

OFFICE OF THE COUNCIL AUDITOR

FY 2014/2015 PROPOSED BUDGET

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Meeting #2
August 8, 2014

**COUNCIL AUDITOR'S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
PUBLIC LIBRARIES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page # 314-315
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BACKGROUND

The Jacksonville Public Library system consists of a main library and twenty regional, community and neighborhood branch libraries. The system services the needs of Duval County as well as neighboring areas, Baker, Clay, Nassau and St. Johns Counties.

REVENUE

1. Charges for Services
 - The decrease of \$9,740 is primarily due to a decrease of \$10,000 in library fees for internet printing.

EXPENDITURES

1. Salaries
 - The increase of \$235,766 is due to increases in permanent and probationary salaries of \$168,319, pensionable special pay of \$5,884 (associated with the addition of 5 employees for the main library branch), and part-time salaries of \$68,137. This is partially offset by decreases in leave rollback/sellback of \$6,574.
2. Employer Provided Benefits
 - The increase of \$347,856 is mostly due to increases in pension contributions of \$307,850, and group hospitalization insurance of \$31,733.
3. Internal Service Charges
 - The increase of \$61,201 is primarily due to the increases in utilities allocation of \$70,207 and citywide building maintenance of \$17,802. This is partially offset by decreases in tech refresh paygo of \$6,674, copy center allocation of \$19,036, and mailroom charges of \$4,598.
4. Internal Services – IT Operations
 - The change in information technology costs is a result of the newly implemented Customer Billing Model.
5. Other Operating Expenses
 - The decrease of \$53,760 is primarily due to the decrease in miscellaneous insurance of \$150,718 resulting from a reallocation of costs by Risk Management. This is offset by increases in postage of \$6,100, general liability insurance of \$30,948, hardware/software maint & licenses of \$25,642, volunteer expense of \$3,500 (for background checks), miscellaneous services and charges of \$2,403, credit card fees of \$3,000, furniture – under \$1,000 of \$8,077, and other operating supplies of \$1,675.

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6. Library Materials

- This line has increased by \$500,000 for FY 2014/15. The requested amount of \$3,434,849 will be spent as follows:

**FY 2014/15 LIBRARY MATERIALS
 BUDGETED EXPENDITURES**

<u>MATERIALS</u>	<u>COST</u>
Books	\$46,871
Books, Internet Databases	\$364,299
Books, Audio Books	\$2,117,976
Internet Databases	\$496,870
Periodicals	\$21,091
Audio Books	\$600
Audio Books, DVDs	\$387,142
TOTAL:	<u><u>\$3,434,849</u></u>

7. Capital Outlay

- The amount of \$5,500 will be used for purchases of office equipment.

8. Indirect Costs

- The decrease of \$1,967,171 is due to a change in the allocation calculated by the City's independent consulting firm. The allocation was moved to internal service charges.

9. State Aid

- In addition to City Funding, the Public Library Department receives a State Grant. For FY2014/15, the estimated state budget is \$1,198,399. The library is expected to spend \$863,000 on library materials, \$319,359 on fixtures, and \$16,040 on memberships.

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EMPLOYEE CAP CHANGES

Five (5) positions are proposed to be added for FY 2014/15 for the main library.

Library Clerk
Youth Servs. Lib 1
Librarian 1
Library Associate
Library Associate

SERVICE LEVEL CHANGES

The proposed budget will increase the Main Library hours by 2 hours per day Monday through Thursday and 1 hour per day on Friday and Saturday.

RECOMMENDATIONS

None

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 PUBLIC LIBRARIES
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**JACKSONVILLE PUBLIC LIBRARIES
 PROPOSED HOURS OF OPERATION**

Hours Of Operation at Beginning of Fiscal Year 2013/14								
Branch	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hours
Argyle	Closed	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Beaches	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Bradham - Brooks	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Brentwood	Closed	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	40
Brown Eastside	Closed	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	40
Graham	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	Closed	40
Highlands	1:00 - 5:00	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
Mandarin	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Maxville	Closed	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	10:00 - 6:00	40
Murray Hill	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Pablo Creek	1:00 - 5:00	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
Regency Square	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
San Marco	Closed	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
South Mandarin	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Southeast	1:00 - 5:00	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
University Park	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Webb Wesconnett	1:00 - 5:00	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
West Regional	Closed	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Westbrook	Closed	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	40
Willowbranch	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Main	1:00 - 5:00	10:00 - 6:00	11:00 - 7:00	11:00 - 7:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	52
Total Weekly Service Hours								868

Mayor's Proposed Hours of Operation for 2014/15								
Branch	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hours
Argyle	Closed	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Beaches	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Bradham - Brooks	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Brentwood	Closed	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	40
Brown Eastside	Closed	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	40
Graham	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	Closed	40
Highlands	1:00 - 5:00	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
Mandarin	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Maxville	Closed	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	10:00 - 6:00	40
Murray Hill	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Pablo Creek	1:00 - 5:00	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
Regency Square	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
San Marco	Closed	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
South Mandarin	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Southeast	1:00 - 5:00	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
University Park	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Webb Wesconnett	1:00 - 5:00	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	44
West Regional	Closed	Closed	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Westbrook	Closed	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	Closed	40
Willowbranch	Closed	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	40
Main	1:00 - 5:00	9:00 - 7:00	9:00 - 7:00	9:00 - 7:00	9:00 - 7:00	9:00 - 6:00	9:00 - 6:00	62
Total Weekly Service Hours								878

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 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 PUBLIC LIBRARIES
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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Branch	Hours FY13	Hours FY14	Change
Argyle	40	40	0
Beaches	40	40	0
Bradham - Brooks	40	40	0
Brentwood	40	40	0
Brown Eastside	40	40	0
Graham	40	40	0
Highlands	44	44	0
Mandarin	40	40	0
Maxville	40	40	0
Murray Hill	40	40	0
Pablo Creek	44	44	0
Regency Square	40	40	0
San Marco	40	40	0
South Mandarin	40	40	0
Southeast	44	44	0
University Park	40	40	0
Webb Wesconnett	44	44	0
West Regional	40	40	0
Westbrook	40	40	0
Willowbranch	40	40	0
Main	52	62	10
Total	868	878	10

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
LIBRARY CONFERENCE FACILITIES TRUST (S/F 15W)**

**PROPOSED BUDGET BOOK – Page # 316-318
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BACKGROUND

The Library Conference Facility Trust was established per Ordinance 2006-237-E. The Main Library charges a fee for the use of the conference facilities in order to cover the cost associated with operating and leasing conference facilities for business, recreational and social purposes. This is an all years fund and as such, during the budget process the amounts budgeted may include de-appropriating unused balances in both expense and revenue from the fiscal year just closed (FY 2013/14). The clean-up of an all years fund, as part of the annual budget, may cause negative totals. The upcoming fiscal year budget needs are netted against the all years balances to determine the FY 2014/15 proposed “change” to the all years appropriation.

