



Excessive Salaries and Benefits Charged to the Tree Trust Fund Account 600013

***Department of City Planning
&
Department of Parks and Recreation***

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March 18, 2020

**Tree Trust Fund §158-66
of the Atlanta Tree Protection Ordinance**

§158-66(a) Permitted Salaries and Benefits

Department of Parks and Recreation:

- A senior arborist position, not to exceed \$75,000 of salary and benefits
- A 3-person tree trimming crew consisting of a forestry crew supervisor, a tree trimmer senior and a tree trimmer, whose collective salaries and benefits may not exceed \$200,000
- 4 Positions Total – Maximum of \$275,000

Department of City Planning:

- Two arborist positions, whose salaries and benefits may not exceed \$110,000 in the aggregate
- A Tree Commission Administrative Analyst, whose salary and benefits may not exceed \$60,000
- 3 Positions Total - Maximum of \$170,000

One-Time Ordinances Impacting §158-66(a)

1. Ordinance 08-O-0993 - Effective FY 2009

- Allowed a maximum of \$700,000 to be borrowed from TTF to fund salaries and benefits of 9 DCP Arborist Division job positions
 - Effective for FY 2009 & 2010
- Treated as loan requiring repayment in full, with 3% interest, no later than June 30, 2013

2. Ordinance 09-O-1005 – Effective FY 2010

- Transferred 8 of the 9 job positions back to the General Fund
- Left 1 Sr. Arborist under Ordinance 08-O-0993

3. Ordinance 10-O-0950 – Effective FY 2011

- On One-Time Basis, permitted DCP to fund salaries and benefits of 4 specific Arborist Division positions from the TTF
 - 1 Arboricultural Manager, 2 Arborists, 1 Administrative Analyst
- The maximum amount permitted to be charged to the Tree Trust Fund was capped at \$277,785

SALARIES & BENEFITS

- Salaries (regular)
- Salaries extra help
- Retention bonuses
- Overtime expense
- Holiday pay
- Life insurance
- Health insurance
- Pension fund
- Defined contributions
- Medicare
- Deferred compensation

