Florida's public records laws, including records retention, production, and confidentiality provisions. The PROPERTY APPRAISER and TAX COLLECTOR agree to retain all records maintained by their agencies and associated with the performance of this Agreement in compliance with applicable Florida records retention schedules, and to make all non-confidential or exempt records available for inspection or copying upon request and in compliance with Florida's public records laws.

6. Notice: Any notice required to be given under this Agreement shall be made in writing and sent by first class mail, postage paid, or by hand delivery to, the contact and address for the party as it appears on the signatory page of this Agreement.

7. Applicable Law: The terms and conditions of this Agreement shall be governed by the laws of the State of Florida.

8. Sole Benefit: This Agreement is for the sole benefit of the parties hereto, and in no event shall this Agreement be construed to be for the benefit of any third party, nor shall any party be liable for any loss, liability, damages or expenses to any person not a party to this Agreement.

9. Headings: Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the proper officer of each, as of the date first written above.

**PROPERTY APPRAISER:**

JERRY HOLLAND

DATE:

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PROPERTY APPRAISER  
231 E FORSYTH STREET  
JACKSONVILLE, FL 32202  
904-630-2011

APPROVED AS TO LEGAL FORM

For the Property Appraiser:

Signature: \_\_\_\_\_

**TAX COLLECTOR:**

DATE:

JIM OVERTON  
TAX COLLECTOR  
231 E FORSYTH STREET  
JACKSONVILLE, FL 32202  
940-630-1916

APPROVED AS TO LEGAL FORM

For the Tax Collector:

Signature: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the proper officer of each, as of the date first written above.

TAXING AUTHORITY  
NAME: \_\_\_\_\_

AUTHORIZED SIGNATURE: \_\_\_\_\_  
PRINT NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE SIGNED: \_\_\_\_\_

PRIMARY CONTACT: \_\_\_\_\_  
ADDRESS 1: \_\_\_\_\_  
ADDRESS 2: \_\_\_\_\_  
CITY, STATE, ZIP: \_\_\_\_\_  
PHONE: \_\_\_\_\_  
EMAIL: \_\_\_\_\_

APPROVED AS TO LEGAL FORM

For the TAXING AUTHORITY:

Signature: \_\_\_\_\_

Name & Title: \_\_\_\_\_