REVENUE

Non-Departmental / Fund Level Activities

1. Miscellaneous Revenue

- The increase of \$24 is attributable to an increase in the appropriation for investment pool earnings.

2. Transfers From Fund Balance

- In FY2013/14 a correcting entry was made related to fund balance. This adjusting entry was not needed in FY 2014/15.

Public Libraries

3. Miscellaneous Revenue

- The decrease of \$33,800 is attributable to a \$66,328 decrease in the appropriation for investment pool earnings. This is partially offset by an increase in rental revenue of \$32,528.

EXPENDITURES

Non-Departmental / Fund Level Activities

1. Salary & Benefit Lapse

- The increase of \$2,224 to remove a prior year budgetary appropriation that was done in error (see recommendation).

2. Cash Carryover

- The decrease of \$2,224 to remove a prior year budgetary appropriation that was done in error (see recommendation).

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LIBRARY CONFERENCE FACILITIES TRUST (S/F 15W)**

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Public Libraries

3. Salaries
 - The increase of \$47,513 is due to the increase of \$27,391 in salaries part-time and \$20,316 in salaries overtime.
4. Salaries and Benefit Lapse
 - The amount of \$-2,224 removes a prior year budgetary that was made in error.
5. Employer Provided Benefits
 - The increase of \$12,898 is primarily due to the increase of \$11,229 in group hospitalization insurance, \$2,676 in payroll taxes (FICA) and \$1,274 in Medicare tax.
6. Internal Service Charges
 - The increase of \$8,582 is primarily due to increases in copy center allocation of \$7,082 and mailroom charges of \$1,500.
7. Internal Services – IT Operations
 - The change in information technology costs is a result of the newly implemented Customer Billing Model.
8. Other Operating Expenses
 - The increase of \$54,503 is due to increases in repairs and maintenance of \$17,407, printing and binding commercial of \$14,109, advertising and promotion of \$12,792, repair and maintenance supplies of \$3,413, and other operating supplies of \$5,580.
9. Capital Outlay
 - The decrease of \$5,673 is due to decreases in furniture purchases.
10. Cash Carryover
 - The amount of \$2,224 removes a prior year budgetary that was made in error.

EMPLOYEE CAP CHANGES

There are no changes to the cap.

DEPARTMENT REQUEST

The department has requested that \$35,000 be restored to the budget for security (\$20,000) and custodial costs (\$15,000). These items were budgeted in the general fund in the proposed budget. They were removed from the general fund in the proposed budget and were not restored to this fund.

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LIBRARY CONFERENCE FACILITIES TRUST (S/F 15W)**

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RECOMMENDATIONS

The Budget Office incorrectly budgeted \$2,224 in the Non-Departmental Salary and Benefit Lapse and (\$2,224) in the Cash Carryover line. We recommend removal of both of these line items. There is no impact to Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INFORMATION TECHNOLOGIES DIVISION
INFORMATION TECHNOLOGIES (S/F 531)**

**PROPOSED BUDGET BOOK – Page #181-183
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BACKGROUND:

This internal service fund accumulates and allocates current application maintenance costs of computer software and/or equipment owned, leased or operated by the City and selected independent agencies and records management (archive) functions.

This subfund has implemented the new Customer Billing Model as previously discussed.

REVENUE:

1. Charges for Services
 - This consists of internal service revenues from charges billed to other departments and agencies. The increase is a result of (1) a transfer in from Radio Communications in last year's budget to reduce charges to customers and (2) an overall increase in IT's budgeted expenditures.
2. Miscellaneous Revenue
 - The represents charges for public records requests.
3. Transfers from Other Funds
 - FY 2013/14 included a one-time transfer in from Radio Communications (subfund 534) to offset increased expenditures in the Information Technologies budget.

EXPENDITURES:

1. Salaries
 - The net increase is a mainly a result of the increase in part-time salaries of \$82,565. In addition, two positions were transferred into this subfund for better utilization of employees from the Radio Communications subfund (SF 534) during FY 2013/14; however, vacant positions have been budgeted at lower rates than they were previously filled, which offsets the cost of the two positions.
2. Employer Provided Benefits
 - The net increase is due to increases in pension costs and the increase in employees mentioned above.
3. Internal Service Charges
 - The net increase is being driven by IT system development projects (\$295,669) related to the IT 5-year plan and the building cost allocation for the Ed Ball building (\$175,503). The new proposed projects related to the IT 5-year plan are detailed in the table below.

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 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INFORMATION TECHNOLOGIES DIVISION
 INFORMATION TECHNOLOGIES (S/F 531)**

**PROPOSED BUDGET BOOK – Page #181-183
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Project	User	Total Project Cost	Prior Years' Approp.	FY 14/15 New Borrowing	FY 14/15 New Debt Cost	FY 14/15 Operating Cost
CAD – 911 Call System Replacement	Information Technology	\$2,541,461	\$1,761,461	\$780,000	\$59,476	\$0
Duval Maps / GIS Upgrade	Information Technology	\$290,900	\$0	\$290,900	\$28,242	\$0
Enterprise Customer Relationship Management Solution	Information Technology	\$1,160,000	\$110,000	\$550,000	\$0	\$0
Enterprise Document Management Solution	Information Technology	\$2,561,004	\$1,123,164	\$719,100	\$54,832	\$170,901
Enterprise Financial / Resource Management Solution	Information Technology	\$18,437,900	\$425,000	\$11,800,000	\$0	\$0
Enterprise Permit Management	Information Technology	\$3,715,371	\$14,248	\$2,744,873	\$0	\$0
Maximo – Upgrade and Expansion	Information Technology	\$3,000,000	\$0	\$1,000,000	\$50,834	\$0
Network Equipment Refresh	Information Technology	\$1,918,118	\$324,568	\$293,550	\$18,999	\$0
Server Equipment Refresh	Information Technology	\$940,894	\$270,894	\$170,000	\$7,226	\$0
Virtual Serve Equipment Refresh / Replacement	Information Technology	\$400,000	\$0	\$300,000	\$38,250	\$0
Totals		\$34,965,648	\$4,029,335	\$18,648,423	\$257,859	\$170,901

4. Internal Services – IT Operations

- The change in information technology costs is a result of the newly implemented Customer Billing Model.

5. Other Operating Expenses

- The net increase is due primarily to increases in Hardware / Software Maintenance & Licenses (\$960,309) and professional services (\$470,400).

