

OFFICE OF THE COUNCIL AUDITOR

FY 2021/2022 PROPOSED BUDGET

FINANCE COMMITTEE MEMBERS

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Meeting #7
August 27, 2021

**COUNCIL AUDITOR'S OFFICE
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**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 2021/22 PROPOSED BUDGET
 POLICE & FIRE PENSION ADMINISTRATION (FUND 65106)**

(This is not in your budget book)

BACKGROUND:

The Police and Fire Pension Fund is not included in the Mayor’s Proposed Budget because the Police and Fire Pension Fund is governed by an appointed Board of Trustees. Pursuant to Sections 5.07, 14.01 and 14.02 of the City Charter and Section 121.101 (d) of the Ordinance Code, the Board is required to submit its budget to the City Council for approval. This fund was closed to new employees starting October 1, 2017. The employer contribution amount for FY 2021/22 is \$157,352,434.

The Proposed Police and Fire Pension Fund (PFPF) budget is divided into Administrative Expenditures (\$13,700,452), Building Operations (\$200,260) and Parking Garage Operations (\$31,100) for a total budget of \$13,884,830 which is an increase of \$1,558,025 from the prior year budget of \$12,326,805.

ADMINISTRATIVE EXPENDITURES:

Administrative Expenditures	FY 2020/21 Adopted	FY 2021/22 Proposed	Dollar Change	Percent Change	
Personnel Services	\$1,206,724	\$1,233,679	\$26,955	2.23%	(A)
Other Operating Expenses	1,095,124	1,100,273	5,149	0.47%	(B)
Professional Services – Investments	9,435,000	10,880,000	1,445,000	15.32%	(C)
Professional Services – Other	302,000	411,500	109,500	36.26%	(D)
Capital Outlay	50,000	75,000	25,000	50.00%	(E)
Total	\$12,088,848	\$13,700,452	\$1,611,604	13.33%	

- (A) Personnel Services are increasing primarily due an increase in salaries resulting from proposed raises.
- (B) Other Operating Expenses are increasing primarily due to the following items:
- \$50,200 in payments for excess pension contributions,
 - \$33,435 in the indirect cost allocation, and
 - \$31,500 in general liability insurance due to an increase in the coverage amount which resulted in an increase in premiums.
 - The increases are offset by decreases of \$94,042 in computer costs related to the JaxPension Portal for work performed in FY 2020/21, which will be partially reduced with our recommendation to fix the amount. There is also a decrease of \$17,179 in legal costs based on recent usage.
- (C) The increase in Professional Services - Investments is due to increases in expected money manager fees based on average portfolio holdings and investment advisor fees related to consulting on real estate and private credit funds.
- (D) The increase in Professional Services - Other is mostly due to the following increases:
- \$48,000 for the contracted services of a real estate manager to act as the exclusive leasing broker and agent for the properties as designated by the Fund.
 - \$35,000 for anticipated usage of outside legal counsel.
 - \$20,000 for commissions paid to the real estate manager to find new tenants.

**COUNCIL AUDITOR'S OFFICE
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 POLICE & FIRE PENSION ADMINISTRATION (FUND 65106)**

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(E) The increase in Capital Outlay is related to the build out of the 1st floor storage for rent and the third floor for a new tenant.

Professional Services - Investments

Investment Services	FY 2020/21 Adopted	FY 2021/22 Proposed	Dollar Change	Percent Change	
Money Managers	\$9,200,000	\$10,560,000	\$1,360,000	14.78%	(F)
Investment Advisor	205,000	290,000	85,000	41.46%	(G)
Investment Custodian	30,000	30,000	-	0.00%	
Total	\$9,435,000	\$10,880,000	\$1,445,000	15.32%	

(F) The increase is due to increases in expected money manager fees based on average portfolio holdings.

(G) The increase is due to consulting fees related to real estate and private credit funds.

