

OFFICE OF THE COUNCIL AUDITOR

FY 2016/2017 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

Anna Lopez Brosche – Chair
Matt Schellenberg – Vice Chair
Greg Anderson
Aaron L. Bowman
Katrina Brown
Bill Gulliford
Samuel Newby



Meeting #2
August 12, 2016

**COUNCIL AUDITOR'S OFFICE
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**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
PUBLIC LIBRARIES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #331-332

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

Charges for Services

- The increase of \$36,048 is due to anticipated increases in revenues for library fees - internet printing.

Miscellaneous Revenue

- The decrease of \$1,600 is based on reduced collections of fees for using Library copiers in FY 2015/16.

EXPENDITURES

1. Salaries

- The net increase of \$61,366 is primarily due to salary adjustments of \$101,318, which occurred during FY 2015/16, and anticipated probationary increases of \$57,933 during FY 2016/17. The increases are partially offset by salary decreases of \$97,885 related to employee turnover and filling vacancies at lower salaries than paid previously.

2. Pension Costs

- The net increase of \$75,550 is primarily the result of more participation in the defined contribution plan, which caused the line item to increase by \$77,954. The defined benefit contributions remained flat due to the increase in contribution percentage being offset by less participation.

3. Employer Provided Benefits

- The increase of \$65,870 is primarily due to the increase of \$67,127 in group hospitalization insurance based on employee plan selection.

4. Internal Service Charges

- The decrease of \$708,667 is primarily due to a decrease of \$653,172 in computer maintenance internal services charges based on a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers. Additionally the utilities allocation is budgeted to decrease \$200,405 due to a rate reduction for electricity and reductions in overall chilled water and potable water costs. These decreases are somewhat offset by an increase in building maintenance citywide of \$124,129 due to increased allocated costs.

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PUBLIC LIBRARIES
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5. Insurance Costs and Premiums

- The increase of \$44,831 is primarily due to the increase of \$53,823 in general liability insurance City-wide. This was partially offset by a decrease of \$8,992 in miscellaneous insurance.

6. Professional and Contractual Services

- The increase of \$12,772 is due to an increase in contractual services based on increased cleanings under the janitorial contract.

7. Other Operating Expenses

- The increase of \$25,754 is primarily due to the increase of \$14,799 in hardware/software maintenance licenses for online library catalog services, scheduling software for E-Services, and library data servers, \$4,000 in maintenance contracts on security cameras and lockers at the JPL Express Oceanway, \$3,100 in repair and maintenance supplies for regular maintenance of library facilities, and \$2,898 in local mileage to enable library employees to increase community outreach including visits to Duval County Schools.

8. Library Materials

- There is no change in this line item for FY 2016/17. The requested amount will be spent as follows:

FY 2016/17 LIBRARY MATERIALS

BUDGETED EXPENDITURES

<u>MATERIALS</u>	<u>COST</u>
Books	\$95,503
Books, Internet Databases	\$327,649
Books, Audio Books	\$1,733,698
Internet Databases	\$547,103
Periodicals	\$30,300
Audio Books, DVDs	\$200,596
TOTAL:	<u><u>\$2,934,849</u></u>

9. Capital Outlay

- The reduction of \$5,499 is due to no anticipated office equipment purchases.

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10. State Aid

- In addition to City funding, the Public Library Department receives a State Grant. For FY2016/17, the estimated State Grant is \$1,022,499. The library is expected to spend \$850,000 on library materials, \$86,999 on fixtures, \$35,000 on Strategic Plan 2017, \$30,000 on E-services, \$15,000 on memberships and registrations, and \$5,500 on equipment and services.

EMPLOYEE CAP CHANGES:

None

SERVICE LEVEL CHANGES:

None

RECOMMENDATION:

We recommend reducing permanent and probationary salaries by \$46,855 to correct an error posted for the budgeting of FY 2016/17 probationary increases. This will have a positive impact of \$46,855 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
PUBLIC LIBRARIES
GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

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Hours Of Operation at Beginning of Fiscal Year 2015/16								
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	10:00 - 6:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	48
Brentwood	Closed	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	48
Brown Eastside	Closed	12:00 - 8:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	48
Graham	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	48
Highlands	1:00 - 5:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
Mandarin	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	Closed	10:00 - 6:00	40
Maxville	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	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	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
Regency Square	Closed	10:00 - 6:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	48
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	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
University Park	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	48
Webb Wesconnett	1:00 - 5:00	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
West Regional	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Westbrook	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	48
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								956

JPL Proposed Hours of Operation for 2016/17								
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	10:00 - 6:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	48
Brentwood	Closed	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	48
Brown Eastside	Closed	12:00 - 8:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	48
Graham	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	48
Highlands	1:00 - 5:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
Mandarin	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	Closed	10:00 - 6:00	40
Maxville	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	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	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
Regency Square	Closed	10:00 - 6:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	48
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	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
University Park	Closed	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	48
Webb Wesconnett	1:00 - 5:00	1:00 - 9:00	10:00 - 6:00	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	52
West Regional	Closed	Closed	1:00 - 9:00	1:00 - 9:00	10:00 - 6:00	10:00 - 6:00	10:00 - 6:00	40
Westbrook	Closed	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	12:00 - 8:00	10:00 - 6:00	10:00 - 6:00	48
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								956

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2016/17 BUDGET
 PUBLIC LIBRARIES
 GENERAL FUND / GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK – Page #331-332

Branch	Hours FY16	Hours FY17	Change
Argyle	40	40	0
Beaches	40	40	0
Bradham - Brooks	48	48	0
Brentwood	48	48	0
Brown Eastside	48	48	0
Graham	48	48	0
Highlands	52	52	0
Mandarin	40	40	0
Maxville	40	40	0
Murray Hill	40	40	0
Pablo Creek	52	52	0
Regency Square	48	48	0
San Marco	40	40	0
South Mandarin	40	40	0
Southeast	52	52	0
University Park	48	48	0
Webb Wesconnett	52	52	0
West Regional	40	40	0
Westbrook	48	48	0
Willowbranch	40	40	0
Main	52	52	0
Total	956	956	0

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
LIBRARY CONFERENCE FACILITIES TRUST (S/F 15W)**

PROPOSED BUDGET BOOK – Page #333-335

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 2015/16). 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 year's balances to determine the FY 2016/17 proposed "change" to the all years appropriation.

REVENUE

1. Investment Pool/Interest Earnings
 - The decrease of \$4,479 is due to a reduction in anticipated investment pool earnings in FY 2016/17.
2. Miscellaneous Revenue
 - The increase of \$5,000 is due to anticipated increases in rental revenue for city facilities.

EXPENDITURES

1. Salaries
 - The increase of \$11,904 is mainly due to the increase of \$10,000 in part-time salaries due to anticipated requirements for FY 2016/17, \$1,177 in permanent and probationary salaries due to anticipated probationary increases and changing the facility manager to an appointed position, and \$1,000 in additional overtime. This is partially offset by a decrease of \$768 in terminal leave.
2. Salary & Benefit Lapse
 - The decrease of \$2,224 represents the removal of an error made in the FY2014/15 budget.
3. Pension Costs
 - The net increase of \$12,485 is due to changes in selection of plan type from defined contribution to defined benefit.
4. Professional and Contractual Services
 - The decrease of \$10,500 in security/guard service is due to the conference trust using existing capacity that was previously authorized.