Increases associated with the IT 5 year plan are detailed in the table below:

Hardware/Software Maint. & Licenses

Enterprise Auto Vehicle Locator	\$49,500
EJ Ward System Upgrade	\$14,880
Microsoft Office 365	\$433,962
Enterprise Document Management Maintenance	<u>\$170,901</u>
	<u>\$669,243</u>

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MAYOR'S PROPOSED FY 2014/15 BUDGET
INFORMATION TECHNOLOGIES DIVISION
INFORMATION TECHNOLOGIES (S/F 531)**

**PROPOSED BUDGET BOOK – Page #181-183
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Professional Services

Enterprise Auto Vehicle Locator	\$410,400
Microsoft Office 365	<u>\$60,000</u>
	\$470,400

6. Supervision Allocation

- This amount represents the administration cost of the Division that is allocated to each activity within Information Technologies.

7. Indirect Cost

- This represents an indirect allocation as calculated by the City's consultant.

8. Salary & Benefit Lapse

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2014/15.

SERVICE LEVEL CHANGES:

None identified.

EMPLOYEE CAP CHANGES:

The two positions were moved into this fund from the Radio Communications fund (SF 534) during the fiscal year and 2,600 additional part-time hours were requested by the Department as part of the budget process.

CAPITAL OUTLAY CARRYFORWARD:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INFORMATION TECHNOLOGIES DIVISION
RADIO COMMUNICATIONS (S/F 534)**

**PROPOSED BUDGET BOOK – Page #184-186
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BACKGROUND:

This internal service fund accumulates and allocates the cost for radio communications including installs, upgrades and repairs for the general government as well as JEA, JTA and JAA.

REVENUE:

Intra-Governmental Services

1. Charges for Services

- This represents the costs billed to other departments and government agencies and is directly related to the budgeted expenditures in this fund.

2. Other Sources

- This represents the amount of borrowed funds proposed for the projects listed below in Capital Outlay.

Non-Departmental / Fund Level Activities

3. Miscellaneous Revenue

- This is the anticipated interest earnings for FY 2014/15.

4. Transfers from Fund Balance

- This funding will be used in FY 2014/15 to offset operating costs and reduce the per radio charge to customers.

EXPENDITURES:

Intra-Governmental Services

1. Salaries

- The decrease is due to the movement of two positions out of this subfund to IT Operations (SF 531) during the fiscal year. These costs are somewhat offset by a \$46,000 increase in overtime for the mobile radio refresh described below.

2. Employer Provided Benefits

- The decrease is due to the movement of two positions out of this fund to IT Operations (SF 531) during the fiscal year.

3. Internal Service Charges

- The net increase is being driven by increases in the Fleet services, oil, gas and lube allocation based on actuals in the current year.

4. Internal Services – IT Operations

- The change in information technology costs is a result of the newly implemented Customer Billing Model.

**COUNCIL AUDITOR'S OFFICE
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 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INFORMATION TECHNOLOGIES DIVISION
 RADIO COMMUNICATIONS (S/F 534)**

**PROPOSED BUDGET BOOK – Page #184-186
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5. Other Operating Expenses

- The net decrease is being driven by the reductions in hardware / software maintenance costs for the P25 radio system (\$63,300) and miscellaneous insurance (\$92,791).

6. Capital Outlay

- This represents the funding of two IT 5-year plan projects as detailed below:

Project	Total Cost	FY 14/15 Debt Service
JSO/JFRD Mobile Radio Refresh	\$8,394,917	\$630,868
Fire Station Paging	\$3,000,000	\$178,125
Totals	\$11,394,917	\$808,993

7. Grants, Aids & Contributions

- This represents the payment to JEA for the leasing and estimated operating costs of JEA towers as outlined in 2013-303-E.

8. Supervision Allocation

- This amount represents the administration cost of the Division which is allocated to each activity within Information Technologies based on employee count.

9. Indirect Cost

- This represents an indirect allocation as calculated by the City's consultant.

10. Banking Fund Debt Repayment

- The table below compares the FY 2013/14 and FY 2014/15 banking fund debt repayment by project:

Project Title	963,431 277,583		1,627,680 373,746		760,412
	FY14 Budget		FY15 Proposed		
	Principal	Interest	Principal	Interest	Change
First Coast Radio Buyout (2011-756-E)	963,431	277,583	977,983	214,450	-48,581
P25 Radio - JSO/JFRD Mobile Refresh	0	0	499,697	131,171	630,868
P25 Radio - Fire Station Paging	0	0	150,000	28,125	178,125

Non-Departmental / Fund Level Activities

11. Salary & Benefit Lapse

**COUNCIL AUDITOR'S OFFICE
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 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INFORMATION TECHNOLOGIES DIVISION
 RADIO COMMUNICATIONS (S/F 534)**

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- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2014/15.

12. Banking Fund Debt Repayment

- The table below compares the FY 2013/14 and FY 2014/15 banking fund debt repayment on the P25 Radio System:

Project Title	2,589,569 549,095		2,731,291 419,943		12,570
	FY14 Budget		FY15 Proposed		
	Principal	Interest	Principal	Interest	Change
P25 Radio System - CIP Project	2,589,569	549,095	2,731,291	419,943	12,570

SERVICE LEVEL CHANGES:

The Fire Station Paging project will improve response times.

The JSO/JFRD Mobile Refresh project will result in more reliable equipment for first responders.

EMPLOYEE CAP CHANGES:

Two positions were moved to the IT Operating fund (SF 531) during the fiscal year.

CAPITAL OUTLAY CARRYFORWARD:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INFORMATION TECHNOLOGIES DIVISION
TECHNOLOGY SYSTEM DEVELOPMENT(S/F 536)**

**PROPOSED BUDGET BOOK – Page #187-189
ON SCREEN – Page #195-197**

BACKGROUND

This internal service fund houses IT system development projects. This fund is project driven and will allow transparency and accountability related to IT projects outside the day to day operations. This internal service fund accumulates and allocates the cost of IT system development for the City of Jacksonville and various independent agencies.

REVENUE:

1. Charges for Services

- This consists of internal service revenues from charges billed to other departments and agencies for FY 2014/15 proposed projects and previously approved projects on the annual budget ordinance schedule B4a. The increase is primarily a result of the addition of \$19,721,823 in new projects discussed below.

2. Other Sources

- This represents the proposed Banking Fund borrowing for the FY 2014/15 proposed IT System Development Projects that tie in with the 5-year IT Plan.

3. Miscellaneous Revenue

- This amount represents anticipated interest earnings for FY 2014/15.

EXPENDITURES:

1. Other Operating Expenses

- This amount represents pay-go operating dollars to fund a portion of the EJ Ward System Upgrade / Technology Improvements project.