Professional Services – Other Services

	FY 2020/21 Adopted	FY 2021/22 Proposed	Dollar Change	Percent Change	
Outside Legal	90,000	125,000	35,000	38.89%	(H)
Actuary	90,000	95,000	5,000	5.56%	
Consultants	60,000	60,000	-	0.00%	
Real Estate Contracted Services	-	48,000	48,000	N/A	(I)
Auditor	32,000	33,000	1,000	3.13%	
Real Estate Commissions	-	20,000	20,000	N/A	(J)
Records Digitization	18,000	18,000	-	0.00%	
Elections Services	5,000	5,000	-	0.00%	
Appraiser for Buildings - Real Estate Investments	4,000	4,500	500	12.50%	
Medical	3,000	3,000	-	0.00%	
Total	\$302,000	\$411,500	\$109,500	36.26%	

(H) The increase is due to the anticipated usage of outside legal counsel.

(I) The increase is due to the addition of a real estate manager to act as the exclusive leasing broker and agent for the properties as designated by the Fund.

(J) The increase is due to the addition of commissions paid to the real estate manager to find new tenants.

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**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 2021/22 PROPOSED BUDGET
 POLICE & FIRE PENSION ADMINISTRATION (FUND 65106)**

(This is not in your budget book)

BUILDING OPERATIONS:

The Police and Fire Pension Fund owns and operates the building located at One West Adams Street in which the administrative staff of the Fund is housed. The Fund leases out additional office space in the building.

	FY 2020/21 Adopted	FY 2021/22 Proposed	Dollar Change	Percent Change	
Revenues	\$632,471	\$661,218	\$28,747	4.55%	(K)
Operating Expenses	212,592	200,260	(12,332)	-5.80%	(L)
Surplus/(Deficit)	\$845,063	\$861,478	\$16,415	1.94%	

(K) The increase is due to the projected rental revenue from the completed 1st floor buildout and increased rates for other tenants.

(L) The decrease is due to a decrease in utility costs based on recent actuals.

PARKING GARAGE OPERATIONS:

The Police and Fire Pension Fund owns and operates the Monroe Street Parking Garage which has approximately 240 parking spaces. The fund leases parking spaces out to various entities and individuals.

	FY 2020/21 Adopted	FY 2021/22 Proposed	Dollar Change	Percent Change	
Revenues	\$181,590	\$183,710	\$2,120	1.17%	
Operating Expenses	25,365	31,100	5,735	22.61%	(M)
Surplus/(Deficit)	\$206,955	\$214,810	\$7,855	3.80%	

(M) The increase is due to an increase in the coverage amount of the general liability policy and the amount allocated from Administrative Operations to Parking.

EMPLOYEE CAP CHANGES:

None.

POLICE AND FIRE PENSION PLAN FUNDING POSITIONS:

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2020 (Per PFPF Actuarial Valuation Report)

Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	UAAL	Funded Ratio
(a)	(b)	(a-b)	(b/a)
\$4,253,525,414	\$2,041,049,063	\$2,212,476,351	47.98%

Does not reflect the present value of sales tax attributable to the plan of \$909,196,697, which if included would bring the funding ratio to 69.36%.

**COUNCIL AUDITOR’S OFFICE
COMMENTS AND RECOMMENDATIONS
2021/22 PROPOSED BUDGET
POLICE & FIRE PENSION ADMINISTRATION (FUND 65106)**

(This is not in your budget book)

RECOMMENDATIONS:

1. We recommend removing and replacing Schedule AB and AC with REVISED Schedule AB and REVISED Schedule AC in order to perform the following:
 - a. We recommend increasing “Personnel” by \$8,218 on Schedule AC in order to accurately reflect the pension costs and employee provided benefits cost as determined by the budget office. This will be offset by increasing “Trust Fund Revenues” by \$8,218 on REVISED Schedule AB in order to balance the budget.
 - b. We recommend decreasing “Operating Expenses” by \$146,211 on Schedule AC in order to accurately reflect the internal service allocations as determined by the budget office and to move the Capital Outlay of \$75,000 into its own Category. This will be offset by decreasing the “Trust Fund Revenues” by \$71,211 on REVISED Schedule AB in order to balance the budget.
 - c. We recommend removing the “Adopted FY 21” amounts from the schedule. We also recommend adding a subtotal for administrative costs and other formatting changes as depicted on REVISED Schedule AB and AC based on all of these recommendations.

