




MEMORANDUM

Date: April 1, 2016
To: Council Finance Committee
Greg Anderson, Council President
From: Kirk A. Sherman, Council Auditor 
Subject: Budget Ordinance Section 11.9, Recapture review for contribution to subfunds with negative cash balances

This memorandum is a follow up to my January 25, 2016 memo to the Council regarding recapture amounts for fiscal year 2014/15. Section 11.9 of the current budget ordinance requires my communication of recommended transfers to cover negative cash balances in subfunds. This section is repeated below.

Section 11.9 2015-16 Recapture review for contribution to subfunds with negative cash balances. Section 106.106 (i), Ordinance Code, requires the recapture of funds with the intent of increasing the Operating Reserves and thereafter the Emergency Reserve. Section 106.106(k) requires that the Director of Finance shall provide to the Council Auditor the recapture journal entry. For the Fiscal Year 15-16, the Director of Finance shall include within this communication to the Council Auditors all subfunds that have negative balances. The Council Auditors will, in conjunction with the Director of Finance, provide a list to the Finance Committee on recommendations of which subfunds to address before recapturing the balances to the Operating Reserves and Emergency Reserves.

To recap my January 25 memorandum, the following amounts were recaptured and categorized as "Committed" in the fund balance calculation within the General Fund / GSD, pending transfer to subfunds with negative cash balances.

019 Journey	\$ 473,412.69
01A Special Events	42,446.81
1DA Cecil Field Commerce Center	27,022.20
1D2 Hanna Park Improvements	334,298.85
185 JIA TID	63,481.72
191 JCC	1,139,164.80
521 Copy Center	90,443.38
Total Amounts Recaptured	<u>\$2,170,270.45</u>

The Finance Department and my office agree on eliminating the negative cash balances in the following inactive subfunds using recaptured cash.

152 Local Government Criminal Justice	\$586,806.35
15i Tax Collector / JEA	8,478.53
15J Court Capital Improvement	31,184.49
756 Greenleaf / Jacobs Clock	498.67
757 JEDC Prepaid Grants	<u>14,118.33</u>
Subtotal Recapture Contributions	\$ 641,086.37

Ordinance 2016-138-E used the recaptured Hanna Park funds totaling \$334,298.85 shown on the prior page to address a Huguenot Park cash deficit of \$158,892.15 and spend \$175,406.70 for Hanna Park playground equipment replacement and repair.

1D1 Huguenot Park	158,892.15
1D2 Hanna Park	175,406.70

After these transfers, \$1,194,885.23 remains available to address cash deficits. We agree on applying this amount to offset a portion of the \$2,020,899.18 cash deficit in the inactive subfund 15S, Clerk – Technology Recording Fees.

15S Clerk Technology Recording Fees	<u>1,194,885.23</u>
Total Recapture Contributions	<u>\$2,170,270.45</u>

The Finance Department and my office are in agreement with these transfers. I will present this memorandum at the Monday, April 4 Finance Committee meeting.

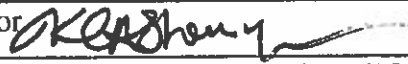
Attachment – Council Auditor’s January 25, 2016 memorandum regarding General Fund / GSD Recapture Amounts for Fiscal Year 2014/15

copies via email:

- Cheryl Brown, Council Secretary
- Allison Luker, CFO, Clerk of Court
- Allison Korman Shelton, Mayor’s Aide
- Sam Mousa, Chief Administrative Officer
- Angela Moyer, Budget Officer
- Peggy Sidman, Deputy General Counsel
- Kevin Stork, Comptroller
- Mike Weinstein, Chief Financial Officer



MEMORANDUM

Date:	January 25, 2016
To:	All City Council Members
CC:	Sam Mousa, Chief Administrative Officer Mike Weinstein, CFO Kevin Stork, Comptroller Angela Moyer, Budget Officer Peggy Sidman, Deputy General Counsel, Legislative Affairs
From:	Kirk A. Sherman, Council Auditor 
Subject:	General Fund/GSD Recapture Amounts for Fiscal Year 2014/15

In accordance with Ordinance Code Section 106.106 (i), the Administration has submitted to my office its recommendations for the annual recapture of General Fund/General Services District (GF/GSD) monies from GF/GSD Supported Operating Funds and Sub-Funds.

As part of the annual audit close out process, the equity within sub-funds which receive a substantial portion of their funding from the GF/GSD is analyzed. Each sub-fund's financial position is reviewed to determine if its equity is more than necessary as a result of transfers from the GF/GSD to the sub-fund. Excess equity is to be recaptured and returned to the GF/GSD. The purpose of this recapture is to reduce the GF/GSD's operating subsidy and increase Operating Reserves and thereafter the Emergency Reserve.