2. Capital Outlay

- The FY 2014/15 IT System Development projects are detailed in the table below:

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INFORMATION TECHNOLOGIES DIVISION
 TECHNOLOGY SYSTEM DEVELOPMENT(S/F 536)**

**PROPOSED BUDGET BOOK – Page #187-189
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Project	User	Total Project Cost	Prior Years' Approp.	FY 14/15 New Borrowing	FY 14/15 New Debt Cost	FY 14/15 Operating Cost
CAD – 911 Call System Replacement	Information Technology	\$2,541,461	\$1,761,461	\$780,000	\$59,476	\$0
Consolidation of Citywide Websites – COJ.net	Mayor's Office – Public Affairs	\$500,000	\$200,000	\$300,000	\$29,126	\$0
Duval Maps / GIS Upgrade	Information Technology	\$290,900	\$0	\$290,900	\$28,242	\$0
EJ Ward System Upgrade / Technology Improvements	Fleet Management	\$53,400	\$0	\$0	\$0	\$68,280*
Enterprise Auto Vehicle Locator	Fleet Management	\$2,800,188	\$535,000	\$535,000	\$81,587	\$459,900
Enterprise Customer Relationship Management Solution	Information Technology	\$1,160,000	\$110,000	\$550,000	\$0	\$0
Enterprise Document Management Solution	Information Technology	\$2,561,004	\$1,123,164	\$719,100	\$54,832	\$170,901
Enterprise Financial / Resource Management Solution	Information Technology	\$18,437,900	\$425,000	\$11,800,000	\$0	\$0
Enterprise Permit Management	Information Technology	\$3,715,371	\$14,248	\$2,744,873	\$0	\$0
Maximo – Upgrade and Expansion	Information Technology	\$3,000,000	\$0	\$1,000,000	\$50,834	\$0
Network Equipment Refresh	Information Technology	\$1,918,118	\$324,568	\$293,550	\$18,999	\$0
Server Equipment Refresh	Information Technology	\$940,894	\$270,894	\$170,000	\$7,226	\$0
Virtual Serve Equipment Refresh / Replacement	Information Technology	\$400,000	\$0	\$300,000	\$38,250	\$0
Wi-Fi Upgrade for St. James	Public Works	\$185,000	\$0	\$185,000	\$35,921	\$0
Totals		\$38,504,236	\$4,764,335	\$19,668,423	\$404,493	\$699,081

*The \$68,280 cost is inclusive of the project cost and maintenance and licensing required for operations.

3. Banking Fund Debt Repayments

- This amount represents the FY 2014/15 interest and principal payback for Banking Fund borrowing related to FY 2014/15 proposed projects as well as previously approved projects on Schedule B4a.

4. Cash Carryover

- This represents the difference in revenue and expenditures. Appropriations from Cash Carryover require future Council approval.

SERVICE LEVEL CHANGES:

None identified.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INFORMATION TECHNOLOGIES DIVISION
 TECHNOLOGY SYSTEM DEVELOPMENT(S/F 536)**

**PROPOSED BUDGET BOOK – Page #187-189
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EMPLOYEE CAP CHANGES:

There are no positions in this fund.

CAPITAL OUTLAY CARRYFORWARD:

Per Schedule AF, IT is requesting the following capital carryforwards:

Enterprise Document Management Solution	B/F - Computer Equipment	\$375,869
Consolidation of Citywide Websites – COJ.net	B/F – Professional Services	\$200,000
Enterprise Document Management Solution	B/F – Professional Services	\$329,787
Enterprise Auto Vehicle Locator	B/F – Professional Services	\$371,710
Enterprise Financial / Resource Management Solution	B/F – Professional Services	\$173,316
Customer Relationship Mgmt Solution – 630-CITY Upgrades	B/F – Professional Services	\$110,000

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INFORMATION TECHNOLOGIES DIVISION
TECHNOLOGY EQUIPMENT REFRESH (S/F 537)**

**PROPOSED BUDGET BOOK – Page #190-191
ON SCREEN – Page #198-199**

BACKGROUND:

This internal service fund accounts for the refresh and replacement of the City's technology equipment and infrastructure including computers, servers, network equipment and uninterrupted power supply (UPS) equipment. All proposed equipment will be purchased with pay-go funds derived from customer repayments from current and prior year equipment refresh items.

REVENUE:

1. Charges for Services
 - This amount represents the customer billings for both the FY 2014/15 proposed refresh and previously approved equipment replacement.
2. Miscellaneous Revenue
 - This represents anticipated interest earnings for FY 2014/15.
3. Transfers from Fund Balance
 - A fund balance transfer is being utilized to fund additional pay-go equipment.

EXPENDITURES:

1. Other Operating Expenses
 - This amount represents equipment that does not meet the \$1,000 capital threshold (\$615,111) along with the Emtec costs (\$82,800) related to deploying equipment.
2. Capital Outlay
 - This amount represents the various computers and UPS equipment that meet the \$1,000 capital threshold.
3. Cash Carryover
 - The elimination of Cash Carryover is a result of the proposed purchase of more equipment in FY 2014/15 than what was budgeted for in FY 2013/14.

SERVICE LEVEL CHANGES:

None identified.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

CAPITAL OUTLAY CARRYFORWARD:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #164-165
ON SCREEN – Page #172-173**

BACKGROUND

The Intra-Governmental Services Department is responsible for the provision of resources and services essential for the overall management of the City of Jacksonville. In the General Fund, this department consists of the Office of the Director, Call Center (630-CITY), Equal Business Opportunity Office (EBO), Grant and Contract Compliance, Office of the Ombudsman, Procurement, and Gateway Customer Service Center.

REVENUE

1. Charges for Services

- This consists of revenues of \$66,096 from JEA's Small and Emerging business certification and mentoring services provided by the city's EBO Office. There is no change in FY 2014/15.

EXPENDITURES

1. Salaries

- The net increase of \$97,035 is mainly due to the proposed addition of three (3) new positions in the FY 2014/15 budget. These positions are for employees who will work in the new call center at the Gateway Customer Service Center. Per Ordinance 2013-755-E, the lease for the Gateway Center was amended to allow for 2,400 square feet of space for the City to use as a customer service/community center, offering voter registration, voter education, early voting, and a variety of other citizen services.

2. Employer Provided Benefits:

- The net increase of \$158,395 is mainly due to pension costs increasing by \$65,881 and group hospitalization insurance costs increasing by \$75,461. These increases are partially caused by the addition of the three (3) Gateway Customer Service Center positions mentioned in the salaries section above.