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MAYOR'S PROPOSED FY 2016/17 BUDGET
LIBRARY CONFERENCE FACILITIES TRUST (S/F 15W)**

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5. Other Operating Expenses
 - The decrease of \$3,947 is due to the conference trust using existing capacity that was previously authorized.
6. Capital Outlay
 - In FY 2016/17 the conference trust will purchase \$10,000 of replacement audio visual equipment, \$5,000 of replacement furniture, and \$3,500 of replacement ice machines.
7. Cash Carryover
 - The FY 2015/16 amount is an all years adjustment.

EMPLOYEE CAP CHANGES:

There are no changes in position cap

SERVICE LEVEL CHANGES:

None

RECOMMENDATION:

None

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
ITD OPERATIONS (S/F 531)**

PROPOSED BUDGET BOOK – Page #169-171

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.

REVENUE:

1. Charges for Services:

- This revenue consists of internal service revenues from charges billed to other departments and agencies. The increase is a result of higher expenditures for IT described below.

EXPENDITURES:

1. Salaries:

- The decrease is a result of many moving parts – the largest of which is five positions that are being eliminated in the FY 2016/17 budget at a value of \$278,783. Salaries were further reduced by \$79,422 in order to transfer this amount into Professional Services due to ITD's plan to utilize more contract labor, as further explained under #5 below. There were also some other offsetting adjustments with salaries.

2. Pension Costs:

- Despite a reduction in the employee cap, pension costs are increasing by \$132,352 due to an increase in the contribution percentage.

3. Employer Provided Benefits:

- The decrease is mainly due to a decrease of \$83,962 in group hospitalization insurance and \$14,166 in workers' compensation insurance due to the reduction of five employee positions.

4. Internal Service Charges:

- The net decrease is mainly due to decreases in IT internal service charges of \$279,182 due to less debt service payments being budgeted for IT System Development projects. Also, a decrease is budgeted in the public buildings allocation for the Ed Ball building of \$86,116.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
ITD OPERATIONS (S/F 531)**

PROPOSED BUDGET BOOK – Page #169-171

5. Professional and Contractual Services:

- The net increase is mainly due to an additional \$500,000 in funding for contract employees. The increase is being proposed so that contract employees can continue to be utilized, as ITD is reducing positions. Additionally, \$383,594 is being budgeted for software hosting services. \$270,722 of this amount is funding previously budgeted under hardware/software maintenance & licenses, and is being moved to this line in order to better categorize the costs. The remaining \$112,872 is to fund software hosting services for year one of the “Disaster Recovery/Data Redundancy” project, which will help ensure uninterrupted public access to core city operations and services.

6. Other Operating Expenses:

- The net decrease is mainly due to \$270,722 in hardware/software maintenance & license costs being moved to Professional and Contractual Services, as explained above. This is partially offset by increases in the costs of existing licenses and the purchase of new licenses.

7. Supervision Allocation:

- This amount represents the administrative cost of the Division which is allocated to each activity within Information Technology based on employee count. The decrease is due to more of these costs being billed to ITD's customers instead of being allocated internally.

EMPLOYEE CAP CHANGES:

The employee cap is being reduced from 126 authorized positions in FY 2015/16 to 121 authorized positions in FY 2016/17 due to the elimination of five vacant positions.

CAPITAL OUTLAY CARRYFORWARDS:

None.

SERVICE LEVEL CHANGES:

An enhancement of \$112,872 is being proposed to fund software hosting services for year one of the Disaster Recovery/Data Redundancy project.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
RADIO COMMUNICATIONS (S/F 534)**

PROPOSED BUDGET BOOK – Page #173-175

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:

1. Charges for Services:

- This represents the costs billed to departments and government agencies and is directly related to the budgeted expenditures in this fund. The increase is mainly due to a higher payment being received from JEA per the Interoperable P25 Radio System contract. The remainder of the increase is mainly due to an increase in customer billings to cover increasing debt service costs, particularly under JSO and JFRD.

2. Transfers from Other Funds

- This represents a \$699,280 general fund contribution to fund new radios for the proposed 40 new police officers and 40 new Community Service Officer's (CSO's). Also included in this total is a \$183,913 transfer from Fleet Management's Vehicle Replacement Fund (S/F 513) to purchase required equipment for the proposed JFRD vehicle replacements. The equipment includes mobile and portable radios and antennas.

3. Transfer from Fund Balance

- A transfer from fund balance of \$776,292 was budgeted in FY 2015/16. Of this amount, \$682,312 was for the purchase of new radios for the 40 new police officers and 40 new CSO's that were included in the FY 2015/16 budget. There is no transfer from fund balance in the FY2016/17 budget. Instead, the radio funding for the additional 40 police officers and 40 CSO's will come from a general fund contribution, as explained above. The remaining \$93,980 was for the installation of uninterrupted power supply (UPS) equipment at two P25 tower sites.

EXPENDITURES:

1. Professional and Contractual Services:

- This represents electrical site configuration for UPS equipment at two radio tower sites.

2. Other Operating Expenses:

- The decrease is mainly due to a reduction in the amount budgeted for repair and maintenance costs, in order to better reflect actual costs in FY 2015/16.

3. Capital Outlay:

- The net increase is mainly due to the \$183,913 funding from Fleet Management for the JFRD radios. This line item also includes the \$699,280 for radios for 40 new police officers and 40 new CSO's; however, this is only a net increase over FY 2015/16 of

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MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
RADIO COMMUNICATIONS (S/F 534)**

PROPOSED BUDGET BOOK – Page #173-175

\$16,968 since radios for 40 new police officers and 40 new CSO's were also budgeted last year.

4. Supervision Allocation:

- This amount represents the administrative cost of the Division which is allocated to each activity within Information Technology based on employee count. The decrease is due to more of these costs being billed to ITD's customers instead of being allocated internally.

5. Debt Management Fund Repayments:

- The table below compares the FY 2015/16 and FY 2016/17 debt management fund repayments by project. There are no payments being budgeted for the P25 Radio – Fire Station Paging Project because no funding has been disbursed for this project yet. The increase in the payment for the CIP project is due to the final balloon payment being made in FY 2016/17. There are no new radio communication projects being funded by the debt management fund in the FY2016/17 budget.

	4,276,849		476,175	5,404,218	303,318	
	FY16 Budget		FY17 Proposed			954,512
Project Title	Principal	Interest	Principal	Interest	Change	
First Coast Radio Buyout (2011-756-E)	992,754	71,009	1,007,748	55,689	(326)	
P25 Radio - Fire Station Paging	578,571	126,120	-	-	(704,691)	
P25 Radio System - CIP Project	2,705,524	279,046	4,396,470	247,629	1,659,529	

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

CAPITAL OUTLAY CARRYFORWARDS:

There are two line items on the Schedule of Capital Outlay Projects Not Lapsed for the P25 Radio – Fire Station Paging project at a combined \$3,000,000.

SERVICE LEVEL CHANGES:

The budget includes radio purchases for the hiring of 40 new police officers and 40 new CSO's.

RECOMMENDATION:

None.

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COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
TECHNOLOGY SYSTEM DEVELOPMENT (S/F 536)**

PROPOSED BUDGET BOOK – Page #177-178

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 previously approved projects on the annual budget ordinance schedule B4a. The decrease is mainly due to three projects that had debt service payments budgeted in FY 2015/16 that will have no payments budgeted in FY2016/17. These projects have either not started or have paid back the amount loaned to date.

2. Other Sources:

- This represents borrowed funds for the 911 Call System Replacement project. There was no borrowing for any IT system development capital projects in FY 2015/16.