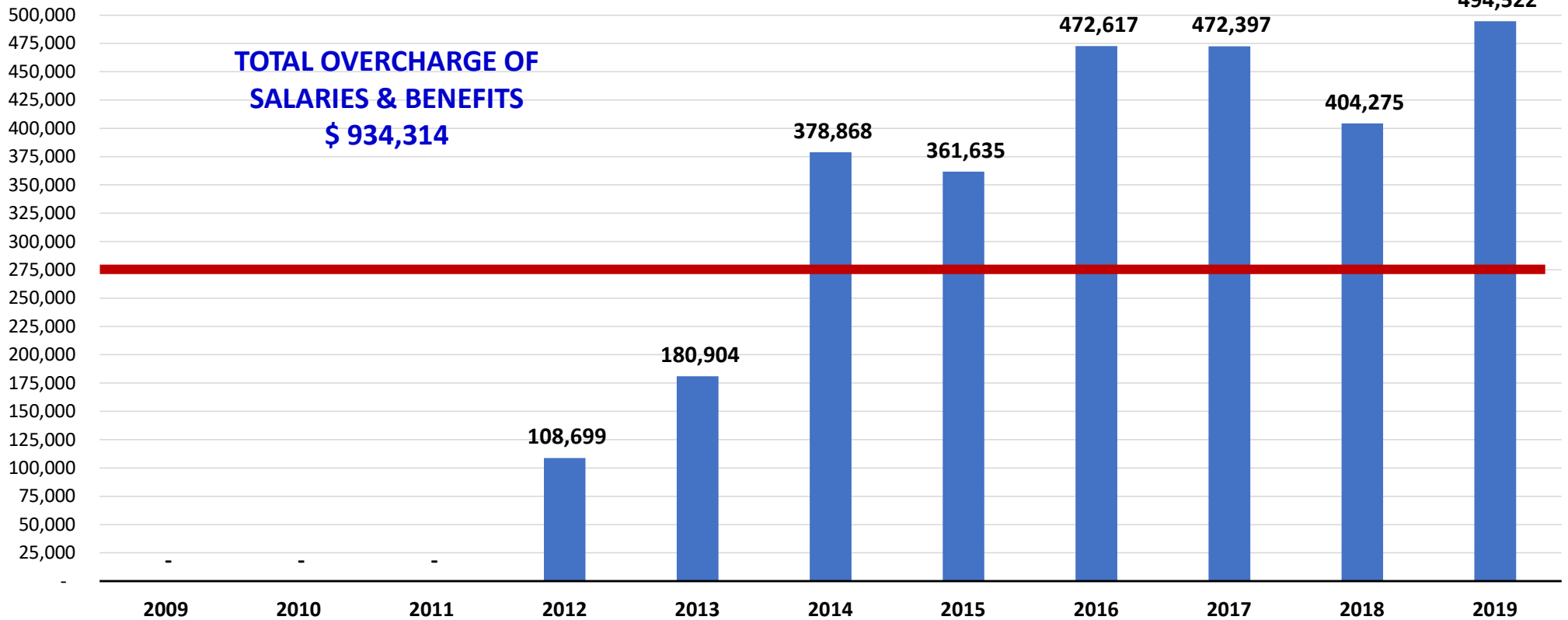
TREE TRUST FUND SALARIES AND BENEFITS

Department of Parks & Recreation
(As Originally Reported in General Ledger)

Account 600013

FY 2009 - 2019

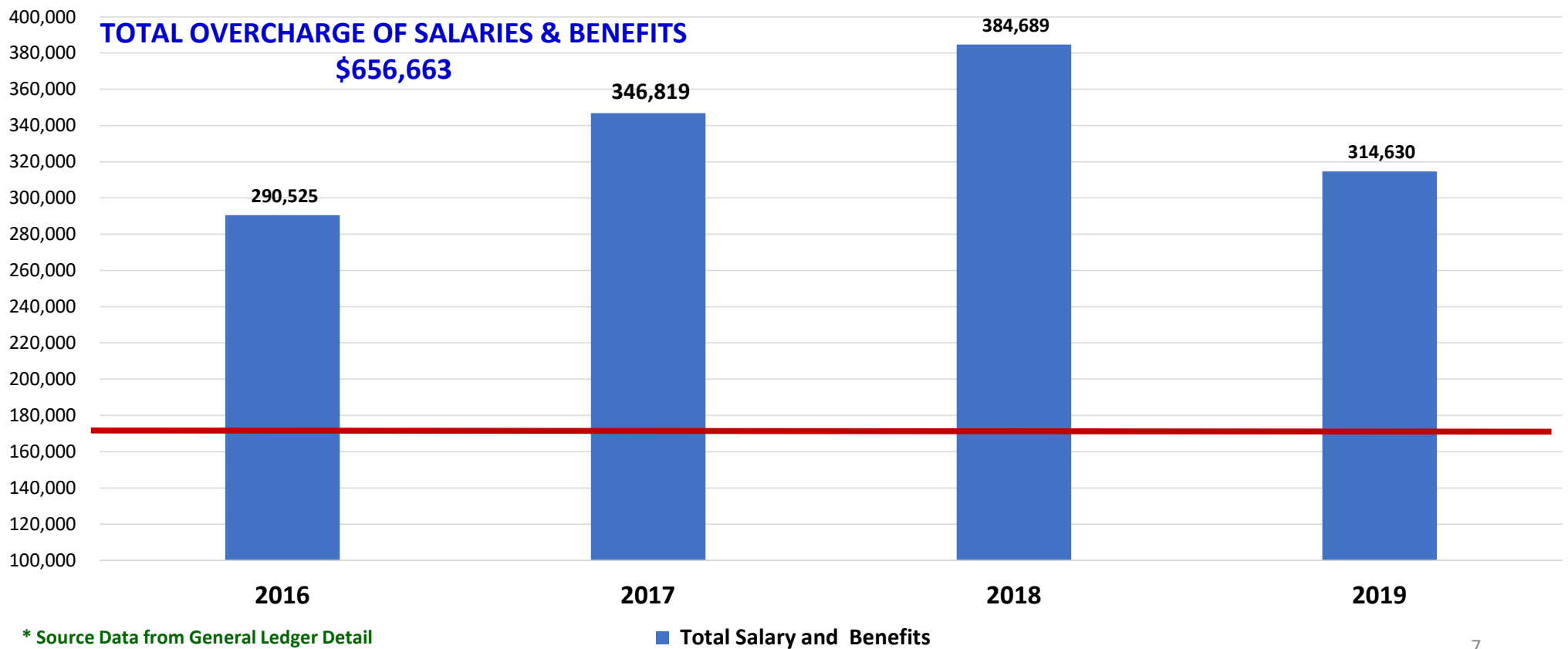
**TOTAL OVERCHARGE OF
SALARIES & BENEFITS
\$ 934,314**



