

INTERNAL SERVICE CHARGES

Budget allocation verses actual billings:

During the budget process estimates must be made for the upcoming fiscal year for internal service costs. The total amount included in the budget for the using agencies of each internal service must equal the net Council approved budget for each internal service subfund/activity. With the exception of Risk Management, the budget allocation will not equal the actual billing. The internal service provider bills its customers based on their billing rates and the customer's actual usage. The internal service provider determines its billing rates, method and structure except in the case of a set amortization schedule such as vehicle replacement and equipment refresh. The detail below describes the budget allocation methodology.

Finance Department

Risk Management Division

Workers' Compensation (Subobject: 02401)

The budget allocation and the actual billings by Risk Management are based on a base premium charge for all activities dependent on the total budgeted salaries by indexcode, job code and their state assigned risk code rates.

Workers' Compensation / Heart Hypertension (Subobject: 02401A)

The budget allocation and the actual billings by Risk Management are based on the premium charge for Fire Rescue and Sheriff, uniformed personnel, activities dependent on the total budgeted salaries by indexcode, job code and their state assigned risk code rates.

General Liability Insurance (Subobject: 04502)

The budget allocation and the actual billings by Risk Management are based on a base premium being charged for all activities. The General liability allocation factors in two components when allocating premium cost: claims experience and total budgeted salary, full time and part time dollars, information.

Miscellaneous Insurance (Subobject: 04504)

This area includes insurance for property and content. The budget allocation and the actual billings by Risk Management are based on the latest property schedule provided by Risk Management.

Treasury Division & Budget Office

Banking Fund Repayment (Subobject: 04214i and 04214P)

- CIP Items: The Treasury Division provides the interest and principal estimates for all CIP projects where the funding which has already been borrowed and for any available capacity (re: anticipated future CIP borrowing).
- Non-CIP Items: The Treasury Division provides the interest and principal estimates for projects where the funding has already been borrowed. The Budget Office estimates the interest and principal costs for non-CIP items where the borrowing has not yet taken place and for newly approved items. The Budget Office is also responsible for communicating with the Department's to determine what available capacity should be carried over or removed and budgeting accordingly.

Intra-Governmental Services Department

Fleet Management Division

Fleet Vehicle Rental (Subobject: 04213)

The Budget Office receives actual cost and in-service date information from Fleet for vehicles Fleet has already received and provided to the using agency. The Budget Office uses this information along with current bid costs, asset life, and estimated delivery times to determine a per vehicle cost for the new fiscal year. The per vehicle cost includes actual billing costs for those vehicles that Fleet has already received and placed in service as well as estimated costs for vehicles from prior year(s) that have not been received and vehicles on the replacement list for the new fiscal year. The detail includes up to six years of prior vehicle replacement information, by vehicle, which must be reviewed and estimated based on the new fiscal year's revised banking fund interest rate and any billing indexcode / reorg changes.

Fleet Repairs & Maintenance (Subobject: 04216)

Fleet Parts, Oil, Gas & Lube (Subobject: 04217)

The Budget Office estimate uses current year-to-date and prior year actual expenditures by activity, for these internal service subobjects, to calculate a baseline percentage by using agency. This baseline percentage is then used to spread the net cost of this activity.

Information Technology Division

Information Technology – Operations

Subobjects:

04202 GIS / Aerial
04204 Network Group
04210 Telecommunications
04219 Data Center
04220 Wireless Communications
04222 Offsite Storage
04223 Computer System Maint. & Security
04224 Helpdesk & Desktop Services

ITD had planned to update its billing methodology for the FY14 budget however at the request of the Finance Chair and others the implementation was delayed until FY15. Therefore the FY14 budget allocation was based on the FY13 method and inventories. Direct bill items such as software/hardware maintenance costs were updated to the FY14 amounts.

Tech Equipment Refresh / Replacement (Subobject: 04203)

The Budget Office receives count, device type, cost and in-service date information from ITD for devices that have been deployed. The Budget Office uses current bid costs, asset life and estimated deployment times to determine an estimated per device allocation for devices that were approved in prior years but have not been deployed and for the upcoming fiscal year equipment refresh. The Budget Office consolidates this information to budget the upcoming fiscal year allocation by receiving agency. Once equipment has been deployed by ITD the Budget Office maintains the amortization schedule. The actual monthly billings to the receiving agency are provided by the Budget Office to ITD and is pulled from those schedules.

Radio Communications (Subobject: 04209)

The Budget Office calculates a cost per radio for the various functional areas within the radio subfund based on each areas Council approved budget, ITD's radio inventory counts and any budgetary items contained in the various MOU's with the independent authorities and State agencies.

Functional Area/Service Area

- Radio System Debt Repayment
- Radio System Maintenance
- Radio Shop
- JEA Buyout and JEA costs billed to the City

Customers that use the service / participate in that category of costs are budgeted based on the calculated cost per radio and radio count. The monthly billings from ITD are based on the number of activated radios in that billing month and the established per radio rate.