EXPENDITURES:

1. Internal Service – Capital Expense

- This represents charges for professional services provided by ITD related to the 911 Call System Replacement project.

2. Capital Outlay:

- These include both costs for the 911 Call System Replacement project totaling \$2,353,848, as well as \$46,700 in pay-go funding for the replacement of 10 ruggedized computers for JFRD.

3. Debt Management Fund Repayments:

- This amount represents the FY 2016/17 interest and principal payback for debt management fund borrowing related to previously approved projects on schedule B4a. The decrease is mainly due to three projects that have no debt service payments budgeted in FY 2016/17, as explained above, as well as due to a portion of the debt repayments being placed into a cash carryover line, as explained below.

4. Cash Carryover:

- A portion of the customer billings is being placed in a cash carryover to cover future debt management fund repayments.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
TECHNOLOGY SYSTEM DEVELOPMENT (S/F 536)**

PROPOSED BUDGET BOOK – Page #177-178

SERVICE LEVEL CHANGES:

One new project is included in the FY2016/17 budget: JFRD – Mobile Data Terminals. New funding is also being appropriated for the 911 Call System Replacement project.

CAPITAL OUTLAY CARRYFORWARDS:

The following is a list of items requested to be carried over.

Requested Project	Requested Amount
911 Call System Replacement	\$250,000
Enterprise Document Management Solution	\$291,922
Enterprise Auto Vehicle Locator	\$367,450
Enterprise Financial/Resource Mgmt. Solution	\$9,580,475
Customer Relationship Mgmt Solution	\$7,700

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

RECOMMENDATION:

We recommend that Budget Schedule B4a (Fiscal Year 2016-2017 IT System Development Capital Projects) be amended to place the funding for project “Unified CAD System – JSO/JFRD” into the project line for “CAD – 911 Call System Replacement” as they are the same project. Also, we recommend that the title “Banking Fund” be replaced with “Debt Management Fund” in the top right corner of the schedule. These changes will have no impact on Special Council Contingency (see next page for revised schedule).

FISCAL YEAR 2016 - 2017 IT SYSTEM DEVELOPMENT CAPITAL PROJECTS

Debt Management Fund	2,751,627
Pay-Go	<u>46,700</u>
	2,798,327

14,343,952	87,918	2,798,327	17,054,361	482,952
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Project Number	Indexcode	Project Name	Prior All Years Budget	Removal of Excess Capacity	FY 17 New Projects	Amended All Years Budget	FY 17 Payment
ITEF01 02	AFIT531CSCS	Enterprise Financial / Resource Mgmt Solution	11,800,000	41,145		11,758,855	189,498
IT0809 04	AFIT531CSCS	SAN Disk Replacement	657,300	0		657,300	176,649
IT0804 02	MAPA011	Consolidation of Citywide Websites - COJ.net (FY14)	164,160	9,720		154,440	42,367
ITCAD1 01	AFIT531CSCS / FRFO011CM / SHPS011SSCM	CAD - 911 Call System Replacement	250,000	0	2,751,627	3,001,627	0
ITDS01 05	AFIT531CSCS	Enterprise Document Mgmt Solution	888,548	37,053		851,495	0
ITES01 01	AFIT531CSCS	Enterprise Customer Relationship Mgmt Solution	110,000	0		110,000	27,738
ITEA01 01	AFFM512AD	Enterprise Auto Vehicle Locator (FY14)	473,944	0		473,944	0
IT0801 03	FRFO011FO	JFRD - Mobile Data Terminals (FY17)	0	0	46,700	46,700	46,700

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
TECHNOLOGY EQUIPMENT REFRESH (S/F 537)**

PROPOSED BUDGET BOOK – Page #179-180

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 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 2016/17 proposed refresh and previously approved equipment replacement.

EXPENDITURES:

1. Salaries

- \$20,250 was budgeted in FY 2015/16 for overtime in connection with the deployment of various refresh equipment. This is being budgeted at zero in FY 2016/17, although equipment deployment costs are budgeted under Professional and Contractual Services below.

2. Professional and Contractual Services

- This amount represents the cost of deploying Emtec (the City's desktop service provider) to conduct technology refresh activities for uninterrupted power supply (UPS) equipment and personal computers.

3. Other Operating Expenses:

- This amount represents the purchase of UPS equipment and personal computers that do not meet the \$1,000 capital threshold. The decrease is mainly due to less UPS units being purchased in FY 2016/17.

4. Capital Outlay:

- This amount represents the purchase of servers, personal computers, UPS equipment, and network equipment that meets the \$1,000 capital threshold.

5. Cash Carryover:

- This represents the excess of FY 2016/17 budgeted revenues over expenditures and is being placed here to cover any cash deficits that may exist in this fund at the end of FY 2015/16. These funds must be appropriated by City Council before they can be used.

SERVICE LEVEL CHANGES:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
TECHNOLOGY EQUIPMENT REFRESH (S/F 537)**

PROPOSED BUDGET BOOK – Page #179-180

CAPITAL OUTLAY CARRYFORWARDS:

None.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
RADIO EQUIPMENT REFRESH (S/F 538)**

PROPOSED BUDGET BOOK – Page #181-182

BACKGROUND:

This is a subfund that accounts for the refresh and replacement of the City's radio equipment.

REVENUE:

1. Charges for Services:

- This amount represents customer billings for the FY 2016/17 proposed radio purchases. The reason for the decrease from FY 2015/16 is because customers were billed for the total cost of the radios in FY 2015/16. The FY 2016/17 customers will only be billed for 50% of the radio costs annually over a two-year repayment cycle.

2. Transfers from Fund Balance:

- This transfer from fund balance is required as customer billings alone will be insufficient to cover the radio purchases in FY 2016/17. Customer billings are expected to cover 100% of the required funding for radio purchases in FY 2017/18 going forward.

EXPENDITURES:

1. Capital Outlay:

- This amount represents the mobile and consolle radios which are slated for purchase in FY 2016/17.
 - Office of the Sheriff \$939,554
 - Fire and Rescue \$243,433
 - Mayor's Office \$ 6,501

SERVICE LEVEL CHANGES:

None.

CAPITAL OUTLAY CARRYFORWARDS:

None.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

RECOMMENDATION:

None.

FISCAL YEAR 2017 - 2021 IT SYSTEM DEVELOPMENT PROJECTS
Projects by Funding Source

	Prior Year	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Borrowed Funds	19,201,550	2,751,627	4,053,681	3,849,151	1,407,099	1,542,150
Pay- Go: Equipment/Radio Refresh	2,195,734	1,652,308	1,714,680	1,707,276	1,704,342	1,700,987
On-Going Operating Cost		146,172	2,564,877	2,017,688	2,044,995	2,108,422
Pay-Go: Other	93,980	118,256	71,556	71,556	35,778	-
Total Per Year	21,491,264	4,668,363	8,404,794	7,645,651	5,192,214	5,351,559