These adjustments will have no impact on Special Council Contingency.

2. We recommend the budget ordinance 2021-504 Section 9.4(iii) be revised to correct the employer contribution to the Police and Fire Pension Fund, from \$157,730,278 to \$157,352,434 (a decrease of \$377,844) as determined by the plan actuary as of the 10/1/20 valuation. The budget was based on a draft of the actuarial report. Additionally, the budget for the Police and Fire Pension contribution should be decreased by a corresponding amount within JSO and JFRD’s budget. This will have a positive impact of \$377,844 on Special Council Contingency.

**POLICE AND FIRE PENSION FUND
BUDGET FISCAL YEAR 2021-2022**

<u>REVENUES</u>	Adopted <u>FY 21</u>	Proposed <u>FY 22</u>	Fiscal Year Change <u>2021 to 2022</u>
Trust Fund Revenues	\$ 11,512,743	\$ 13,086,884	\$ 1,574,141
Building Rental Revenues	\$ 632,472	\$ 661,218	\$ 28,746
Parking Revenues	\$ 181,590	\$ 183,710	\$ 2,120
Total Revenues Appropriations	\$ 12,326,805	\$ 13,931,812	\$ 1,605,007

Schedule AB

<u>EXPENDITURES</u>	Adopted <u>FY 21</u>	Proposed <u>FY 22</u>	Fiscal Year Change <u>2021 to 2022</u>
Personnel	\$ 1,206,724	\$ 1,233,679	\$ 26,955
Professional Services	\$ 302,000	\$ 411,500	\$ 109,500
Operating Expenses	\$ 1,145,124	\$ 1,175,273	\$ 30,149
Investments	\$ 9,435,000	\$ 10,880,000	\$ 1,445,000
Building Operations	\$ 212,592	\$ 200,260	\$ (12,332)
Parking Operations	\$ 25,365	\$ 31,100	\$ 5,735
Total Expenditures	\$ 12,326,805	\$ 13,931,812	\$ 1,605,007

Schedule AC

**POLICE AND FIRE PENSION FUND
JACKSONVILLE, FLORIDA
BUDGET FISCAL YEAR 2021/2022**

REVISED SCHEDULE AB

ESTIMATED REVENUES

Trust Fund Revenues	\$	13,023,891
HQ Building Operations		661,218
Parking Garage Operations		183,710
Total Estimated Revenues	\$	13,868,819

REVISED SCHEDULE AC

APPROPRIATIONS

<u>Administration</u>		
Personnel Services	\$	1,241,897
Operating Expenses		1,029,062
Professional Services - Investments		10,880,000
Professional Services - Other		411,500
Capital Outlay		75,000
Total Administration	\$	13,637,459
<u>Rental</u>		
HQ Building Operations	\$	200,260
Parking Garage Operations		31,100
Total Rental	\$	231,360
Total Appropriations	\$	13,868,819

**Authorized Full-Time Positions - 8
Part - Time Hours - 1,500**

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
GENERAL EMPLOYEES PENSION FUND (FUND 65101)**

PROPOSED BUDGET BOOK – Page # 80

BACKGROUND:

The General Employees' Pension Fund is the City's defined benefit pension fund for general employees which was closed to new employees starting October 1, 2017. This fund records both employee and employer contributions, investment earnings, benefit payments, and administrative expenses for the General Employees' Pension Fund. Only administrative costs and enough revenue to offset the administrative costs are budgeted. For FY 2021/22, the employers' pension contribution for all participants is \$83,696,811. This plan also covers employees at JEA, Jacksonville Housing Authority, and the North Florida Transportation Planning Organization. The City's portion of the required contribution is \$38,698,702.

REVENUE:

1. Pension Fund Contributions:

- The revenue amount of \$18,631,536 represents the amount of revenue needed to balance the administrative budget.

EXPENDITURES:

1. Salaries:

- The increase of \$13,258 is due to an increase in employee salaries due to a raise.

2. Pension Costs:

- The net increase of \$4,758 is due to an overall increase in the contribution to the General Employee Pension Plan as required by the actuarial study.