3. Internal Service Charges

- The net increase of \$145,451 is mainly due to building cost allocation charges increasing by \$156,713. These allocations reflect the costs of utility consumption, applicable debt service and building maintenance.

4. Internal Services – IT Operations

- The change in information technology costs is a result of the newly implemented customer billing model.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #164-165
ON SCREEN – Page #172-173**

5. Other Operating Expenses

- The net increase of \$419,841 is primarily due to professional service costs increasing by \$381,723 and rental (land and buildings) costs of \$30,912. The increases in professional service costs are in the EBO area and include a Continuing Education and Mentoring Program with FSCJ and Edward Waters College of \$173,586 and an Accounting Grant Program for Certified JSEBs and MBEs of \$192,867. Neither of these items were budgeted in FY 2013/14. In addition, \$120,000 is being budgeted for the JSEB Bond Enhancement Program. In FY 2013/14, this program was budgeted at the amount of \$118,277. The rental expense is for payment of the rent on the portion of the Gateway Center that the City entered into an amended lease for via Ordinance 2013-755-E.

6. Capital Outlay

- There are no capital outlay projects budgeted in FY 2014/15 for this department.

7. Grants, Aids & Contributions

- The net decrease of \$3,000 is primarily due to the department requesting less funding to pay for sponsorship fees for small business workshop events put on by various entities (including JEA, JPA and JAA).

EMPLOYEE CAP CHANGES:

Eleven (11) positions were transferred into Intra-Governmental Services during FY 2013/14 due to the city reorganization. Of this total, seven (7) moved in from the Office of Economic Development for the EBO office, while four (4) moved in from Parks and Recreation for the Grant and Contract Compliance office. This was offset by the elimination of one (1) unfunded position in the Administrative Services activity.

Three (3) new positions are proposed to be added as part of the FY 2014/15 budget in order to staff the Gateway Customer Service Center, bringing the overall change in the cap to 13.

SERVICE LEVEL CHANGES:

The city reorganization has resulted in the Equal Business Opportunity (EBO) Office and the Grant and Contract Compliance Office moving into Intra-Governmental Services. Also, the authorization of three (3) additional positions would staff a remote 630-CITY location at the Gateway Customer Service Center.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INTRA-GOVERNMENTAL SERVICES
 GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #164-165
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DEPARTMENT HIGHLIGHTS:

INTRA-GOVERNMENTAL SERVICES EXPENSES	2013/14 Original	2014/15 Proposed	% Change from FY 14	\$ Change from FY14	Employee Cap FY14 (Restated to Reflect Reorg)	Employee Cap FY15 Proposed	
Office of the Director	\$652,034	\$355,275	-45.5%	-\$296,759	6	2	A
City Link/630-CITY	\$1,469,842	\$2,140,885	45.7%	\$671,043	22	22	B
Equal Business Opportunity	\$680,087	\$1,085,895	59.7%	\$405,808	7*	7	C
Grant & Contract Compliance	\$500,779	\$668,135	33.4%	\$167,356	4*	5	D
Gateway Customer Svc Center	\$0	\$168,662	N/A	\$168,662	0	3	E
Office of the Ombudsman	\$0	\$253,998	N/A	\$253,998	0	3	F
Subtotal - Office of the Director	\$3,302,742	\$4,672,850	41.5%	\$1,370,108	39	42	
Administrative Services	\$302,349	\$0	-100.0%	-\$302,349	1	0	G
Procurement	\$1,958,658	\$1,917,421	-2.1%	-\$41,237	23	23	
Department Total	\$5,563,749	\$6,590,271	18.5%	\$1,026,522	63	65	

*These positions were budgeted in another department in FY 2013/14 and moved into Intra-Governmental Services by way of the city reorganization.

A: The Office of the Director is decreasing due to positions moving out of the activity and into Grant & Contract Compliance (1) and the Office of the Ombudsman (3).

B: The City Link/630-CITY budget is increasing mainly due to a \$621,604 increase in IT internal service charges.

C: The budget for Equal Business Opportunity is increasing mainly due to an additional \$381,723 being funded for professional services. These professional services include: JSEB Bond Enhancement Program, a Continuing Education and Mentoring Program with FSCJ and Edward Waters College, and an Accounting Grant Program for Certified JSEBs and MBEs.

D: The Grant & Contract Compliance budget is increasing due to a position moving from the Office of the Director, as well as an increase in the public building cost allocation for the Ed Ball building of \$75,963.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #164-165
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E: This is a new index code that will pay for the costs of operating the Gateway Customer Service Center. This primarily includes three (3) new positions that will staff the center at a cost of \$132,500, rent of \$30,912, and IT costs totaling \$5,250.

F: The Office of the Ombudsman is moving out of the Office of the Director and into it's own index code. Costs for this office consist primarily of salaries and benefits totaling \$249,491.

G: The administrative services activity is no longer being used.

RECOMMENDATION #1:

We recommend that the professional services budget for EBO be reduced by \$192,867 in order to remove the funding for the Accounting Grant Program for Certified JSEBs and MBEs. This program was formerly authorized by Code Section 126.604. However, this section was repealed in the city reorganization legislation 2013-209-E. The department was unaware of the repeal at the time their budget was proposed, and is in agreement with our recommendation. This will have a positive impact on Special Council Contingency of \$192,867.

RECOMMENDATION #2:

We recommend that a waiver of Code Section 126.622 be added to the budget ordinance. This section requires JSEB programs to be annually funded at a minimum of \$500,000 or greater excluding staff. The budget as proposed meets the \$500,000 funding threshold; however, approval of the funding decrease in recommendation #1 above would place JSEB funding back below the threshold, making the waiver necessary. This same language waiver was included in the FY 2013/14 budget ordinance.

RECOMMENDATION #3:

The department is requesting that the professional services line within EBO's budget be decreased by an additional \$13,547 as it was inadvertently overstated. They have requested that a portion of the \$13,547 be moved to the following line items within EBO's budget:

- Local Mileage - \$299
- Hardware/Software Maint. & Licenses (funding transferred to ITD) - \$4,000
- Other Operating Supplies - \$999
- Dues, Subscriptions & Memberships - \$1

The department is also requesting that the Subsidies & Contributions to Private Organizations line be decreased by \$1,000 as this funding is not needed, per the department. This is for sponsorship fees for small business workshop events put on by various agencies in the city.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

**PROPOSED BUDGET BOOK – Page #164-165
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If the department's request above is approved, we recommend that the net savings of \$9,248 be placed into Special Council Contingency, this would have a positive effect on the contingency.