Previously Appropriated Amounts include activity B4/B4a projects

Functional Area Department	Program Area	Project Title	Previous Capital Appropriation	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Citywide	Application - Citywide	Microsoft Office 365	-	-	465,800	465,800	465,800	465,800
JFRD	Application - Department Specific	Fire Inspection System	-	-	188,126	102,272	102,272	102,272
JFRD / JSO	Application - Department Specific	CAD - 911 Call System Replacement	2,011,461	2,751,627	917,209	-	-	-
ITD	Backup and Recovery	Disaster Recovery / Data Redundancy	-	112,872	260,488	276,300	274,800	274,800
Citywide	Enterprise Solution	Enterprise Auto Vehicle Locator	535,000	-	994,900	49,500	49,500	49,500
Citywide	Enterprise Solution	Enterprise Document Management Solution	1,123,164	-	70,344	95,052	19,000	19,000
Citywide	Enterprise Solution	Enterprise Financial / Resource Management Solution	12,225,400	-	-	-	-	-
Citywide	Enterprise Solution	Enterprise Permit / Land Use Management	14,248	-	1,300,775	1,230,000	480,000	480,000
Citywide	Enterprise Solution	Global Online Payment / E-Commerce	-	-	112,500	555,000	-	-
ITD	Infrastructure / Equipment	Network Equipment Refresh	659,012	381,372	390,000	340,000	340,000	340,000
ITD	Infrastructure / Equipment	Network UPS Replacement	122,735	29,287	50,000	50,000	50,000	50,000
ITD	Infrastructure / Equipment	PBX: Telecommunications Upgrade	-	-	277,500	370,749	405,899	621,700
ITD	Infrastructure / Equipment	Security Upgrades - Technology / ITD	-	-	-	632,500	82,500	82,500
ITD	Infrastructure / Equipment	Server Equipment Refresh	404,094	52,161	85,192	127,788	127,788	127,788
ITD	Infrastructure / Equipment	Virtual Desktop Infrastructure (VDI)	-	-	-	500,000	-	-
JFRD	Infrastructure / Equipment	Fire Station Fiber Upgrade	-	-	100,000	100,000	100,000	100,000
JFRD	Infrastructure / Equipment	JFRD Mobile Data Terminals (MDT) Replacement	-	46,700	396,950	-	-	-
Citywide	Radio System	P25 Radio - Mobile Radio Refresh	1,192,170	1,189,488	1,189,488	1,189,488	1,186,554	1,183,199
Citywide	Radio System	P25 Radio - Radio Communication Site Expansion	-	-	-	1,055,000	1,055,000	1,055,000
Citywide	Radio System	P25 Radio - Radio Tower UPS Replacement	93,980	104,856	105,522	106,202	53,101	-
JFRD	Radio System	P25 Radio - Fire Station Paging	3,000,000	-	-	-	-	-
Citywide	System Upgrade / Expansion	CARE System Upgrade / Replacement	110,000	-	1,500,000	400,000	400,000	400,000

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FINANCE AND ADMINISTRATION
COPY CENTER / CENTRAL MAILROOM (S/F 521)**

PROPOSED BUDGET BOOK - Page # 167-168

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 amount of \$2,431,433 represents costs billed to other departments and government agencies, and is directly related to the budgeted expenditures in this fund.
2. Miscellaneous
 - This amount represents anticipated interest earnings for FY 2016/17. The revenues are budgeted to increase by \$1,250 based on the City's projected interest rate and the historical cash balance for the sub fund.

EXPENDITURES:

1. Salaries
 - The increase of \$1,480 is primarily due to an equity increase that was provided to one Central Mailroom employee because the City filled an equivalent position in a different area at a higher rate.
2. Pension Costs
 - The net increase of \$6,192 is consistent with the scheduled increase for the City's contribution rate.
3. Internal Service Charges
 - The increase of \$1,780 represents decreases in the information system and building cost allocations totaling \$871 and \$909, respectively. The information system decrease is primarily due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers. The building cost decrease also more accurately reflects actual costs.
4. Professional and Contractual Services
 - The budget remained flat. Although the cost per unit for the City's consolidated copier contract decreased, the Copy Center's production quantity increased, resulting in a net effect for projected expenditures.

EMPLOYEE CAP CHANGES:

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FLEET MANAGEMENT DIVISION
FLEET MANAGEMENT OPERATIONS (S/F 511)**

PROPOSED BUDGET BOOK – Page #159-161

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.

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. Investment Pool / Interest Earnings:

- The decrease of \$42,119 in interest income is based on actuals.

Non-Departmental / Fund Level Activities

3. Miscellaneous Revenue:

- The net increase of \$85,197 is mainly due to an expected increase of \$175,000 in reimbursement warranty work which is partially offset by a decrease of \$99,803 in revenue collected from the third-party insurances based on actuals.

EXPENDITURES:

Intra-Governmental Services

1. Salaries:

- The net increase of \$42,246 is mainly due to an increase of \$79,882 in permanent and probationary salaries attributable to salary adjustments and promotions and an increase of \$10,000 in part-time salaries based on actuals. This was somewhat offset by a \$51,000 reduction in overtime costs also based on actuals.

2. Salary & Lapse Benefit:

- This reflects an estimated salary and benefit lapse based on the average turnover ratio and estimated number of vacancies in FY 2016/17.

3. Pension Costs:

- The increase of \$99,277 is mainly due to an increase of \$81,242 in pension costs for the defined benefit plan due to rate increases and an increase of \$17,701 in pension costs for the defined contribution plan due to new employees joining this plan.

4. Internal Service Charges:

- The net increase of \$180,096 is attributable to an increase of \$83,038 in fleet cost allocations due to an increase in actual fuel consumption and usage of vehicle

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FLEET MANAGEMENT DIVISION
FLEET MANAGEMENT OPERATIONS (S/F 511)**

PROPOSED BUDGET BOOK – Page #159-161

maintenance services and the purchase of four new vehicles in FY 2016/17 (2 golf carts and 2 utility body trucks). The increase is also attributable to an increase of \$68,353 in IT computer maintenance attributable to several application development projects and an increase of \$36,431 in city-wide building maintenance based on actual maintenance services at Fleet facilities.

5. Insurance Costs and Premiums:

- The increase of \$5,003 is due to an increase general liability insurance cost.

6. Professional and Contractual Services:

- The increase of \$24,093 is to reflect a projected increase in automotive parts for the renewal of the contract.

7. Other Operating Expenses:

- The net decrease of \$777,171 is mainly due to a reduction of \$1,169,039 in fuel cost caused by a decrease in budgeted fuel price per gallon. This was partially offset by an increase of \$120,000 in sublet repairs-motor pool only and an increase of \$250,000 in parts based on current actuals.

8. Supervision Allocation:

- This amount represents the administration cost of the Division that is allocated to the Vehicle Replacement Fund (S/F 512).

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

None.

CAPITAL OUTLAY CARRYFORWARD:

None.

RECOMMENDATION:

The amount budgeted for fuel needs to be reduced by \$2,100,000 due to fewer gallons being needed for JEA's fleet and for Public Work's contract garbage haulers. The independent contract garbage haulers built a fueling station and converted its primary fleet to compressed natural gas (CNg) which will not be purchased via Fleet Management. 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 2016/17 BUDGET
FLEET MANAGEMENT DIVISION
VEHICLE REPLACEMENT (S/F 512)**

PROPOSED BUDGET BOOK – Page #163-164

BACKGROUND:

This is an internal service fund that accounts for the replacement of City owned vehicles. Vehicles purchased in this subfund are purchased with borrowed funds.

REVENUE:

1. Charges for Services:
 - The increase of \$5,792,205 is due to larger vehicle replacement in FY 2015/16 and the new proposed budget in comparison to earlier years which are being paid off.
2. Investment Pool / Interest Earnings:
 - The decrease of \$98,042 in interest income is based on actuals.
3. Miscellaneous Revenue:
 - The increase of \$182,835 is attributable to an increase in revenue from third party insurances.
4. Other Sources:
 - This represents the amount of borrowed funds required to purchase the FY 2016/17 proposed vehicle replacements.