IT System Development (Subobject: 04215)

The Budget Office maintains detail by Council approved project including the total disbursed/spent and asset life. Once a project is materially complete an amortization schedule is created and any excess spending capacity is removed from the budget. These amortization schedules, along with the banking fund interest rate provided by Treasury, are used to calculate the principal and interest repayment by project for the upcoming fiscal year. The actual monthly billings to the agency are provided by the Budget Office to ITD and is pulled from those schedules.

Procurement Division

Copier Consolidation Contract (Subobject: 04207)

The Budget Office estimate uses current year-to-date annualized click counts by device to calculate a baseline percentage for each using agency. This baseline percentage is then used to spread the cost of the copier contract and any associated overhead costs.

Copy Center (Subobject: 04211)

The Budget Office estimate uses current year-to-date and prior year actual expenditures, for this internal service subobject, to calculate a baseline percentage by using agency. This baseline percentage is then used to spread the net cost of this activity to each using agency.

Mailroom / Courier Service (Subobject: 04221)

This internal service activity as two components: Courier Service/Mail Delivery and Postage.

The budgeted cost for courier service/mail delivery is further broken down into additional buckets; mail sorting, St. James mail delivery, courier contract group 1 and courier contract group 2. The budgeted costs of each of these categories are allocated to the applicable customers proportionately based on the number of deliveries per week. Unlike other areas the budget allocation for this internal service subobject is the amount billed to the users.

The Budget Office estimate for postage uses current year-to-date and prior year actual expenditures, to calculate a baseline percentage by using agency. This baseline percentage is then used to spread the net cost of this activity to each using agency. The Central Mailroom bills its customers based on actual postage usage.

Office of General Counsel

General Counsel Legal (Subobject: 04205)

The Budget Office estimate uses current year-to-date and prior year actual expenditures, for this internal service fund, to calculate a baseline percentage by using agency. This baseline percentage is then used to spread the net cost of this activity to each using agency.

Public Works Department

Plant renewal (04902) and building rent (04907) were replaced in FY14 by separate a utility and building maintenance allocation. During the FY13 budget process the City Council, Council Auditors and various constitutional officers voiced concerns about the method, reasoning and accuracy of these charges so for FY14 the Budget Office replaced them with a Citywide allocation using building data and costs, provided by Public Works, which balanced revenues, expenses and the allocation to the customers. At the same time the Budget Office established activities (indexcodes) for the various multi-tenant buildings (Ed Ball, Yates, St. James, Courthouse, ect.) so that the total cost for those buildings could be allocated to each tenant based on their proportional piece of useable square footage. Costs would include items such as utilities, dedicated Public Works employees, janitorial contracts, carpet cleaning, security and debt service. During the FY14 Finance hearings the Council Auditor's office recommended, and the Council approved, that these allocations and the associated budgets be moved to an internal service fund.

Public Building Division

Utilities Allocation (Subobject: 04225)

The Budget Office estimate uses three years of actual costs by utility type, provided by Public Works, to calculate a baseline percentage by building. These percentages are then the basis to allocate the Council approved amount for each utility type to the tenant or multi-tenant building indexcode.

Building Maintenance – Citywide (Subobject: 04226)

The Budget Office estimate uses FY12 historical costs, provided by Public Works, for each building to calculate a baseline percentage by building. The Budget Office then pulls out any direct bill items (see below) to determine the net cost to be allocated. The baseline percentage is then used to allocate that net cost.

Direct Bill items:

Fire Inspection Fees; these are provided by JFRD for City buildings that are slated to be inspected in the upcoming fiscal year.

Carpet Cleaning; Costs to clean the carpet for citizen facing buildings, Libraries, Community Centers and Senior Centers are allocated to those tenants or multi-tenant building indexcodes.

Building Maintenance – Ed Ball (Subobject: 04227)

Building Maintenance – Courthouse (Subobject: 04228)

Building Maintenance – St. James Building (Subobject: 04229)

Building Maintenance – Yates Building (Subobject: 04230)

Building Maintenance – Pre-Trial Detention Center (Subobject: 04231)

Building Maintenance – Old Fed Courthouse/Annex (Subobject: 04232)

These activities / indexcodes house all the costs and tenant revenue related to these multi-tenant buildings. The amount allocated to the tenants is the building cost less any non-City tenant revenue. This net cost is then allocated to each tenant based on their proportional piece of useable square footage.

ADT and Guard Service (Subobject: 04233)

The Budget Office allocation is based on the actual cost of security, provided by Public Works, and is allocated to the tenant or multi-tenant building indexcode where the service is provided. In the past the amount spent by Public Works for security at the Jacksonville Landing was not part of any allocation. In order to balance the actual cost with the allocation a separate non-departmental line was established in the General Fund to house this non-City cost.