3. Employer Provided Benefits:

- The decrease of \$13,328 is mainly due to changes in employee elections for health insurance.

4. Internal Service Charges:

- The net decrease of \$165,820 is mainly due to a decrease in computer costs related to the JaxPension Portal for work performed in FY 2020/21.

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**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2021/22 BUDGET
 GENERAL EMPLOYEES PENSION FUND (FUND 65101)**

PROPOSED BUDGET BOOK – Page # 80

5. Professional and Contractual Services:

- The increase of \$3,771,211 is mostly due to the following increases:
 - \$3,298,729 in money managers' fees related to an increase in the value of the portfolio.
 - \$194,256 in custodial fees due to a new contract being out for bid.
 - \$162,580 in outside legal counsel due to utilizing an outside attorney to review recent investment contracts related to real estate and diversifying assets and anticipated changes to investment providers in FY 2021/22 that will require increased legal work relative to the contracts for these services.
 - \$82,580 in actuary fees due to an anticipated increase in workload related to calculations, data cleanup, and valuation of disability and survivor benefits for retirement plan members.
- Below is a breakdown of the professional service contracts.

Services	FY 2020/21 Approved	FY 2021/22 Proposed	Dollar Change	Percent Change
Money Managers	\$13,101,747	\$16,400,476	\$3,298,729	25.18%
Custodial Fees	170,905	365,161	194,256	113.66%
Portfolio Consultant	179,900	187,510	7,610	4.23%
Outside Legal	20,000	182,580	162,580	812.90%
Actuary Fees	100,000	182,580	82,580	82.58%
Investment Mgr Performance Tracking	19,339	23,279	3,940	20.37%
Scanning/Backfiling	10,000	18,258	8,258	82.58%
Disability Exams	5,000	18,258	13,258	265.16%
Total	\$13,606,891	\$17,378,102	\$3,771,211	27.72%

6. Other Operating Expenses:

- The decrease of \$2,300 is due to a decrease in dues and subscriptions to match recent costs.

7. Supervision Allocation:

- This amount represents the administrative costs of the Pension Administration activity, which are allocated to the Correctional Officers' Pension Fund (Fund 65103).

8. Indirect Cost:

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

SERVICE LEVEL CHANGES:

None.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2021/22 BUDGET
 GENERAL EMPLOYEES PENSION FUND (FUND 65101)**

PROPOSED BUDGET BOOK – Page # 80

EMPLOYEE CAP CHANGES:

None.

GENERAL EMPLOYEES RETIREMENT PLAN FUNDING PROGRESS:

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2020 (Per Memorandum from the General Employees Retirement Plan Actuary dated April 30, 2021)

Plan Participants	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	UAAL	Funded Ratio
	(a)	(b)	(a-b)	(b/a)
COJ	\$1,710,278,144	\$1,030,686,349	\$679,591,795	60.26%
JEA	1,631,075,791	982,955,642	648,120,149	60.26%
JHA	43,977,604	26,502,775	17,474,829	60.26%
NFTPO	4,372,463	2,635,032	1,737,431	60.26%
Total Plan	\$3,389,704,002	\$2,042,779,798	\$1,346,924,204	60.26%

Does not reflect the present value of the Sales Tax revenue attributable to the plan of \$568,912,740, which if included would bring the funding ratio to 77.05%.

RECOMMENDATION:

None.

**COUNCIL AUDITOR’S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR’S PROPOSED FY 2021/22 BUDGET
 CORRECTIONAL OFFICERS’ PENSION FUND (FUND 65103)**

PROPOSED BUDGET BOOK – Page # 81

BACKGROUND:

The Correctional Officers’ Pension Fund was established to provide pension benefits for the correctional officers of the City of Jacksonville. The employer contribution amount for FY 2021/22 is \$17,592,399.

REVENUE:

1. Pension Fund Contributions:

- The revenue amount of \$1,723,564 represents the amount of revenue needed to balance the budget.