Per the Ordinance Code, the Council Auditor is to review and comment on the proposed recapture recommendation. In addition, Ordinance 2015-504-E (the fiscal 2015/16 budget ordinance) contained a miscellaneous provision requiring that the Director of Finance, as part of the recapture process, include all subfunds that have negative cash balances. The Council Auditor, in conjunction with the Director of Finance, is to provide a list to the Finance Committee on recommendations of which subfunds to address before recapturing the balances to the Operating Reserves and Emergency Reserves. The Finance Department has provided the list of all subfunds with negative balances and we are currently in the process of reviewing those subfunds and drafting our recommendations. Due to the time constraints surrounding the annual audit close out process, we are recommending the annual recapture amount be placed in the GF/GSD Fund Balance under the "Committed" category. This will allow Council time to consider my office's recommendations regarding negative cash balances and submit legislation as appropriate to address such balances.

Our review included recalculating the cash and fund equity of all sub-funds which receive contributions from the GF/GSD. After our discussions with the Finance Department, the Administration submitted a revised recapture recommendation as seen on the attached Recapture Calculation sheet and memorandum.

The Finance Department provided the recommended recapture amounts shown below.

<u>Subfund</u>	<u>Recommended Recapture Amount</u>
019 - Jacksonville Journey	\$473,412.69
01A - Special Events	\$42,446.81
1DA - Cecil Field Commerce Center	\$27,022.20
1D2 - Hanna Park Improvements	\$334,298.85
185 - JIA Area Tax Increment District	\$63,481.72
191 - Jacksonville Children's Commission	\$1,139,164.80
521 - Copy Center	\$90,443.38
Total	<u>\$2,170,270.45</u>

The Finance Department's recommended recapture from Subfunds 191 and 01A shown above are net of pending fund balance budget transfers in the amounts of \$701,250.00 for Subfund 191 and \$189,107.60 for Subfund 01A. Legislation which contemplates the approval of these transfers and the use of these funds has been filed as ordinances 2016-63 and 2016-65 for introduction at the January 26, 2016 Council Meeting.

While ITD Radio Communications (Subfund 534) has \$1,590,613.46 available for recapture, the Finance Department has not recommended the recapture of Subfund 534. This is due to a deficit existing at the fund level with the ITD Operating and ITD System Development subfunds (Subfunds 531 and 536, respectively). We concur with this approach.

Ordinance Code Section 106.106 (m) states that any exception to the recapture of reserves by the GF/GSD requires approval by two-thirds vote of all City Council members. Unless otherwise directed by Council through legislation, the amounts shown above will be recaptured as part of the year-end closing process.

Please contact me at 630-1625 if you have any questions.

Amounts include 1 mo. budget reserve of Fund Balance or Retained Earnings

Accounting Division

Recapture Calculations

FY2014-2015 Amounts including 1 months Budget against FB/RE for most subfunds.

January 22, 2016

The following subfunds are recommended for recapture:

<u>Subfund</u>		<u>Lower of Cash or F/B Before 1 Month</u>	<u>Maximum Recapture Amount</u>	<u>General Fund Transfers for 2015</u>
019	Public Safety Initiative	473,412.69	473,412.69	2,096,727.00
01A	Special Events	42,446.81	42,446.81	4,717,556.00
1DA	Cecil Field Commerce Center	163,363.87	27,022.20	1,164,936.00
1D2	Hanna Park Improvements	463,557.44	334,298.85	436,346.00
185	JIA Area Redevelopment	63,481.72	63,481.72	0.00
191	JCC	1,139,164.80	1,139,164.80	21,612,316.00
521	Copy Center (Procurement)	<u>293,420.30</u>	<u>90,443.38</u>	0.00
	Total	2,638,847.63	2,170,270.45	

The following subfunds are not recommended to be recaptured:

Internal Service Funds

5A1	Public Buildings	2,606,765.39	(1,046,630.61)	0.00
511	Motor Pool (Fleet)	1,642,967.78	(1,113,394.47)	0.00
531	ITD (Operating)	(4,097,815.13)	(5,965,636.72)	0.00
534	ITD - Radio Communications	2,456,965.21	1,590,613.46	0.00
536	ITD -	(2,457,855.55)	(3,417,048.47)	0.00
551	General Counsel	601,747.58	(128,911.34)	0.00

Enterprise Funds

4A0	Everbank Field - Events	2,400,940.98	(1,152,330.94)	6,415,741.00
4B0	Memorial Arena - Events	(3,142,316.19)	(4,317,957.11)	0.00
4C0	Baseball Stadium - Events	(414,014.19)	(788,544.36)	751,080.00
4D0	Performing Arts - Events	(1,208,888.87)	(1,550,595.54)	772,627.00
4E0	Convention Center - Events	(47,630.74)	(360,832.33)	1,095,241.00
4F0	Equestrian Center	(534,393.35)	(589,114.19)	0.00
4H0	Ritz Theatre	(175,006.47)	(350,474.06)	875,796.00
451	Mayport Ferry	383,954.02	242,844.18	0.00

Other Subfunds

015	Property Appraiser	673,805.05	(165,108.20)	9,124,796.00
017	Tax Collector	1,004,527.87	(351,207.63)	6,521,204.00
1D1	Hugenot Park	(88,370.36)	(156,208.45)	239,120.00

1 Adjusted this subfund for a BT that is going through that will use \$189,107.60 of its fund balance.

2 Adjusted this subfund for a BT that is going through that will use \$701,250.00 of its fund balance.