



MEMORANDUM

Date:	June 29, 2021
To:	All City Council Members
CC:	Brian Hughes, Chief Administrative Officer Joey Greive, Director of Finance and Administration Marcia Saulo, Comptroller Angela Moyer, Budget Officer Peggy Sidman, Deputy General Counsel, Legislative Affairs
From:	Kim Taylor, Council Auditor <i>Kim Taylor</i>
Subject:	General Fund/GSD Recapture Amounts for Fiscal Year 2019/20

In accordance with Ordinance Code Section 106.106 (i) (see Attachment), the Finance and Administration Department 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.

As part of the annual audit close out process, the equity within funds which receive a substantial portion of their funding from the GF/GSD is analyzed. Each 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 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. Our review included recalculating the cash and fund equity of funds which receive contributions from the GF/GSD. After our review, comment, and discussions with the Finance and Administration Department, the Administration provided the recommended recapture amounts shown on the next page.

<u>Fund</u>	<u>Fund Name</u>	<u>Recommended Recapture</u>	<u>Original Budget</u>	<u>Percentage of Budget Being Recaptured</u>
00113	Special Events	\$ 843,659	\$ 8,338,316	10.12%
00191	Property Appraiser	\$ 1,161,265	\$ 11,928,096	9.74%
10901	Kids Hope Alliance	\$ 2,532,308	\$ 35,111,386	7.21%
11301	Huguenot Park	\$ 99,645	\$ 938,985	10.61%
43101	Solid Waste Disposal	\$ 4,162,443	\$ 87,813,319	4.74%
53101	Information Technologies	\$ 1,194,232	\$ 36,391,706	3.28%
53102	Radio Communication	\$ 1,320,446	\$ 5,002,121	26.40%
54101	Public Building Allocations	\$ 1,170,918	\$ 47,011,643	2.49%
		<u>\$ 12,484,916</u>		

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.

In addition, Ordinance 2019-504-E (the fiscal year 2019/20 budget ordinance) contained a miscellaneous provision requiring that the Director of Finance and Administration, as part of the 2019/20 fiscal year recapture process, include all funds that have negative cash balances (see Attachment). The Council Auditor, in conjunction with the Director of Finance and Administration, is to provide a list to the Finance Committee on recommendations of which funds to address before recapturing the balances to the Operating Reserves and thereafter the Emergency Reserve.

The Finance and Administration Department presented one fund, City Venues – City, that has a negative cash balance of \$3,609,058.77 as of September 30, 2020. The negative cash balance is due to the impact of the pandemic and the Finance and Administration Department is recommending using Coronavirus State and Local Fiscal Recovery Funds of the American Rescue Act funding to address the negative cash balance in lieu of using recaptured funds.

Please contact me at 255-5488 if you have any questions.

Attachment

Ordinance Code Section 106.106 (i) - Balanced Budget and Budget Stabilization Reserve.

For General Fund Supported Operating Funds or Sub-Funds, annually as part of the year-end audit closing, any year-end reserve created by the operations of such related fund or sub-funds shall be identified and transferred to the General Fund as a reduction of the General Fund's Operating Transfer subsidy (a "Recapture") with the intent of increasing the Operating Reserves and thereafter the Emergency Reserve. To the extent that the Recapture exceeds the annual subsidy, then the remaining year-end Recapture shall be treated as an Interfund Transfer to the General Fund.

Ordinance 2019-504-E Section 11.7 2019-20 fiscal year 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 Reserves. Section 106.106(k), *Ordinance Code*, requires that the Director of Finance and Administration shall provide to the Council Auditor the recapture journal entry. For the Fiscal Year 2019-2020, the Director of Finance and Administration shall include within this communication to the Council Auditor all subfunds that have negative balances. The Council Auditor will, in conjunction with the Director of Finance and Administration, 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.



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

Finance and Administration Department
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MEMORANDUM

DATE: June 28, 2021
TO: Kim Taylor, Council Auditor
FROM: Marcia Saulo, Comptroller; Chief of Accounting Division *MS*
VIA: Patrick "Joey" Greive, CFO; Director of Finance and Administration Department *PK*
SUBJECT: FY 2020 Recapture, Ordinance Code 106, 106 (i) and (k)

The purpose of this memo is to present the Mayor and City Council with a listing of funds recaptured to the General Fund – General Service District – subfund 011, as part of the FY 2020 year-end closing process. The recaptured funds will be designated as committed by the City Council per Section 11.7 of the 2019-504-E Budget Ordinance.

- 1.) \$ 843,659 from Special Events – Fund: 00113
- 2.) \$1,161,265 from Property Appraiser – Fund: 00191
- 3.) \$2,532,308 from Kids Hope Alliance – Fund: 10901
- 4.) \$ 99,645 from Huguenot Park – Fund: 11301
- 5.) \$1,194,362 from ITD Operating – Fund: 53101 \$ 1,194,232 *MS*
- 6.) \$1,320,446 from ITD Radio Communications – Fund: 53102
- 7.) \$1,170,918 from Public Building Allocation – Fund: 54101

In addition to the above, we are recommending a reduction in the general fund loan extended to Solid Waste Disposal Fund 43101 in FY 20 in the amount of \$4,162,443 due to strong operating performance which obviates the need for this portion of the approved loan amount.
Total Positive Impact: \$12,484,916.

In addition to the above recapture, Section 11.7 requires a list for subfunds that have negative cash balances. The following fund requires a transfer to satisfy the negative position:

- 1.) \$3,609,058.77 - City Venues
 - a. As this was due to economic harm from COVID-19 closures, we will be including this in our recommended usage of American Recovery Plan funding.

Cc: Brian Hughes, Chief Administrative Officer
Philip Peterson, Assistant Council Auditor
Heather Reber, Principal Auditor
Terri Nelson Marks, Assistant Comptroller
Jamica Kemp, Manager of Fund Accounting
Daryl Joseph, Director of Parks, Recreation and Community Services Department