EXPENDITURES:

1. Professional and Contractual Services:

- The increase of \$112,810 is mainly due to an increase in money managers’ fees related to an increase in the value of the portfolio. Below is a breakdown of the professional service contracts funded by this plan. The change in actuary fees is due to a change in the split between this plan and the General Employees Pension Fund (65101).

Services	FY 2020/21 Approved	FY 2021/22 Proposed	Dollar Change	Percent Change
Money Managers	\$1,461,831	\$1,564,733	\$102,902	7.04%
Custodial Fees	19,095	34,839	15,744	82.45%
Portfolio Consultant	20,100	17,890	(2,210)	11.00%
Outside Legal	2,010	17,420	15,410	766.67%
Actuary Fees	40,000	17,420	(22,580)	-56.45%
Investment Mgr Performance Tracking	2,161	2,221	60	2.78%
Scanning/Backfiling	-	1,742	1,742	N/A
Disability Exams	-	1,742	1,742	N/A
Total	\$1,545,197	\$1,658,007	\$112,810	7.30%

2. Supervision Allocation:

- This amount represents the administrative costs of the activity which are charged to this fund by the General Employees’ Pension Fund (Fund 65101). The decrease of \$92,772 is mainly due to no longer including the indirect costs charged to the General Employees’ Pension Fund in the amount allocated due to this fund.

EMPLOYEE CAP CHANGES:

There are no positions in this fund. All positions reside in the General Employees’ Pension Fund (Fund 65101).

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2021/22 BUDGET
 CORRECTIONAL OFFICERS' PENSION FUND (FUND 65103)**

PROPOSED BUDGET BOOK – Page # 81

CORRECTIONAL OFFICERS' PENSION FUND FUNDING PROGRESS:

Unfunded Actuarial Accrued Liability (UAAL) at October 1, 2020 (Per Correctional Officer's Pension Fund Actuarial Valuation Report)

Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	UAAL	Funded Ratio
(a)	(b)	(a-b)	(b/a)
\$468,831,017	\$234,514,215	\$234,316,802	50.02%

Does not reflect the present value of the Sales Tax revenue attributable to the plan of \$95,190,837, which if included would bring the funding ratio to 70.32%.

RECOMMENDATION:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
RISK MANAGEMENT DIVISION
SELF-INSURANCE (FUND 56101)**

PROPOSED BUDGET BOOK - Page #78

BACKGROUND:

This internal service fund administers a self-insured Worker's Compensation and General Auto/Liability program for the City and independent agencies such as JEA, Jacksonville Port Authority, Jacksonville Housing Authority, and Jacksonville Aviation Authority. As an internal service fund, revenues are generally billings to other City funds and independent agencies.

REVENUE:

1. Charges for Services:

- This represents funding received from workers' compensation excess insurance reimbursements, workers' compensation overpayments, workers' compensation subrogation, and workers' compensation 2nd injury.

2. Charges for Services: Insurance Premiums:

- This represents the insurance premiums billings to all the participants. The increase of \$4,330,961 is due to increases in the total costs of workers compensation and general/auto liability programs.

3. Investment Pool / Interest Earnings:

- The decrease of \$395,300 in interest earnings is based on the projected returns for next year.

4. Transfer From Fund Balance:

- This represents the pension reform contingency of \$105,742 from FY 2020/21 and \$92,001 for ergonomic assessment costs.

EXPENDITURES:

1. Salaries:

- The increase of \$64,336 is mainly due to the transfer of one position from the Budget Office and due to some promotions.

2. Salary & Benefit Lapse:

- The proposed salaries and benefits lapse is based on the average turnover ratio and estimated number of vacancies in FY 2021/22.

3. Pension Costs:

- The increase of \$6,077 in pension costs is mostly due to the increase in the required contribution to the defined benefit plan.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
RISK MANAGEMENT DIVISION
SELF-INSURANCE (FUND 56101)**

PROPOSED BUDGET BOOK - Page #78

4. Insurance Costs and Premiums:

- The increase of \$3,414,754 in insurance costs and premiums is due to an increase in workers' compensation (including heart & hypertension) of \$3,612,951 and general/auto liability of \$529,820 for the JSO and JFRD based on actuarial projections. These increases were offset by decreases for other participants.