EXPENDITURES:

1. Pension Costs:
 - The increase of \$5,729 is due to an overall increase in pension costs.
2. Internal Service Charges:
 - The decrease of \$151,722 is mainly due to the full repayment of the Auto Vehicle Locator IT System Development project in FY 2015/16.
3. Capital Outlay:
 - This amount represents the purchase of vehicles in the proposed budget with borrowed funds. The increase of \$888,870 is due to more vehicles being purchased with borrowed funds instead of being purchased with cash in the Direct Vehicle Replacement Fund (S/F 513).

Source	FY 2015/16 Proposed	FY 2016/17 Proposed	Change
Pay-As-You-Go (pay-go)	17,425,982	16,627,470	(798,512)
Borrowing (Debt Management Fund)	10,063,940	10,952,810	888,870
Total Vehicle Replacement	\$ 27,489,922	\$ 27,580,280	\$ 90,358

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FLEET MANAGEMENT DIVISION
VEHICLE REPLACEMENT (S/F 512)**

PROPOSED BUDGET BOOK – Page #163-164

4. Supervision Allocation:

- This amount represents the administration cost of the Division which is allocated to each activity within Fleet Management.

5. 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 2016/17 vehicle replacements and is being transferred to the Direct Vehicle Replacement fund (S/F 513).

6. Debt Management Fund Repayments:

- This amount represents the interest and principal payback for debt management fund borrowing. The increase of \$3,058,427 is due to the increase in vehicle replacements in recent years with corresponding increases in borrowing.

EMPLOYEE CAP CHANGE:

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None.

CAPITAL OUTLAY CARRYFORWARD:

There is a total capital outlay carryforward of \$671,606 associated with the FY 2015/16 vehicle replacements that might not be purchased by the end of the fiscal year.

COMMENT:

We are concerned that borrowing funds to purchase vehicles in the FY 2016/17 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. Section 10.4 of the FY 2016/17 Proposed Budget Ordinance waives the requirement to purchase vehicles with cash.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
FLEET MANAGEMENT DIVISION
DIRECT REPLACEMENT (S/F 513)**

PROPOSED BUDGET BOOK – Page #165-166

BACKGROUND:

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

REVENUE:

1. Investment Pool / Interest Earnings:

- The increase of \$15,629 in interest income is to better reflect actual revenues.

2. Transfers From Other Funds:

- The decrease of \$2,249,361 is due to the elimination of a one-time \$5,209,270 interfund transfer from the General Fund / General Service District, which was partially offset by an increase of \$2,959,909 in the pay-go transfer from Vehicle Replacement (S/F 512).

3. Transfers From Fund Balance:

- The transfer of \$1,619,133 from fund balance is being utilized to reduce the use of borrowed funds for the purchase of vehicles and to cover the transfer to Radio Communication (S/F 534).

EXPENDITURES:

1. Capital Outlay:

- The decrease of \$798,512 is due to the reduction of vehicles being purchased with cash in FY 2016/17.

2. Transfers to Other Funds:

- This amount represents the funding to be transferred to Radio Communication (S/F 534) to purchase required equipment for the vehicle replacements of the Fire and Rescue Department. This equipment includes mobile and portable radios and antennas.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

CAPITAL OUTLAY CARRYFORWARD:

There is a capital outlay carryforward of \$1,139,827 associated with the FY 2015/16 vehicle replacements that might not be purchased by the end of the fiscal year.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
EMPLOYEE SERVICES
GROUP HEALTH (S/F 571)**

PROPOSED BUDGET BOOK - Page # 141 - 143

BACKGROUND

This Internal Service Fund provides for the costs of group health, life insurance and other types of employee insurances. On January 1, 2015, the City moved to being partially self-insured for group health pursuant to Ordinance 2014-546-E. As of January 1, 2017, the City will have specific stop loss coverage of \$600,000 (currently \$550,000) per claim. The City remains fully insured for the other insurances

Group health and vision are being projected flat while dental is budgeted to increase by 8% as of January 1, 2017. The dental plan is still in the final stages of the RFP and negotiation processes

REVENUE:

1. Charges for Services:

- The decrease of \$2,368,558 is primarily due to a total budgeted decrease of \$2,682,547 in health premiums to bring them more in line with current year actuals. These decreases are slightly offset by a total increase of \$311,581 in dental premiums related to the 8% increase in rates. The charges for services are based on the expenses less non-billing revenue (e.g. interest earnings). In the case of employee-paid costs, these are withheld from the employee's pay. The employer paid portion is billed to departments via the bi-weekly payroll interfaces. Administrative costs are paid by the participants and the City on a percentage mark-up basis of their share of the applicable premium.

2. Investment Pool/Interest Earnings

- The increase of \$87,829 is due to an increase in projected investment pool earnings.

EXPENDITURES

1. Salaries:

- The increase of \$4,514 is due to an increase of \$6,801 in permanent and probationary salaries which is mainly associated with a position re-classification. This is partially offset by a \$2,136 decrease in leave rollback/sellback.

2. Pension Costs:

- The increase of \$21,718 is mainly due to the increase in defined benefit employer contribution percentage and slightly offset by election changes by employees

3. Employer Provided Benefits:

- The decrease of \$7,519 is primarily attributable to election changes in group hospitalization insurance by employees.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
EMPLOYEE SERVICES
GROUP HEALTH (S/F 571)**

PROPOSED BUDGET BOOK - Page # 141 - 143

4. Internal Service Charges:

- The increase of \$59,840 is due to a \$62,342 increase in computer system maintenance/security resulting from the development of a new automated benefits program and the restructuring of direct support costs previously included as pooled costs.

5. Insurance Costs and Premiums:

- The net increase of \$305,674 includes increases of \$94,538 in premium paid-employer dental and \$210,633 in premium paid-employee dental. These increases are resulting from the budgeted 8% increase in dental premiums.

6. Professional and Contractual Services:

- The net increase of \$80,000 is due to the budgetary addition of funding for a compliance program and services contract related to the Affordable Care Act. In previous years, this contract was absorbed within existing budget capacity.

7. Other Operating Expense:

- The increase of \$607 is mainly due to an increase in dues, subscriptions, & memberships.

8. Cash Carryover:

- There is no cash carry over budgeted for FY 2016/17.

EMPLOYEE CAP CHANGES:

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 2016/17 BUDGET
EMPLOYEE SERVICES
CITY WELLNESS AND FITNESS FUND (S/F 1H9)**

PROPOSED BUDGET BOOK - Page # 139 – 140

BACKGROUND:

Prior to the passage of 2016-8-E, this subfund housed the funds for the City's Wellness and Fitness Program. With the passage of 2016-8-E, these funds are now housed in City Wellness and Fitness (S/F 64H). The FY 2016/17 budget includes the movement of the remaining cash out of this fund to the newly established subfund.

REVENUE:

1. Investment Pool / Interest Earnings:
 - The \$15,817 represents the appropriation of funds already earned by this sub fund.
2. Miscellaneous Revenue:
 - The \$200,000 represents the appropriation of funds contributed to the City by Florida Blue during FY 2015/16.

EXPENDITURES:

1. Transfers to Other Funds:
 - The \$215,817 in available cash is being transferred to the newly established City Wellness and Fitness Fund (S/F 64H).

