**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Niki Brunson – Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**February 21, 2019**

**4:00 p.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** Commissioners Daniel Henry, John Roberts, Niki Brunson, Mark Merritt, Jim Mazur

**Also**: Tommy Carter – Council Auditor’s Office, Jeff Clements – Council Research Division, Craig Bassett – Inspector General’s Office

See attached sign-in sheet for additional attendees.

The meeting was called to order at 4:00 p.m. by Chairman Henry.

Tommy Carter of the Council Auditor’s Office reported that the office had released 1 report since the last committee meeting.

**#822: Quarterly Summary for the Twelve Months Ended December 30, 2018** - Issued 2/14/19

Mr. Carter reviewed a handout summarizing the quarterly report. The report projects a favorable revenue variance of $5 million largely in three accounts – ad valorem taxes, state shared revenues and other miscellaneous revenues (mostly reimbursement from the School Board for use of JSO officers as school guardian officers). A favorable expenditure variance of $3.3 is projected, almost entirely attributable to an approximately $3.1 million favorable variance in the Sheriff’s Office budget. Mr. Carter pointed out the additional unanticipated cost in this year’s budget due to the Sheriff’s Office supplying officers to the School Board to comply with the new state law requiring armed school guardians in all schools. He noted that the JSO overtime budget projects to an unfavorable balance by year-end of $7 million, in part due to the school guardian costs, offset by salary savings from 221 (currently) unfilled positions and a large favorable expense variance due to savings in internal service charges. In response to a question Mr. Carter said that schools do not get both School Resource Officers (SROs) and guardians. The new guardians are assigned to elementary schools, SROs to middle and high schools. The School Board is reimbursing 38% of total cost of the guardians. Commissioner Brunson suggested the possibility of hiring private security guards for less than the cost of paying JSO officers overtime. The group speculated that they may not have the right certification and that there may not be enough of them licensed to carry guns to cover all the schools that need covering.

Of the 22 subfunds reviewed for the summary, 3 projected to unfavorable variances by year-end. Two others (solid waste and stormwater) only have projected favorable variances because they receive General Fund subsidies.

Mr. Carter noted that the JEA’s one-time contribution of $15 million in 2016 for septic tank phase-out purposes was deposited into the Stormwater Service Subfund 461 and the interest earnings ($648,000) on that deposit contributed to the favorable variance in the Stormwater Services budget. The Finance Department has agreed to transfer the $15 million to the Water/Wastewater Subfund 463 and to allocate future interest earnings from those JEA funds to that account, but not to transfer any earlier interest earnings from Subfund 461 to Subfund 463.

The independent agencies’ budgets are doing fairly well. JPA’s dredging budget projects unfavorably due to excessive Hurricane Matthew and Irma-related maintenance dredging needs. JPA is trying to determine if any of this dredging expense might be FEMA-reimbursable if it can be determined to be hurricane-related.

The minutes of the January 24, 2019 Audit Committee meetings were **approved unanimously as distributed.**

There being no further business, the meeting was adjourned at 4:34 p.m.

Jeff Clements, City Council Research Division

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Posted 2.27.19 5:30 p.m.

Tape: TRUE Audit Committee 2.21.19 – Legislative Services Division