**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Daniel Henry – Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**December 17, 2019**

**10:00 a.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** Commissioner Mark Merritt

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

The meeting was called to order at 10:02 a.m. by Chairman Merritt and the attendees introduced themselves for the record

Tommy Carter of the Council Auditor’s Office reported that the office had released 3 reports since the last committee meeting.

#731B - Jacksonville Retirement System Audit Follow-up Report: the original audit identified 11 issues, 3 of which were resolved by the first follow-up and 2 additional by this second follow-up. The remaining issues involve: various problems with different manual benefit calculation processes; failure to use the Social Security death master file to identify deceased pensioners (the office did use the master file for 18 months, discontinued its use, and is in the process of subscribing to another service); errors with time service connections and retirement benefit calculations for current and former employees of the Pension Office; insufficient segregation of duties; failure to remove inappropriate computer access rights; and inadequate or non-finalized written policies and procedures. Commissioner Merritt suggested that the Auditor’s finding regarding insufficient segregation of duties could be used as justification for the Pension Office to obtain additional personnel to make segregation of duties possible. A third follow-up report will be issued.

#828 - Budget Summary Fiscal Year 2019/20: the report summarizes the budget review process and the changes made to the Mayor’s proposed budget by the Finance Committee and City Council. The General Fund budget is nearly $1.3 billion and the millage rate is unchanged from FY18-19. A significant change year over year is the assumption by the City of fire service in Jacksonville Beach. Changes made by City Council during the budget adoption process include the funding of a job assistance program operated by Goodwill of Northeast Florida, a public information campaign for retention pond safety awareness, and an allocation to Volunteers In Medicine to expand their health care program. Staff was requested to print out this report and distribute it at the next full commission meeting.

#829 - Quarterly Summary for the Twelve Months Ended September 30, 2019: Staff was requested to print out this report and distribute it at the next full commission meeting as well. The City experienced an overall favorable budget variance of approximately $32.2 million within the General Fund/General Services District, with revenues being $19.6 million more than budgeted and expenditures being $12.6 million less than budgeted. Revenues saw $7.1 million in additional ad valorem taxes and $5.1 million in additional investment pool earnings above budget. Four departments incurred unfavorable balances at year-end - Downtown Investment Authority, Employee Services Department, Military Affairs and Veterans Department, and the Public Defender’s Office. Commissioner Merritt questioned why the City is still subsidizing the School Guardian program to the tune of $4.6 million via JSO officers on overtime rather than finding another mechanism to hire less expensive personnel. Perhaps hiring additional School District Police officers to cover all schools would be a better alternative, assuming those offices are paid less than the Sheriff’s Office is paying. Mr. Merritt thinks this could be a good topic for a TRUE Commission study and recommendation, researching how other large urban counties in Florida and the counties in the local area are dealing with the problem and comparing costs of various systems. Three non-departmental subfunds incurred negative balances – Office of General Counsel, Fleet Management, and City Venues. The Solid Waste and Stormwater funds needed General Fund subsidies to balance their budgets.

JEA’s fuel stabilization fund balance was below its target amount and its base revenues were $49 million under budget, leading to a reduced contribution to operating capital purposes. At JTA the operating expenditures for the St. Johns River Ferry and the Conexxion community transportation system exceeded budget and the Bus Division budget (through which all other operating budgets are funneled) ended the year with a negative cash balance of $714,000 due to a timing issue in the receipt and posting of a grant. The JPA recorded Net Income Before Transfers of $28,458,796 with $22,035,401 being transferred to Operating Capital Outlay and $6,423,395 shown as Surplus. JAA reported Operating Income of $36,857,444. Operating revenues exceeded budget by 7.92% while operating expenditures were under budget by 2.26%. During the fiscal year, JAA made additional principal payments of $6.9 million in Debt Service. JAA reported year-end net income before transfers of $33,590,052. From this net income, JAA transferred $4,582,221 to Operating Capital Outlay, $576,556 to Passenger Facility Charge Reserve, and $28,431,275 to Retained Earnings.

There being no further business, the meeting was adjourned at 10:48 a.m.

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