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

We recommend that the \$993 in investment pool earnings accumulated during June 2016 be included in the transfer to the City Wellness and Fitness Fund (S/F 64H) and placed into cash carryover. This will have no impact on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
EMPLOYEE SERVICES
CITY WELLNESS AND FITNESS (S/F 64H)**

PROPOSED BUDGET BOOK - Page # 145 - 146

BACKGROUND:

This subfund was established by 2016-8-E to replace the City Wellness and Fitness Fund (S/F 1H9) which was put in place to account for annual contributions to fund the City's Wellness and Fitness Program. Pursuant to Sec. 111.471 of the municipal code, the funding can be used for fitness activities, wellness programs, equipment, biometric testing services, rewards programs, and all other products and services deemed necessary, including the services of an independent contractor to manage the programs.

REVENUE:

1. Miscellaneous Revenue:

- The \$200,000 is the contribution from Florida Blue for the city wellness and fitness program pursuant to the City's health insurance contract.

2. Transfers From Other Funds:

- The \$215,817 represents the transfer of available cash that is being held in the City Wellness and Fitness Fund (S/F 1H9).

3. Transfers from Fund Balance:

- There is a proposed \$600,000 transfer from fund balance. These funds were moved into this subfund by 2016-8-E.

EXPENDITURES:

1. Professional and Contractual Services:

- The available funding is being appropriated to fund wellness and fitness program expenditures.

EMPLOYEE CAP CHANGES:

There are no positions in this subfund.

SERVICE LEVEL CHANGES:

The Department has selected a proposal for the wellness and fitness program contractor and is currently in the process of finalizing an agreement.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
GENERAL COUNSEL (S/F 011)**

PROPOSED BUDGET BOOK – Page # 261-262

BACKGROUND:

This department accounts for the Duval Legislative Delegation and the Office of General Counsel Division, which includes the Public Accountability Office and also provides resources to be used for the defense of the City against legal action.

REVENUES:

There are no revenues for the General Fund divisions of this department.

EXPENDITURES:

1. Salaries:
 - The increase of \$9,188 is mostly due to an increase in the salary for the Delegation Coordinator position which occurred in FY 15/16.
2. Pension Costs:
 - The net increase of \$3,782 is mostly due to an increase in the defined benefit contribution rate.
3. Internal Service Charges:
 - The net decrease of \$1,900 is primarily due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers.
4. Insurance Costs and Premiums:
 - The increase of \$482 is mostly due to budgeting general liability insurance for the Office of Public Accountability, which was not included in the FY 15/16 approved budget.

SERVICE LEVEL CHANGES:

There are no significant service level changes.

EMPLOYEE CAP CHANGES:

There are no employee cap changes.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
GENERAL COUNSEL (S/F 551)**

PROPOSED BUDGET BOOK - Page # 263-265

BACKGROUND:

This internal service accumulates and allocates the cost of the General Counsel's Office and recovers its costs via charges to its users/customers which include the City, independent authorities, and boards/commissions of the government.

REVENUE:

1. Charges for Services:
 - The increase of \$399,980 is the result of higher billings to other departments and agencies based on an increase in operating expenses.
2. Transfers from Fund Balance:
 - This amount represents an appropriation of retained earnings of \$205,044.

EXPENDITURES:

1. Salaries:
 - The \$359,999 increase in salaries is mainly attributable to the addition of two (2) authorized positions to support the legal needs of JEA that was approved by Ordinance 2016-258-E (\$155,380), some salary adjustments in the positive (\$115,460), and promotions (\$77,346), all which took place during FY 2015/16. In addition, funding was added for two positions that were previously unfunded (\$82,064). These increases were offset by salary reductions of \$71,311.
2. Salary & Benefit Lapse:
 - The lapse totaling \$308,901 (an increase of \$12,855) is based on the average turnover ratio and estimated number of vacancies in FY 2016/17.
3. Pension Costs:
 - The increase of \$261,873 is mainly attributable to an increase in the defined benefit contribution rate, the addition of the two positions, and various salary adjustments mentioned above.
4. Internal Service Charges:
 - The net decrease of \$27,757 is mainly attributable to a reduction in computer system maintenance/security charges of \$21,229 primarily due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
GENERAL COUNSEL (S/F 551)**

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5. Professional and Contractual Services:

- The decrease of \$50,000 is mainly due to the removal of outside legal services for the Office of Inspector General.

6. Other Operating Expenses:

- The net increase of \$50,468 is mainly attributable to increases in:
 - Dues, subscriptions, and memberships of \$20,000 mostly due to the addition of two new positions and the addition of new law subscriptions as well as certification renewals,
 - Travel expense of \$20,000 for maintaining job-related certifications and other conference travel, and
 - Hardware and software maintenance of \$10,000, primarily due to licensing of software for the two new positions.

SERVICE LEVEL CHANGES:

As previously stated, two (2) new positions were authorized to provide legal services specifically to JEA.

EMPLOYEE CAP CHANGES:

The employee cap increased from 61 to 63 due to the new positions added during FY 2015/16.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
PUBLIC HEALTH
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 329-330

BACKGROUND

The Duval County Health Department is a partnership between the State of Florida and the City of Jacksonville. The funding for the Duval County Health Department comes from the State of Florida, the City of Jacksonville, and from county fees for vital statistics, communicable disease, primary care, and environmental health.

REVENUES:

There are no revenues associated with the Duval County Health Department.

EXPENDITURES:

1. Internal Service Charges

- The net increase of \$254,054 is primarily due to increases of \$190,795 in building maintenance mainly due to a higher allocation of those costs that resulted from past usage, \$43,980 in building cost resulting from a rental agreement with the State for space in the Ed Ball building, and \$14,695 in utilities allocations due to the City's assumption of responsibility for buildings that were previously paid for by the State.

2. Grants, Aids and Contributions

- City funding has been provided for three programs, as listed in the chart below. The chart also includes funding that was provided by the State.

	FY2015/16		FY2016/17	
Program Name	State	City	State	City
Sexually Transmitted Diseases	\$ 491,224	\$ 147,000	\$ 373,215	\$ 147,000
Immunization	\$ 863,742	\$ 195,000	\$ 132,674	\$ 258,292
Hospital Emergency Room Alternatives	\$ 331,200	\$ 216,200	\$ 331,200	\$ 150,243
Total	\$ 1,686,166	\$ 558,200	\$ 837,089	\$ 555,535

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
PUBLIC HEALTH
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 329-330

EMPLOYEE CAP CHANGES:

There are no City funded positions for this Department.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
JACKSONVILLE HOUSING FINANCE AUTHORITY
HOUSING FINANCE AUTHORITY (S/F 721)**

BACKGROUND:

The Jacksonville Housing Finance Authority (JHFA) provides funds to support the development of housing for low-to-moderate income families through the issuance of tax exempt bonds. The bond proceeds are utilized to make low interest loans. Ordinance 2014-185-E, enacted on August 12, 2014, classified the JHFA as an independent authority of the City of Jacksonville.

ESTIMATED REVENUES:

Significant changes in revenue are as follows:

1. Realized Gain/Loss on Sale:
 - The decrease of \$70,000 is due to a new State program that is grant based and in direct competition with the JHFA Single-Family Program that is loan based and generates this revenue.
2. Miscellaneous Sales:
 - The increase of \$40,000 is based on current actual revenues. This revenue is related to prior mortgages issued by the Duval County Housing Finance Authority that are forgivable if the affordability terms are met. If the property is transferred or sold prior to that time, then the funds are repaid.
3. Mortgage Interest:
 - The decrease of \$45,000 is due to JHFA not anticipating a balloon note similar to one they had received in FY 2015/16 that had accrued a significant amount of interest.
4. Investment Proceeds:
 - The decrease of \$15,000 is due to a lesser cash balance because JHFA transferred \$1,400,000 to its loan subfund.

