



MEMORANDUM

<b>Date:</b>	May 31, 2022
<b>To:</b>	All City Council Members
<b>CC:</b>	Brian Hughes, Chief Administrative Officer Joey Greive, Director of Finance and Administration Marcia Saulo, Comptroller Angela Moyer, Budget Officer Mary Staffopoulos, Deputy General Counsel, Legislative Affairs
<b>From:</b>	Kim Taylor, Council Auditor <i>Kim Taylor</i>
<b>Subject:</b>	General Fund/GSD Recapture Amounts for Fiscal Year 2020/21

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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 financial 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.

<b>Fund</b>	<b>Fund Name</b>	<b>Recommended Recapture Amount</b>	<b>FY 2020/21 Original Budget</b>	<b>Percentage of Budget Being Recaptured</b>	<b>General Fund/GSD Contribution</b>	<b>Percentage of GF/GSD Being Recaptured</b>
00113	Special Events - General Fund	\$ 1,212,875	\$ 7,819,381	15.51%	\$ 7,593,590	15.97%
00191	Property Appraiser	\$ 202,178	\$ 11,290,422	1.79%	\$ 10,722,552	1.89%
10901	Kids Hope Alliance	\$ 3,038,585	\$ 35,322,640	8.60%	\$ 34,887,528	8.71%
11301	Huguenot Park	\$ 327,523	\$ 946,502	34.60%	\$ 359,002	91.23%
43101	Solid Waste Disposal	\$ 5,427,759	\$ 94,180,309	5.76%	\$ 19,180,404 <sup>1</sup>	28.30%
53101	Information Technologies	\$ 2,401,198	\$ 39,917,534	6.02%	\$ 25,441,384	9.44%
53102	Radio Communications	\$ 83,573	\$ 3,773,449	2.21%	\$ 2,709,095	3.08%
54101	Public Building Allocations	\$ 1,428,338	\$ 47,966,986	2.98%	\$ 30,799,228	4.64%
		<u>\$ 14,122,029</u>				

<sup>1</sup> The amount of the FY 2020/21 Loan for the Solid Waste Disposal fund was \$6,420,340. The recapture amount of \$5,427,759 is 84.54% of the FY 2020/21 Loan. The reduction in the loan amount means the net amount owed from the Solid Waste Fund to the General Fund/GSD as of September 30, 2021, is \$18,340,202 (\$9,590,202 in net annual operating loans and \$8,750,000 related to Ordinance 2018-458-E).

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 2020-504-E (the fiscal year 2020/21 budget ordinance) contained a miscellaneous provision requiring that the Director of Finance and Administration, as part of the 2020/21 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 \$2,297,307 as of September 30, 2021. 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 2020-504-E Section 11.7 2020-21 fiscal year Recapture review for contribution to funds 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 2020-2021, the Director of Finance and Administration shall include within this communication to the Council Auditor all funds 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 funds to address before recapturing the balances to the Operating Reserves and Emergency Reserves.



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# City of Jacksonville, Florida

*Lenny Curry, Mayor*

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## MEMORANDUM

**DATE:** May 26, 2022  
**TO:** Kim Taylor, Council Auditor  
**FROM:** Marcia Saulo, Comptroller; Chief of Accounting Division  
**VIA:** Patrick "Joey" Greive, CFO; Director of Finance and Administration Department  
**SUBJECT:** FY 2021 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 to be recaptured to the *General Fund, General Service District, Fund 00111* as part of the FY2021 year-end closing process. The recaptured funds will be designated as committed by the City Council per Section 11.7 of the 2020-504-E Budget Ordinance.

- 1) **\$1,212,875** from **Special Events** fund 00113
- 2) **\$ 202,178** from **Property Appraiser** fund 00191
- 3) **\$3,038,585** from **Kids Hope Alliance** fund 10901
- 4) **\$ 327,523** from **Huguenot Park** fund 11301
- 5) **\$2,401,198** from **ITD Operating** fund 53101
- 6) **\$ 83,573** from **ITD Radio Communications** fund 53102
- 7) **\$1,428,338** 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 FY2021 in the amount of **\$5,427,759** due to strong operating performance which obviates the need for this portion of the approved loan amount.

**Total Positive Impact: \$14,122,029.**

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

- **\$2,297,306.69** – City Venues fund 47101

Such transfer will be programmed into the City's use of the "Revenue loss" category of ARP funds in the FY '23 budget submission.

Cc: Brian Hughes, Chief Administrative Officer  
Philip Peterson, Assistant Council Auditor  
Brian Parks, Principal Auditor  
Heather Reber, Principal Auditor  
Godfred Adomako, Manager of Fund Accounting  
Joel Provenza, Financial and Administrative Manager  
Daryl Joseph, Director of Parks, Recreation and Community Services Department