5. Insurance Costs and Premiums – Allocations:

- The increase of \$517,000 is due to increases in stop-loss insurance premiums for the general/auto liability and workers compensation insured programs driven by changes in the market.

6. Supervision Allocation:

- This amount represents the cost of the administrative staff housed in the Insured Programs (Fund 56301) that is allocated to this fund.

7. Indirect Costs:

- This is an allocation of costs to operate central services of the City (e.g., Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

8. Contingency:

- The proposed contingency amount is this fund's remaining portion of the pension reform contingency.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

The employee cap is increasing by one position, from 23 positions to 24, due to transferring in a position from the Budget Office.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
RISK MANAGEMENT DIVISION
INSURED PROGRAMS (FUND 56301)**

PROPOSED BUDGET BOOK - Page # 79

BACKGROUND:

This internal service fund administers a Miscellaneous Insurance Program for the City and Jacksonville Port Authority. Along with other policies, the City maintains property coverage, aviation insurance, a blanket crime policy, and a policy covering the River Walk.

REVENUE:

1. Charges for Services:

- This represents the recovery of damages and loss deductible customer billings. The net increase of \$113,821 is due to an increase of \$150,000 in recoveries of damages to align with the current year projection. This was somewhat offset by a reduction of \$36,179 in loss deductible revenue which is a direct bill to participants for any deductible advanced by the fund.

2. Charges for Services: Insurance Premiums:

- This represents the billings to using agencies. The increase is due to a \$1,148,618 increase in the overall costs of the insurance policies.

3. Investment Pool / Interest Earnings:

- The decrease of \$57,920 in interest earnings is based on the projected returns for next year.

4. Transfers from Fund Balance:

- This transfer from fund balance is to fund a line item of \$500,000 to cover any loss deductibles and \$235,690 to cover the cost of drive cams.

EXPENDITURES:

1. Salaries:

- The decrease of \$23,060 is mainly due to employee turnover with positions being filled at a lower salary rate.

2. Insurance Costs and Premiums:

- The net increase of \$1,296,206 is mainly due to the increases shown on the following page to better align with the actual costs of the policies in FY 2020/21 and to account for anticipated increases in FY 2021/22. Also, there is an increase of \$150,000 for recoveries from damages payments to offset the increase in the corresponding revenue.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2021/22 BUDGET
 RISK MANAGEMENT DIVISION
 INSURED PROGRAMS (FUND 56301)**

PROPOSED BUDGET BOOK - Page # 79

Expense	FY2020/21 Actual	FY2020/21 Approved Budget	FY2021/22 Proposed Budget	% Budget Change	Dollar Budget Change
Premium Paid-Property	6,829,295	6,955,122	7,596,223	9.2%	641,101
Premium Paid-Excess WC Policy	1,426,899	1,301,209	1,569,589	20.6%	268,380
Premium Paid-GL Auto, Policy & Misc	866,629	783,799	1,004,839	28.2%	221,040
Premium Paid-Cyber Liability	93,535	86,279	170,000	97.0%	83,721

3. Professional and Contractual Services:

- The increase of \$23,125 is due to an increase in the cost of the risk management information system used by the division.

4. Other Operating Expenses:

- The increase of \$167,107 is mainly due to the replacement of 304 drive cams and the purchase of 34 drive cams for additional vehicles, for a total cost of \$235,690. This was partially offset by a decrease of \$67,383 in licenses needed relating to the annual monitoring fee for the drive cams in use.

5. Supervision Allocation:

- This amount represents the cost of the administrative staff housed in this fund which are allocated to the Self-Insurance Fund (56101).

6. Indirect Costs:

- This is an allocation of costs to operate central services of the City (e.g. Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no changes to the employee cap.

RECOMMENDATIONS:

None.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
FINANCE AND ADMINISTRATION
GENERAL FUND/GENERAL SERVICES DISTRICT (FUND 00111)**

PROPOSED BUDGET BOOK - Page # 65

BACKGROUND:

The General Fund/General Services District portion of the Department houses the Office of the Director (which includes the Grants and Contract Compliance Office and the Gateway Customer Service Center), Accounting, the Budget Office, Treasury, and Procurement (including Buying and Administration, the Equal Business Opportunity Office, and the Office of the Ombudsman).