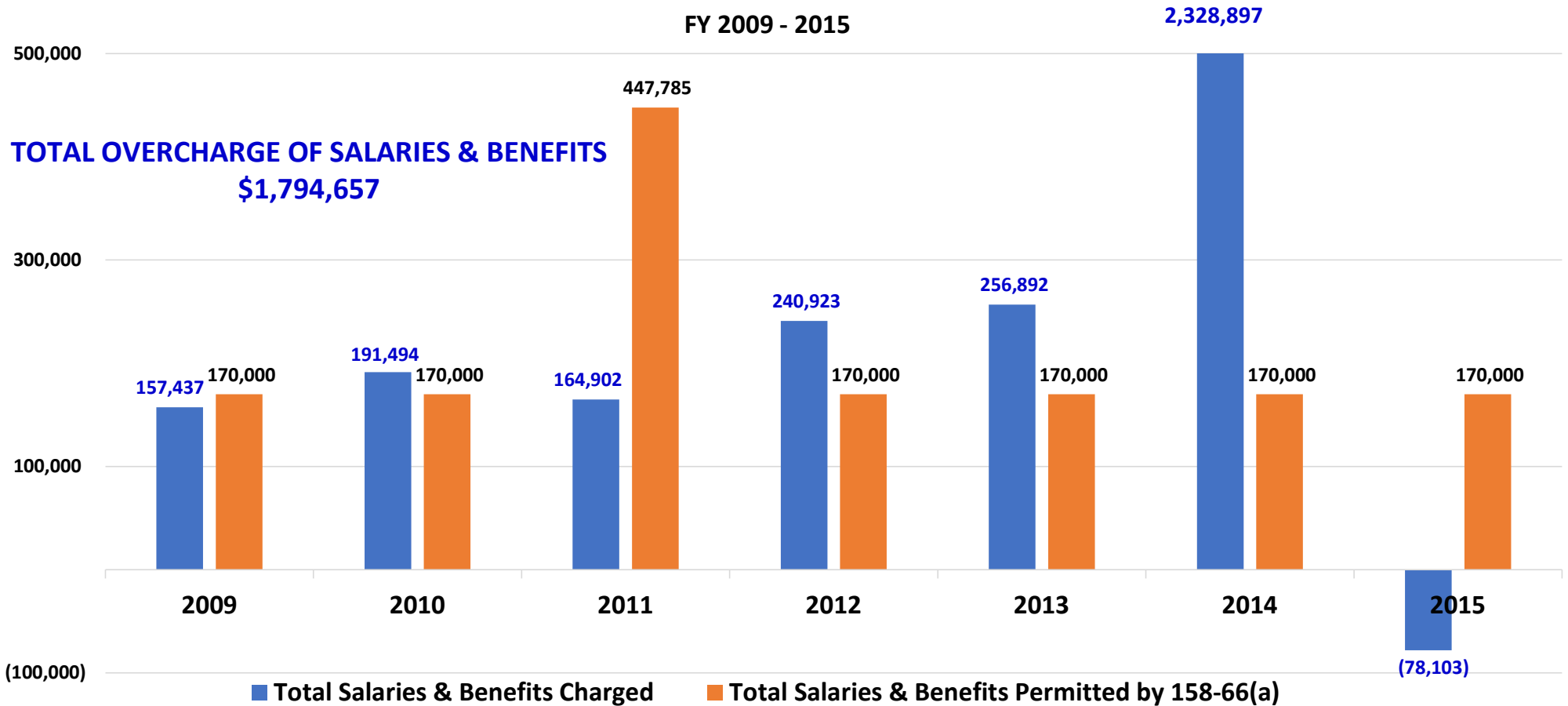
* Source Data from General Ledger Detail

■ Total Salary and Benefits

TREE TRUST FUND SALARIES AND BENEFITS
Department of City Planning
(As Originally Reported in General Ledger)
Account 600013
FY 2016 - 2019



TREE TRUST FUND SALARIES AND BENEFITS
Department of City Planning
(As Originally Reported in General Ledger)
Account 600013
FY 2009 - 2015



* Source Data from General Ledger Detail

FY 2014 JOURNAL ENTRY ADJUSTMENTS TO TREE TRUST FUND SALARIES AND BENEFITS

DEPARTMENT OF CITY PLANNING

Account 600013

<u>Fiscal Year</u>	<u>Annual Reclass of Salaries and Benefits</u>
2009	637,885
2010	313,757
2011	344,123
2012	183,297
2013	235,499
2014	(2,061,772)
2015	347,211