NOTE:

Although Ordinance 2013-755-E lists the Gateway Customer Service Center as offering “voter registration, voter education, early voting, and a variety of other citizen services”, it is our understanding that the Supervisor of Elections has not budgeted any funds or positions for the support of the center in FY 2014/15, other than for four weeks when the facility will be used as an early voting location.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
ALCOHOLIC REHABILITATION PROGRAM (S/F 157)**

**PROPOSED BUDGET BOOK – Page # 166-167
ON SCREEN-Page # 174-175**

BACKGROUND:

Section 111.205 of the Municipal Code created the Special Alcoholic Rehabilitation Trust Fund to provide monies to support Duval County based alcoholic rehabilitation programs. In past years, the City has partially funded the program with monies paid to the Clerk of Courts for fines imposed in county court. Per a legal opinion dated November 15, 2013 from the Office of the General Counsel, the City is not entitled to any part of the state fines imposed for offenses noted within Sec. 111.205. The City has not received monies from these fines since 2004. The City is not obligated to fund the alcoholic rehabilitation program.

REVENUES:

INTRA-GOVERNMENTAL SERVICES

1. Fines and Forfeits:

- The City no longer receives funding from fines and revenues related to Section 111.205.

NON-DEPARTMENTAL

2. Transfers from Other Funds:

- The increase of \$174,989 reflects an increase in the subsidy from the General Fund/General Services District (S/F 011) to compensate for the lack of revenue from fines and penalties for alcohol related offenses. The total subsidy from the General Fund/General Services District (S/F 011) is proposed at \$399,989.

EXPENDITURES:

3. Grants, Aides & Contributions:

- The \$402,224 represents a grant to Gateway Community Services for alcoholic rehabilitation programs. Funding remains level with FY 2013/14.

SERVICE LEVEL CHANGES:

No significant change in service level.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATIONS:

1. Given that the General Fund is the sole provider of funding beginning in the FY 2014/15, we recommend that this budget be moved to non-departmental expenditures.
2. The City has erroneously posted the receipt of revenues from county court fines and penalties within this subfund since 2004. For the FY 2013/14, the City's Accounting Division should reflect \$0 from court fines and penalties. Once these corrections are made, the subfund will have a negative cash balance. We recommend that the Accounting Division correct the revenue posted to reflect actual revenues and address the negative cash balance within the subfund through future action.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 INTRA-GOVERNMENTAL SERVICES
 LEGAL AID (15R)**

**PROPOSED BUDGET BOOK – Page #168-169
 ON SCREEN-Page #176-177**

BACKGROUND:

These funds are to be used to support Jacksonville Area Legal Aid, which provides services that support access of the poor and indigent to the legal system. As of July 1, 2004 a \$65 fee was imposed pursuant to Florida Statute 939.185 and Ordinance 2004-609-E on felony, misdemeanor or criminal traffic offenses, of which 25% is used to support Legal Aid. Jacksonville Area Legal Aid is also receiving additional funding in the form of Public Service Grants and a separate Non-Departmental Contribution.

<u>Additional Payments to Legal Aid</u>	<u>Approved FY 2013/14</u>	<u>Proposed FY 2014/15</u>
Public Service Grants		
Homeless Prevention Program	-	124,980
Disability Rights & Benefits	-	111,300
Non-Departmental Contributions	-	443,000
Subtotal	\$ -	\$ 679,280
Contribution from \$65 fee within this subfund (S/F 15R)	250,000	247,000
Grand Total	\$ 250,000	\$ 926,280

REVENUE:

1. Charges for Services:

- The decrease of \$3,000 is due to lower revenues from the \$65 fee based on historical actuals.

EXPENDITURES:

1. Other Operating Expenses:

- The direct payment to Jacksonville Area Legal made through the authorized trust fund expenditures will decrease by \$3,000 in FY 2014/15 due to less revenue being projected from the \$65 fee.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

CONCERN:

This subfund is projected to have a negative fund balance at the beginning of fiscal year 2014/15 of almost \$180,000. This negative fund balance has been caused by revenue shortfalls and the fact that the City's previous disbursement practice was to send the total authorized trust fund expenditures amount to Jacksonville Area Legal Aid at the beginning of the fiscal year before the revenue was actually received. This created numerous negative interest earnings. To prevent this

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
LEGAL AID (15R)**

**PROPOSED BUDGET BOOK – Page #168-169
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from occurring again, language was added to the Budget Ordinance that only allows payments to JALA after the revenue is actually collected. However, to our knowledge, the administration has not addressed the existing negative fund balance issue related to City's disbursement practices prior to FY 2011/12. Based on previous advice from the Office of General Counsel, the negative balance needs to be addressed by the City and is not the responsibility of JALA.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
DRIVER EDUCATION SAFETY TRUST (S/F 1HA)**

**PROPOSED BUDGET BOOK – Page # 170-171
ON SCREEN-Page # 178-179**

BACKGROUND:

The Driver Education Safety Trust was authorized by Ordinance 2002-1165-E. Funding is provided by an additional \$3 levy on each civil traffic penalty. The funding is used for driver education programs in public and non-public schools. The expenditures budgeted are managed by Duval County School Systems. The explanations below are based on the restated schedule with the Council Auditor's recommended adjustments.

REVENUES:

INTRA-GOVERNMENTAL SERVICES

1. Charges for Services:

- The increase of \$20,000 reflects a projected increase in traffic court charges.

NON-DEPARTMENTAL / FUND LEVEL ACTIVITIES

2. Miscellaneous Revenue:

- The decrease of \$40,169 is due to a one-time adjustment made in FY 2013/14 to correct an error. The budgeted investment earnings are in line with historical actuals.

EXPENDITURES:

INTRA-GOVERNMENTAL SERVICES

3. Grants, Aids & Contributions:

- The increase of \$47,679 reflects an increase in grants, aids and contributions to the Duval County Schools.

SERVICE LEVEL CHANGES:

Driver Education Safety programs will experience an increased contribution in FY 2014/15 from this subfund.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATION:

We recommend the removal of the all years' adjustment made in error, totaling \$671,175 in the Mayor's proposed budget. This recommendation will then approve the budget as reflected in the CAO adjustment column located on the attached schedule. In addition, Schedule A2 will need to be adjusted to \$269,831 reflecting the above changes.