REVENUES:

1. Miscellaneous Revenue:

- This revenue represents payroll fees for child support deductions and union/police charity deductions as well as accounting service charges related to the Tourist Development Council.

2. Contribution from Local Units:

- This revenue is generated by the Equal Business Opportunity Office for training provided to independent authorities.

EXPENDITURES:

1. Salaries:

- The increase of \$530,571 is mainly due to increases in salaries of \$274,042 for salary adjustments made during the year, employee turnover, end of probation increases, and the addition of one full-time position to the Equal Business Opportunity Office as well as the addition of \$176,167 in part-time salaries and \$97,100 in overtime.

2. Pension Costs:

- The increase of \$79,699 is mainly due to an increase in the required contribution to the defined benefit plan and to the defined contribution plan due to employee turnover.

3. Employer Provided Benefits:

- The increase of \$35,131 is mainly due to an increase in health insurance resulting from employee election changes and the addition of one employee.

4. Internal Service Charges:

- The net increase of \$2,323,218 is mainly due to an increase of \$2,154,756 in computer systems maintenance and security charges mostly related to the implementation of the 1Cloud system. There are also increases of \$251,169 in legal charges based on recent actuals.

5. Debt Service:

- This line item represents the funding for banking service charges of the City.

**COUNCIL AUDITOR'S OFFICE
 COMMENTS AND RECOMMENDATIONS
 MAYOR'S PROPOSED FY 2021/22 BUDGET
 FINANCE AND ADMINISTRATION
 GENERAL FUND/GENERAL SERVICES DISTRICT (FUND 00111)**

PROPOSED BUDGET BOOK - Page # 65

DIVISIONAL CHANGES:

Expenditures	FY 2020/21 Original	FY 2021/22 Proposed	Dollar Change	Percent Change	
Accounting	\$11,993,158	\$14,682,097	\$2,688,939	22.4%	(A)
Budget Office	1,342,199	1,259,524	(82,675)	-6.2%	(B)
Office of the Director	2,969,676	3,281,340	311,664	10.5%	(C)
Procurement	3,230,630	3,273,707	43,077	1.3%	(D)
Treasury	1,154,090	1,214,614	60,524	5.2%	(E)
Total Expenditures	\$20,689,753	\$23,711,282	\$3,021,529	14.6%	

- A) The increase of \$2,688,939 for Accounting is mainly due to:
- An increase of \$2,174,238 in internal service charges mainly related to the implementation of the 1Cloud system.
 - An increase of \$155,352 in salaries related to salary adjustments and funding for an additional full-time position transferred in from ITD (53101).
 - An increase of \$148,750 in part-time salaries to fund four part-time positions.
 - An increase of \$94,100 in overtime related to time spent working with 1Cloud.
 - An increase of \$46,817 in pension costs caused by an increase in the required contributions to the City's defined benefit pension plan based on the most recent actuarial study, as well as an increase in anticipated contributions to the City's defined contribution pension plan based on employee turnover.
 - An increase of \$43,050 in professional and contractual services to provide funding for temporary assistants due to difficulty in retaining full-time employees and an external expert to provide professional development related to 1Cloud.
- B) The decrease of \$82,675 for the Budget Office is mainly due to:
- A decrease of \$40,361 in salaries related to salary adjustments and transferring out a full-time position to Risk Management (56101).
 - A decrease of \$14,032 in net pension costs caused by a decrease in the contribution to the defined benefit plan due to employee turnover.
 - A decrease of \$13,731 in leave sellback due to no employees in the office being eligible.
 - A decrease of \$8,384 in employer provided benefits due to transferring out a full-time position.
- C) The net increase of \$311,664 for the Office of the Director is mainly due to:
- An increase of \$255,072 in OGC legal costs due to an increase in recent actuals.
 - An increase of \$34,578 in salaries related to salary adjustments.
- D) The increase of \$43,077 for Procurement is mainly due to:
- An increase of \$87,763 in salaries related to funding for an additional full-time position in the Equal Business Opportunity Office and other salary adjustments.