- **\$1.7M in 2014 DCP Salaries and Benefits Reclassified to TTF for FY 2009 - 2013**
- **Explanation: Employees Failed to Enter TTF Project # in Accounting String for 5 years**
- **2018 Ransomware Cyber Incident Deleted all Documents Supporting Journal Entries**

PERMISSIBILITY OF 2014 RECLASSIFICATION JOURNAL ENTRIES

- **FY 2012 – 2013:** Salaries Exceeded \$240,000 Per Year in the General Ledger
 - §158-66(a) Limitation Exceeded Before Retrospective Journal Entry
- **FY 2009:** \$637,000 Reclassified
 - Presumably Based on Ord. 08-O-0993
 - Permitted \$700,000 to be Borrowed from the Tree Trust Fund
 - 2014 Reclassification Journal Entry Occurred After Statutory Required Repayment Date of June 30, 2013
- **FY 2010:** Ord. 08-O-0993 as modified by Ord. 09-O-1005
 - Permitted 1 Senior Arborist to be Charged to the Tree Trust Fund as a Loan
 - 2014 Reclassification Journal Entry Occurred After Statutory Required Repayment Date of June 30, 2013

PERMISSIBILITY OF 2014 RECLASSIFICATION JOURNAL ENTRIES (Continued)

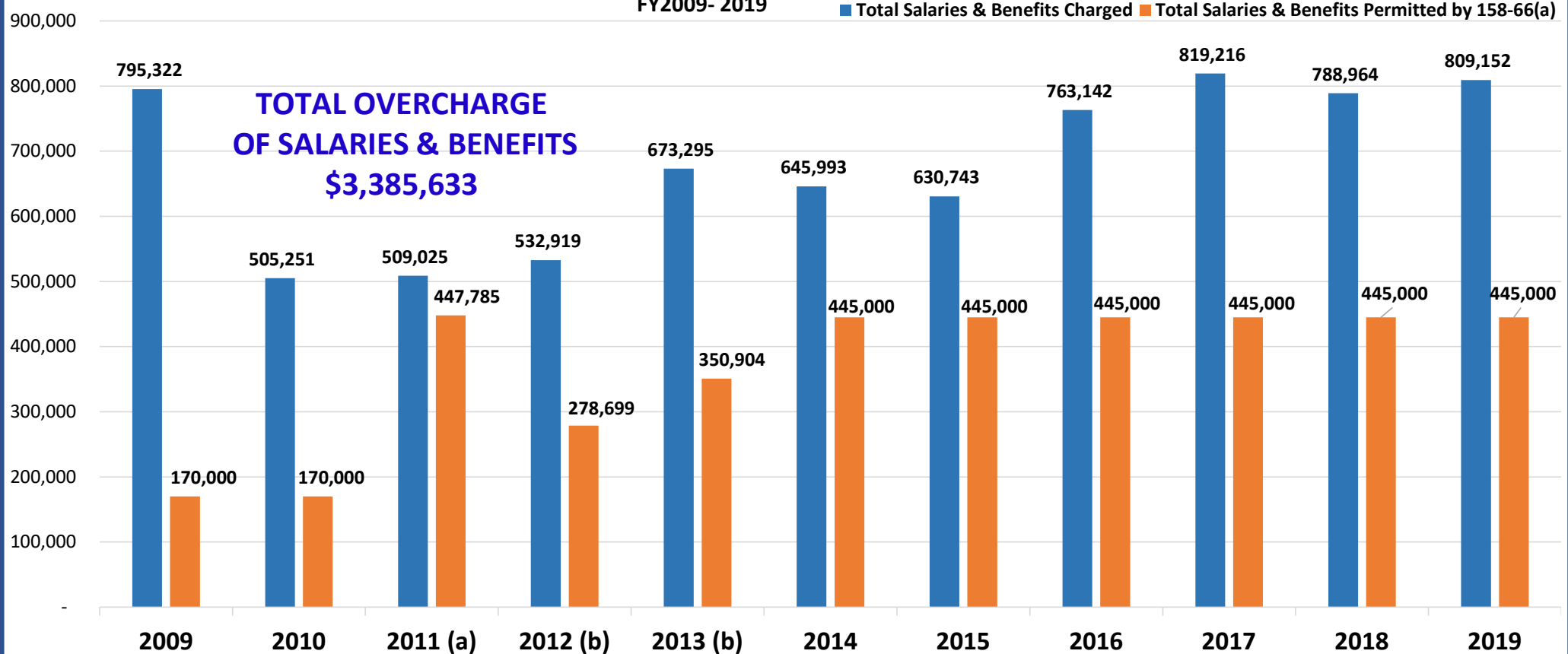
- **FY 2011:** Ord. 10-O-0950 - One-Time Exception
 - 1 Arboricultural Manager, 2 Arborists, 1 Admin. Analyst
 - \$277,785 Maximum Aggregate Salaries
- Reliance on §10-O-0950 for FY 2011 Questionable
- **FY 2014:** Journal Entry Erroneously Charges \$377,000 in Defined Contributions to Tree Trust Fund
- **FY 2015:** Journal Entry to Reverse FY 2014 Overcharge Executed in FY 2015