**COUNCIL AUDITOR'S OFFICE
REVISED STATEMENT**

DRIVER ED SAFETY TRUST FUND (111.390)
SUBFUND - 1HA

	FY 12-13 ACTUAL	FY 13-14 ADOPTED	FY 14-15 PROPOSED	FY 14-15 AFTER CAO ADJUSTMENT	AFTER CAO ADJUSTMENT CHANGE FROM FY 13-14	
					PERCENT	DOLLAR
REVENUE						
INTRA-GOVERNMENTAL SERVICES						
Charges for Services	242,802	240,000	260,000	260,000	8.3%	20,000
	<u>242,802</u>	<u>240,000</u>	<u>260,000</u>	<u>260,000</u>	8.3%	20,000
NON-DEPARTMENTAL / FUND LEVEL ACTIVITIES						
Miscellaneous Revenue	2,124	50,000	9,831	9,831	-80.3%	(40,169)
Transfers from Fund Balance	-	(50,000)	-	-	-100.0%	50,000
	<u>2,124</u>	<u>-</u>	<u>9,831</u>	<u>9,831</u>		<u>9,831</u>
SPECIAL SERVICES						
Charges for Services	-	-	(653,327)	-		
	<u>-</u>	<u>-</u>	<u>(653,327)</u>	<u>-</u>		
TOTAL REVENUE	244,926	240,000	(383,496)	269,831	12.4%	29,831
EXPENDITURES						
INTRA-GOVERNMENTAL SERVICES						
Grants, Aids & Contributions	195,832	240,000	287,679	269,831	12.4%	29,831
	<u>195,832</u>	<u>240,000</u>	<u>287,679</u>	<u>269,831</u>	12.4%	29,831
SPECIAL SERVICES						
Grants, Aids & Contributions	-	-	(671,175)	-		
	<u>-</u>	<u>-</u>	<u>(671,175)</u>	<u>-</u>		
TOTAL EXPENDITURES	195,832	240,000	(383,496)	269,831	12.4%	29,831
AUTHORIZED POSITION CAP						
		FY 13-14 ADOPTED	FY 14-15 PROPOSED	FY 14-15 AFTER CAO ADJUSTMENT	CHANGE	
AUTHORIZED POSITIONS						
PART-TIME HOURS						

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
COPY CENTER/CENTRAL MAILROOM (S/F 521)**

**PROPOSED BUDGET BOOK – Page #179-180
ON SCREEN – Page #187-188**

BACKGROUND

This internal service fund accumulates and allocates the cost of the City's centralized mailroom, centralized copy center/print shop and copier consolidation program. This internal service fund recovers its costs via charges to its users/customers.

REVENUE

1. Charges for Services

- This represents the costs billed to other departments and government agencies and is directly related to the budgeted expenditures in this fund. Budgeted charges for services are experiencing a net increase of \$160,239, mainly to cover an additional \$258,000 commercial printing expense for the printing and mailing of 300,000 solid waste standard brochures at the request of the Solid Waste Division.

2. Miscellaneous Revenue

- This amount represents anticipated interest earnings for FY 2014/15. These revenues are budgeted to increase by \$7,253, which is more in alignment with the actual interest revenues in FY 2013/14.

EXPENDITURES

1. Salaries

- Salaries are budgeted to remain relatively flat in FY 2014/15 (net increase of \$364).

2. Employer Provided Benefits

- The net increase of \$8,674 is mainly due to increased pension contributions of \$5,929 and health insurance costs of \$2,705.

3. Internal Service Charges

- The net increase of \$4,473 is mainly due to an increase in the building cost allocation for the St. James building of \$5,032. This allocation reflects the increasing costs of utility consumption, applicable debt service and building maintenance.

4. Internal Services – IT Operations

- The change in information technology costs is a result of the newly implemented customer billing model.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
INTRA-GOVERNMENTAL SERVICES
COPY CENTER/CENTRAL MAILROOM (S/F 521)**

**PROPOSED BUDGET BOOK – Page #179-180
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5. Other Operating Expenses

- The net increase of \$141,572 is primarily due to the copier consolidation contract increasing by \$109,168 as leased copy center equipment that is currently not covered by the contract will be rolling into it beginning 12/1/14 for an estimated total of \$15,502 per month through the expiration of the current copier agreement (6/15/15). Also, since the current copier agreement expires on 6/15/15, the new contract is expected to result in rates increasing by approximately 10%. This increase in rates is expected to total approximately \$31,500 for the remainder of the year (6/16/15-9/30/15). Also, commercial printing and binding is budgeted to increase by \$258,000. This is due to a request by the Solid Waste Division for the printing and mailing of 300,000 solid waste service standard brochures to new residential customers. These increases are partially offset by a reduction in installment purchases of \$203,498, mainly due to the leased copy center equipment moving into the copier consolidation contract for a portion of the year, as previously mentioned above.

6. Capital Outlay

- There are no capital outlay project expenditures budgeted for FY 2014/15.

7. Indirect Cost

- This is an allocation calculated by the City's independent consulting firm as part of the full cost allocation plan study.

AUTHORIZED POSITION CAP

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 FLEET MANAGEMENT - (S/F 511)**

**PROPOSED BUDGET BOOK – Page #172-174
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BACKGROUND:

This internal service fund accumulates and allocates the costs of the operation of the City's Motor Pool and recovers its costs via charges to its users/customers. Fleet Management is responsible for all of the maintenance and fueling of the entire City owned vehicle fleet including most independent authorities and the Mayport Ferry.

REVENUE:

1. Charges for Services:

- This represents the costs billed to other departments and government agencies and is directly related to the budgeted expenditures in this fund.

2. Miscellaneous Revenue:

- The decrease of \$266,389 is due to a \$230,661 decrease in contribution-loss deductibles and a \$80,937 decrease in reimbursement for warranty work. This is partially offset by an increase in investment pool earnings of \$45,209.

EXPENDITURES:

1. Salaries:

- The decrease of \$46,368 is due primarily to the reduction of part-time salaries of \$63,261, overtime of \$105,735, and special pay of \$5,600. This is partially offset by increases of \$132,613 in salaries and \$2,027 in Supervisory Differential. In FY 2013/14, there were 100 funded positions since 18 were unfunded. The increase for the funding of 8 positions was offset by reductions in other salaries.

2. Employer Provided Benefits:

- The increase of \$281,283 is due primarily to increases in pension of \$177,390 and health care costs of \$96,166.

3. Internal Service Charges:

- The increase of \$31,427 is due primarily to an increase of \$51,820 in IT system development charges related to various IT projects on the IT 5 year plan. This is partially offset by decreases in fleet vehicle rental allocation of \$12,135 and utilities allocation of \$10,931.