ESTIMATED EXPENDITURES:

Significant changes in expenditures are as follows:

1. Pension Contributions:
 - The increase of \$8,939 is due to an increase in defined benefit contribution and a calculation error from last year that was corrected.
2. Professional Services:
 - The decrease of \$50,000 is due to a potential implementation of an expansion to the Single-Family Program that did not materialize.
3. Travel Expenses:
 - The decrease of \$5,000 is based on current actual expenditures and reductions in projected revenues.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
JACKSONVILLE HOUSING FINANCE AUTHORITY
HOUSING FINANCE AUTHORITY (S/F 721)**

4. Computer Data Center:

- The decrease of \$6,357 is primarily due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers. However, the computer data center amount of \$1,994 is an error. See recommendation below.

5. Lease Purchase:

- The decrease of \$5,000 is due to JHFA no longer leasing a Xerox machine.

6. Miscellaneous Expenses:

- The decrease of \$12,343 is based on actual expenditures and reductions in projected revenues.

7. Employee Training:

- The decrease of \$2,500 is based on actual expenditures and reductions in projected revenues.

8. Indirect Costs:

- The indirect cost amount of \$1,352 is an error. See recommendation below.

SERVICE LEVEL CHANGES:

None

AUTHORIZED POSITION CAPS:

None

RECOMMENDATION:

1. The JHFA requests that professional services be reduced by \$17,507, to correct the two errors mentioned above. The FY 2016/17 proposed amount for indirect costs of \$1,352 should be increased by \$17,142, to \$18,494. In addition, the proposed amount for computer data center of \$1,994 should be increased by \$365, to \$2,359. We recommend that Schedule N be revised to reflect this correction. There is no impact to Special Council Contingency.

**Jacksonville Housing Finance Authority
2016/17 Proposed Budget**

	<u>FY 2015/2016</u>	<u>FY 2016/2017</u>	<u>Change From FY16</u>	
<u>Estimated Revenues:</u>	<u>Approved</u>	<u>Proposed</u>	<u>Percent</u>	<u>Dollar</u>
36142 Realized Gain/Loss on Sale	\$ 125,000	\$ 55,000	(56.0%)	\$ (70,000)
36907 Miscellaneous Sales	5,000	45,000	800.0%	40,000
36936 Mortgage Interest	75,000	30,000	(60.0%)	(45,000)
38502 Bond Issuer Fees	171,100	174,200	1.8%	3,100
361101 Investment Proceeds	35,000	20,000	(42.9%)	(15,000)
Total Estimated Revenues	\$ 411,100	\$ 324,200	(21.1%)	\$ (86,900)
<u>Estimated Expenditures:</u>				
Personnel *				
01201 Salaries	\$ 59,204	\$ 59,199	(0.0%)	\$ (5)
01401 Salaries Overtime	-	1		1
01511 Special Pay	615	615	0.0%	-
02101 Payroll Taxes	-	-		-
02102 Medicare Taxes	784	867	10.6%	83
02201 Pension Contributions	13,067	22,006	68.4%	8,939
02207 Disability Trust Fund	176	179	1.7%	3
02303 Group Life Insurance	138	131	(5.1%)	(7)
02304 Group Hospitalization	8,696	8,691	(0.1%)	(5)
Total Personnel	\$ 82,680	\$ 91,689	10.9%	\$ 9,009
Operating Expenses				
03109 Professional Services	\$ 215,000	\$ 165,000	(23.3%)	\$ (50,000)
04002 Travel Expenses	15,000	10,000	(33.3%)	(5,000)
04203 ITD Replacement	-	-		-
04205 OGC Legal	27,898	31,261	12.1%	3,363
04211 Copy Center	-	39		39
04217 Fleet Management	-	-		-
04221 Mailroom	378	409	8.2%	31
04223 Computer Data Center	8,351	1,994	(76.1%)	(6,357)
04404 Lease Purchase	5,000	-	(100.0%)	(5,000)
04603 Repairs and Maintenance	1	1	0.0%	-
04801 Advertising	1,000	1,000	0.0%	-
04938 Miscellaneous	19,795	7,452	(62.4%)	(12,343)
05101 Office Supplies	2,500	1,500	(40.0%)	(1,000)
05206 Food & Beverage	1,000	1,000	0.0%	-
05216 Other Operating Expenses	1	1	0.0%	-
05401 Employee Training	10,000	7,500	(25.0%)	(2,500)
05402 Dues, Subscriptions, Memberships	4,000	4,000	0.0%	-
Total Operating Expenses	\$ 309,924	\$ 231,157	(25.4%)	\$ (78,767)
Other Expenses				
06302 Improvements Other Than Buildings	\$ 1	\$ 1	0.0%	\$ -
06402 Other Heavy Equipment	1	1	0.0%	-
09904 Indirect Costs	18,494	1,352	(92.7%)	(17,142)
Total Other Expenses	\$ 18,496	\$ 1,354	(92.7%)	\$ (17,142)
Total Estimated Expenditures	\$ 411,100	\$ 324,200	(21.1%)	\$ (86,900)

* The JHFA utilizes Housing & Community Development Division staff on a cost-reimbursement basis as authorized in Section 52.105, *Municipal Code*. The monetary amount budgeted represents 50% of the Director - Finance position and 35% of the Contract Compliance Manager position.

**Jacksonville Housing Finance Authority
2016/17 Budget**

Estimated Revenues:

36142	Realized Gain/Loss on Sale	\$ 55,000
36907	Miscellaneous Sales	45,000
36936	Mortgage Interest	30,000
38502	Bond Issuer Fees	174,200
361101	Investment Proceeds	20,000
Total Estimated Revenues		\$ 324,200

Estimated Expenditures:

Personnel *

01201	Salaries	\$ 59,199
01401	Salaries Overtime	1
01511	Special Pay	615
02102	Medicare Taxes	867
02201	Pension Contributions	22,006
02207	Disability Trust Fund	179
02303	Group Life Insurance	131
02304	Group Hospitalization	8,691
Total Personnel		\$ 91,689

Operating Expenses

03109	Professional Services	\$ 147,493
04002	Travel Expenses	10,000
04205	OGC Legal	31,261
04211	Copy Center	39
04221	Mailroom	409
04223	Computer Data Center	2,359
04603	Repairs and Maintenance	1
04801	Advertising	1,000
04938	Miscellaneous	7,452
05101	Office Supplies	1,500
05206	Food & Beverage	1,000
05216	Other Operating Expenses	1
05401	Employee Training	7,500
05402	Dues, Subscriptions, Memberships	4,000
Total Operating Expenses		\$ 214,015

Other Expenses

06302	Improvements Other Than Buildings	\$ 1
06402	Other Heavy Equipment	1
09904	Indirect Costs	18,494
Total Other Expenses		\$ 18,496

Total Estimated Expenditures \$ 324,200

* The JHFA utilizes Housing & Community Development Division staff on a cost-reimbursement basis as authorized in Section 52.105, *Municipal Code*. The monetary amount budgeted represents 50% of the Director - Finance position and 35% of the Contract Compliance Manager position.