**TREE TRUST FUND SALARIES AND BENEFITS
(BEFORE & AFTER APPLICATION OF 2014 JOURNAL ENTRY ADJUSTMENTS)**

**DEPARTMENT OF CITY PLANNING
Account 600013**

Fiscal Year	Salaries and Benefits (Before Adjustment)	2014 Adjusting Journal Entries	Salaries & Benefits (After Adjustment)
2009	157,437	637,885	795,322
2010	191,494	313,757	505,251
2011	164,902	344,123	509,025
2012	240,923	183,297	424,220
2013	256,892	235,499	492,391
2014	2,328,897	(2,061,772)	267,125
2015	(78,103)	347,211	269,108

TREE TRUST FUND SALARIES AND BENEFITS
 (Combined Planning & Parks, as Adjusted for 2014 Journal Entries)
 Account 600013
 FY2009- 2019



(a) Ordinance 10-O-0950 approved salary & benefits of (4) DCP Arborist positions, not to exceed 277,785, to be paid from Tree Trust Fund for 1 year.

(b) Equals the lesser of (i) the amount of actual salary and benefits charged by each Department to TTF per year, or (ii) statutory § 158-66(a) ceiling.

* Source Data from General Ledger Detail

TREE TRUST FUND - Account 600013

Assessment of Financial Data Provided by City of Atlanta

(Expenses Charged to the Tree Trust Fund by the Department of Planning)

Fiscal Year	P&L Reports	General Ledger Detail Reports	Funds Available Summary (Screen Capture)
2008	1,323,813	1,283,489	1,283,489
2009	1,818,251	1,469,181	1,469,181
2010	756,072	1,097,534	1,097,534
2011	790,595	347,925	351,860
2012	549,724	416,379	416,379
2013	1,128,772	517,550	517,550
2014	3,874,068	3,073,268	3,073,268
2015	883,275	469,334	479,184
2016	1,565,722	387,919	381,241
2017	2,628,919	554,647	553,751
2018	1,710,667	601,293	601,494
2019	2,022,071	771,987	732,218
	19,051,949	10,990,506	10,957,150

CASH POOL INTEREST EARNED FOR FY 2015- 2019

		Trust Fund #7701			
		Cash Pool Interest Earned			
	FYE 2015	420,543.19			
	FYE 2016	462,066.77			
	FYE 2017	368,753.85			
	FYE 2018	410,152.78			
	FYE 2019	516,906.57			
		2,178,423.16			

CASH INVESTMENT POOL ALLOCATIONS

“The Tree Trust is a part of the overall trust fund assets (Trust Fund 7701) invested by the City. The City only allocates interest to the overall trust fund and not a specific project/account (600013). **Therefore the interest attributable to the tree trust fund cannot be identified** and has not been added to the fund balance for the tree trust account 600013.”

- Finance allocates Cash Pool investment income monthly to participating funds proportionate to equity balance in Cash Pool
- End of year Finance “true up” annual interest allocation based on average daily and monthly equity balances
- The Tree Trust Fund represents a material portion of the total assets in Trust Fund 7701. For example, in the FY 2020 budget, the Tree Trust Fund represented nearly 33% of Fund 7701’s assets:

Total Assets = \$28,765,410

- Assets TTF: 600013 and 600307 = \$9,440,000
- Overall Percentage = 32.8%
- Assume 25% of the assets in Fund 7701 to the Tree Trust Fund, then over \$500,000 of interest earned during FY 2015-2019

CONCLUDING OBSERVATIONS

1. Comprehensive Audit Needed

- Chronic Overcharging of Salaries & Benefits Exceeding Limitations in §158-66(a)
- Materiality
- Journal Entries Without Due Diligence
- Verification of Job Positions

2. Enhanced Oversight

- All of the Above
- Journal Entry Errors

3. Cash Pool Interest from Trust Fund 7701