Project	User	Total Project Cost	FY 2014/15 Funding	Current Year's Debt Cost	Current Year's Operating Cost
EJ Ward System Upgrade / Technology Improvements	Fleet Management	\$53,400	\$0	\$0	\$68,280

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2014/15 BUDGET
 FLEET MANAGEMENT - (S/F 511)**

**PROPOSED BUDGET BOOK – Page #172-174
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4. Internal Services – IT Operations:
 - The change in information technology costs is a result of the newly implemented Customer Billing Model.
5. Other Operating Expenses:
 - The decrease of \$752,669 is primarily due to a decrease of \$706,911 in fuel costs.
6. Supervision Allocation:
 - This amount represents the administration cost of the Division that is allocated to each activity within Fleet Management
7. Indirect Cost:
 - This represents an indirect cost allocation as calculated by the City's consultant.
8. Banking Fund Debt Repayments:
 - The Banking Fund interest and principal payback for the previously approved project is detailed below:

	73,490	4,194	61,242	1,053	
	FY14 Budget		FY15 Proposed		-15,389
Project Title	Principal	Interest	Principal	Interest	Change
Fueling Station - 609 St. Johns Bluff Rd	73,490	4,194	61,242	1,053	-15,389

9. Salary & Benefit Lapse:
 - This reflects an estimated salary and benefit lapse based on the historical turnover within the fund.

SERVICE LEVEL CHANGES:

Per the department, longer repair turnaround times are anticipated prior to arrival of new vehicles in 3rd and 4th quarter of FY 2014/15.

EMPLOYEE CAP CHANGES:

The employee cap decreased by 10 redlined positions; however, the number of funded positions went from 100 to 108. There are no unfunded positions in the proposed budget.

RECOMMENDATION:

The amount budgeted for fuel needs reduced by \$1,300,000 due to fewer gallons being needed for the independent contract garbage haulers since one of them built a fueling station and converted its primary fleet to compressed natural gas (CNg). The CNg will not be purchased via Fleet Management so the offset to this adjustment is a reduction to revenue. This has no impact to Special Council Contingency.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2014/15 BUDGET
 FLEET MANAGEMENT – VEHICLE REPLACEMENT (S/F 512)**

**PROPOSED BUDGET BOOK – Page #175-176
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BACKGROUND

This is an internal service fund that accounts for the replacement of City owned vehicles.

REVENUE

1. Charges for Services:
 - The increase of \$1,237,722 is due to larger vehicle replacement in FY 2013/14 and the proposed budget in comparison to earlier years which are being paid off.
2. Other Sources:
 - This represents the amount of borrowed funds required to purchase the FY 2014/15 proposed vehicle replacements.
3. Miscellaneous Revenue:
 - The increase of \$209,584 is due to increases in investment pool earnings of \$55,375 and projected gains from the sale of surplus vehicles of \$154,209.

EXPENDITURES

1. Employer Provided Benefits:
 - The increase of \$5,590 is being driven by increased pension of \$4,132 and health insurance costs of \$1,522.
2. Internal Service Charges:
 - This amount represents the FY2014/15 cost of the Auto Vehicle Locator IT System Development project. The project will allow Fleet to manage city vehicles for location, fuel consumption and employee productivity. The proposed solution would upgrade current technology, purchase additional units, and new telemetrics to ensure drivers are compliant with safety requirements and meeting performance objectives. It is anticipated that the project will create fuel savings starting in FY 2014/15.

Project	User	Total Project Cost	FY 2014/15 Funding	Current Year’s Debt Cost	Current Year’s Operating Cost
Enterprise Auto Vehicle Locator	Fleet Management	\$2,800,188	\$535,000	\$81,587	\$459,900

3. Internal Services – IT Operations:
 - The change in information technology costs is a result of the newly implemented Customer Billing Model.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
FLEET MANAGEMENT – VEHICLE REPLACEMENT (S/F 512)**

**PROPOSED BUDGET BOOK – Page #175-176
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4. Capital Outlay:
 - This amount represents the purchase of vehicles in the proposed budget with borrowed funds. There was no amount in the previous year since vehicles were purchased with cash in the Direct Vehicle Replacement Fund (SF 513).
5. Supervision Allocation:
 - This amount represents the administration cost of the Division which is allocated to each activity within Fleet Management.
6. Indirect Cost:
 - This represents an indirect cost allocation as calculated by the City's consultant.
7. Banking Fund Debt Repayment:
 - This amount represents the interest and principal payback for banking fund borrowing. The increase of \$2,434,212 is due to the new borrowing.
8. Transfers to Other Funds:
 - This amount represents the excess revenue over expenditure total in this subfund that is available to fund a portion of the FY 15 vehicle replacements and is being transferred to the Direct Vehicle Replacement fund (SF 513).
9. Cash Carryover
 - There is no cash carryover in the proposed budget.

EMPLOYEE CAP CHANGE:

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None

COMMENT:

We are concerned that borrowing funds to purchase vehicles in the FY 2014/15 budget increases the City's reliance on borrowed funds for vehicle purchases. This is counter to the City's efforts to eliminate reliance on borrowing to purchase vehicles. Sections 9.7 and 9.8 of the FY 2014/15 Budget Ordinance waive the requirement to purchase vehicles with cash and the requirement for Banking Fund dollars to only be utilized on items greater than \$50,000 in value.

RECOMMENDATION:

We recommend reducing the borrowing by \$5,000,000. This will be offset within this subfund with a transfer from fund balance. This will require these funds to be transferred to Direct Vehicle Replacement Fund (SF 513) for the purchase of vehicles since this is where purchases of

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
FLEET MANAGEMENT – VEHICLE REPLACEMENT (S/F 512)**

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vehicles with cash occur. We will also need the ability to make reductions within the Banking Fund (SF 592) to account for the reduced borrowing, capital purchases, current year debt costs, and current year billings to Fleet. The interest savings to Vehicle Replacement (S/F 512) will be \$71,959. We will also need the ability to make the other corresponding adjustments to account for the elimination of this borrowing. This will have no impact to Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2014/15 BUDGET
FLEET MANAGEMENT – DIRECT REPLACEMENT (S/F 513)**

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BACKGROUND:

This internal service fund represents the spending by Fleet Management on direct vehicle replacements (pay-go), rather than through Banking Fund borrowing.

REVENUE:

1. Miscellaneous Revenue:

- Is made up of anticipated interest earnings for FY 2014/15, which are expected to increase by \$20,319 due to higher investment returns.

2. Transfers From Other Funds:

- The decrease of \$7,359,887 is mainly due to a one-time cash infusion in FY 2013/14 of \$6,891,000 as a result of savings from debt restructuring. Also, there was a decrease in the pay-go transfer from SF 512 of \$468,887.

EXPENDITURES:

1. Capital Outlay:

- The decrease of \$6,481,568 is due to the reduction of vehicles being purchased with cash in FY 2014/15.

2. Cash Carryover:

- There is no cash carryover in the proposed budget.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

CAPITAL OUTLAY CARRYOVER:

There is a capital outlay carryover of \$547,051 associated with the FY2013/14 replacements that might not be purchased by the end of the fiscal year.

RECOMMENDATION:

None.