Revised Schedule N

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
MEDICAL EXAMINER
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 219-220

BACKGROUND:

The Medical Examiner provides autopsies, toxicological examinations, and histopathological preparations of tissues, autopsy reports, depositions, scene investigations, and expert witness testimony to Duval County, Nassau County, Clay County, the Department of Corrections of Union County (District IV), and parts of District III, which includes service to Columbia and Hamilton Counties.

REVENUE:

1. Charges for Services:
 - The net increase of \$111,930 is primarily due to an increase of actual collections for providing out of County services to District III and District IV. See Recommendation 2

EXPENDITURES:

1. Salaries:
 - The \$43,111 increase is primarily due to the \$33,331 increase in permanent and probationary salaries. This increase was due to several pay raises approved by MBRC to bring salaries more in line with equivalent positions throughout the state of Florida. There was also an increase of \$13,200 in special hazard pay for investigators, autopsy techs, and a photographer.
2. Pension Cost:
 - The increase is mainly due to increases of \$13,847 in defined benefit plan costs due to the required increase in contribution percentage which was mitigated due to an increase in participation in the defined contribution which increased that cost by \$9,236.
3. Employer Provided Benefits:
 - The net decrease of \$10,379 is primarily due to a decrease of \$7,008 in Group Hospitalization insurance due to a change in elections by employees.
4. Internal Services:
 - The net decrease of \$37,205 is mainly due to a decrease in computer system maintenance/ security of \$45,192. This decrease is primarily due to a change in ITD's billing methodology that will result in the elimination of pooled overhead costs. These costs are now being directly billed to the applicable customers. Also a decrease in utilities allocation of \$21,649 which is a result of a decrease in the building's cost of electricity. This is slightly offset with an increase of \$27,829 to building maintenance costs.
5. Insurance Cost and Premium
 - The net increase is due to an increase of \$21,426 in miscellaneous insurance which is the result of a new policy for medical malpractice.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
MEDICAL EXAMINER
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 219-220

6. Professional and Contractual Services

- The increase of \$124,747 is mainly due to an increase in professional services for outsourced toxicology due to one-time reduction in the first year costs due to transfer of city assets (\$66,767), need for Forensic Pathologist on weekends (\$20,000), and an increase of due to an increase number of body removals (\$24,480).

7. Other Operating Expenses:

- The net increase of \$42,694 is mainly due to an increase of \$20,376 in lease purchase (equipment agreements). The Department is purchasing a new x-ray machine to replace non-functional equipment and an increase of \$14,659 in other operating supplies which is mainly due to an increase in work load and cases.

EMPLOYEE CAP CHANGES:

None.

RECOMMENDATION:

1. We recommend that the Chief Toxicologist position and associated funding be removed from the budget. This position was red-lined as part of the FY 2015/16 budget. The Employee physically left in December 2015 and was officially terminated June 2016. This will have a positive impact of \$92,662 on Special Council Contingency.
2. We recommend that the District IV services be increased from by \$100,000. This amount more accurately represents the actual revenue collections. This will have a positive impact of \$100,000 on Special Council Contingency.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
MILITARY AFFAIRS AND VETERANS
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 221-222

BACKGROUND:

The Military Affairs and Veterans Department focuses its efforts to advocate for our local military personnel and veterans and works closely with military, business, community, and elected leaders at the local, state, and national levels to deliver a compelling message that Jacksonville is the most military-friendly city in the United States. Also, the department oversees and maintains the Jobs-For-Vets website, an initiative designed to connect job seeking Veterans to Veteran-Friendly employers in the Jacksonville region.

REVENUE:

1. Miscellaneous Revenue

- The \$500 is expected from the sale of a software program that manages client appointments and information. The program is sold directly to county veterans' service offices throughout the State.

EXPENDITURES:

1. Salaries

- The net increase of \$74,872 is mostly due to an increase in permanent and probationary salaries. Specifically, six employees received salary increases that totaled \$58,337, employee turnover for three positions resulted in a net increase of \$14,781, and one employee received an end of probation increase of \$1,254.

2. Pension Costs

- The increase of \$39,005 is due to pension election changes, salary increases noted above, and the increased pension contribution rate.

3. Internal Service Charges

- The net decrease of \$32,760 is mostly attributable to decreases in the department's allocations for computer system maintenance/security and building costs for the St. James building totaling \$13,798 and \$18,380, respectively. The decrease in computer system maintenance/security is primarily due to a change in ITD's billing methodology for certain application services. The decrease in building costs is due to reduction in the square footage for a lower portion of the overall costs.

4. Insurance Costs Premiums

- The increase of \$1,056 is due to an overall increase in the cost of general liability insurance.

5. Other Operating Expenses

- The net increase of \$2,146 is mostly due to increases of \$1,060 in parking costs for City vehicles, \$753 in dues, subscriptions, and memberships, and \$670 in employee training.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
MILITARY AFFAIRS AND VETERANS
GENERAL FUND/GENERAL SERVICES DISTRICT (S/F 011)**

PROPOSED BUDGET BOOK - Page # 221-222

FOOD AND BEVERAGE EXPENDITURES:

SF	Indexcode	Amount	Description of each Service/Event that requires the purchase of food/beverage	Explanation that the Service/Event serves a public purpose
011	MVOD011	\$650	Bottled Water-Memorial Day and Purple Heart events.	Serves approximately 3,000 attendees at the Memorial Day Observance in May and at the Purple Heart Trail Walk in August.
011	MVOD011	\$650	Working lunch meetings every fourth month with Base Commanding Officers.	Serves approximately 20 attendees at each Area Base Commanding Officers Luncheons.

EMPLOYEE CAP CHANGES:

None.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2016/17 BUDGET
NON-DEPARTMENTAL/FUND LEVEL ACTIVITIES
EMERGENCY CONTINGENCY(S/F 018)**

PROPOSED BUDGET BOOK - Page # 101-102

BACKGROUND:

This fund is the General Fund/General Services District's Emergency Contingency, which was moved to a separate fund pursuant to Municipal Code Section 106.106. Section 106.106 sets the targeted level for the Emergency Reserve as between 5% and 7%. Furthermore, Section 106.107 states that this fund should be equal to approximately seven percent (25.5 days average cash flow) of the total General Fund/General Services District budgeted expenditures. To meet the goals outlined in the municipal Code, the fund balance would need to be between \$54.7 million and \$76.6 million.

REVENUES:

Investment Pool/Interest Earning

- This amount is made up of anticipated interest earnings for FY 2016/17.

Transfers from Fund Balance

- This represents the estimated FY 2015/16 ending cash balance.

Transfers from other Funds-

- The decrease of \$1,712,868 is associated with City Council's approval for this amount in the prior year which was the result of the FY 2015/16 proposed fund amount not meeting the 5%-7% target level required by section 106.106 of the Municipal Code.

EXPENDITURES:

Cash Carryover

- This amount is the estimated FY 2016/17 ending cash balance including interest income.

EMPLOYEE CAP CHANGES:

There are no employees associated with this subfund.

CONCERN:

Based on the proposed General Fund/General Services District budget of \$1,093,808,724, and the projected fund balance of \$52,691,309, the Emergency Contingency Fund does not achieve the target requirements as set for by Section 106.106 and 106.107.

RECOMMENDATION:

We recommend that the General Fund/General Services District (S/F 011) transfer \$2 million from its fund balance to the Emergency Reserve to assist in meeting the target requirement. This will have no impact on Special Council Contingency.