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
FINANCE AND ADMINISTRATION
GENERAL FUND/GENERAL SERVICES DISTRICT (FUND 00111)**

PROPOSED BUDGET BOOK - Page # 65

- This increase is partially offset by a decrease of \$44,464 in the Ed Ball Building cost allocation due to an overall lower cost of space in the Ed Ball Building.

- E) The increase of \$60,524 for Treasury is mainly due to:
 - An increase of \$36,710 in salaries related to salary adjustments.
 - An increase of \$11,973 in pension costs mainly due to an increase in the required contribution to the defined benefit plan.
 - An increase of \$9,442 in the St. James Building cost allocation caused by an increase in allocated space and an overall increase in building costs.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

The employee cap is increasing by one position, from 108 positions to 109 positions, to add one position to the Equal Business Opportunity Office. Part-time hours are also increasing by 2,200, from 6,160 hours to 8,360 hours, to provide Accounting with four part-time employees.

RECOMMENDATION:

We recommend increasing the number of part-time hours by 3,000 to 11,360. This will provide Accounting with an additional 3,000 part-time hours in addition to the 2,200 already being proposed to better align the number of part-time hours with the dollar value budgeted. This recommendation has no effect on Special Council Contingency.

**COUNCIL AUDITOR’S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR’S PROPOSED FY 2021/22 BUDGET
FINANCE AND ADMINISTRATION
DRIVER EDUCATION SAFETY TRUST (FUND 11507)**

PROPOSED BUDGET BOOK – Page # 66

BACKGROUND:

Pursuant to Section 111.390 of the Municipal Code, funding for the Driver Education Safety Trust Fund 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, with expenditures being budgeted and managed by the Duval County School Board. This is an “all years” fund, which means once dollars are appropriated, the appropriation stays in place from year to year rather than lapsing.

REVENUES:

1. Fines and Forfeits:
 - The amount of \$260,000 represents anticipated traffic court civil service fines to be received for FY 2021/22.

2. Investment Pool/Interest Earnings:
 - The amount of \$5,308 represents projected investment pool earnings based on anticipated interest rates for FY 2021/22.

EXPENDITURES:

1. Grants, Aids & Contributions:
 - The amount of \$265,308 is a pass-through of 100% of the revenue to the Duval County School System.

SERVICE LEVEL CHANGES:

None.

EMPLOYEE CAP CHANGES:

There are no authorized positions in this subfund.

RECOMMENDATION:

None

**COUNCIL AUDITOR'S OFFICE
COMMENTS AND RECOMMENDATIONS
MAYOR'S PROPOSED FY 2021/22 BUDGET
FINANCE AND ADMINISTRATION
MOTOR VEHICLE INSPECTION (FUND 42101)**

PROPOSED BUDGET BOOK - Page #68

BACKGROUND:

The Fleet Management Division manages inspection stations for school buses and city vehicles.

REVENUES:

1. Charges for Services:
 - The amount is estimated revenue for inspection charges and wrecker application fees.
2. Transfers from Fund Balance:
 - The transfer of \$20,869 from fund balance is to balance the budget in this fund.

EXPENDITURES:

1. Salaries:
 - The decrease of \$4,755 is due to employee turnover.
2. Pension Costs:
 - The decrease of \$807 is due to the decreased salary.
3. Employer Provided Benefits:
 - The increase of \$9,296 is mainly due to an increase in Group Hospitalization Insurance caused by employee turnover and employee elections.
4. Internal Service Charges:
 - The decrease of \$2,156 is primarily due to a decrease in allocation percentage based on a vehicle that was paid off in fiscal year 2020/21.
5. Indirect Costs:
 - The \$52,426 is an allocation of costs to operate central services of the City (e.g., Finance and Administration, Employee Services and City Council) as calculated by the City's independent consulting firm.

EMPLOYEE CAP CHANGES:

There are no changes to the overall employee cap.

SERVICE LEVEL CHANGES:

None.

RECOMMENDATION:

None.