**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Daniel Henry, Chair**

**MEMBER-TO-MEMBER MEETING OF MEMBERS OF THE**

**TRUE COMMISSION AUDIT COMMITTEE**

**Meeting Minutes**

**January 15, 2020**

**1:00 p.m.**

**Virtual meeting via Zoom platform**

**Attendance:** Commissioners Mark Merritt, John Roberts, Bruce Tyson

**Also**: Jeff Clements and Yvonne Mitchell – Council Research Division; Tommy Carter – Council Auditor’s Office

The member-to-member meeting was convened at 1:01 p.m. and the attendees introduced themselves for the record.

Auditor’s Report

Tommy Carter of the Auditor’s Office reported that his office had released two follow-up reports since the last TRUE Commission meeting:

#809A: Follow-up on Hillwood Master Disposition & Development Agreement Audit: the original audit was released in March of 2018 and identified 1 issue – the City was failing to audit the records of Hillwood, the City’s master developer for Cecil Commerce Center, to ensure proper payment amounts. The follow-up released this week found that the City has begun monitoring the records and therefore the issue is resolved and the audit is considered closed.

#837: Independent Agency Quarterly Summary for the Twelve Months Ended September 30, 2020: the report covers only the City’s independent agencies; the City’s financial report is delayed by issues involved with the new 1Cloud system in closing out the City’s fiscal year.

JEA – the utility ended the year with base revenue $8.7M lower than budgeted due to lower electric sales of $35.8M balanced by reduced expenditures of $27M. The fuel reserve was $73M, above the $68M target. Some water and sewer bond ratings were upgraded, possibly as a result of a perception by the raters of more stable management at the utility. In response to a question from Commissioner Roberts about whether there is a cap on the fuel stabilization fund, Mr. Carter said he was not aware of a cap, just the target of $68M. Mr. Roberts asked if the statement reported how many kilowatt hours of electricity were sold and how many purchased from a supplier. Mr. Carter said that information is not in the financial report except for the overall revenue figure based on kilowatt hour sales. Mr. Carter will inquire about where that information may be available. Commissioner Tyson asked if there is any information on the effect that household solar installations are having on JEA finances; Mr. Carter will inquire in his office if that information is available.

JTA – ended year with no budgetary stress for the authority as a whole, although the Bus, Skyway and General Fund/Engineering divisions overspent their budgets due to pandemic-related costs and cost associated with moving to the new Jacksonville Transportation Center. The Auditor’s Office recommended last year that JTA file legislation to amend its FY19 budget to reconcile expenditures over budget in the Community Transportation and Ferry divisions; the JTA board approved the filing of that legislation in March but no legislation filed, probably due to the pandemic-related shutdown. The authority will need to amend both the FY19 and FY20 budgets. JTA received $22M in CARES Act funds.

JPA – ended the year no overall budgetary stress, although it did experience an unfavorable revenue variance of $4.9M, offset by expenditure reductions of $5.5M and debt refunding savings. Net income before transfers was $11.2M net revenue, with $3.4M being transferred to operating capital outlay and $7.8M recorded as year-end surplus.

JAA – was hit hard by the COVID pandemic and deeply reduced air travel. Operating income was $29.4M (under budget by 4.8%). Operating revenue was under budget by $24M ((24.2%) and operating expenditures down $22.7M ((33%). Net income before transfers was $32.3M of which $3.6M was transferred to operating capital, $2.3M to passenger facility charge reserve, and $26.3M to retained earnings. The authority got $21M in CARES Act funding to help offset its losses. Commissioner Tyson asked if the financials are broken down by airport or aggregated; for this report they are aggregated.

Commissioner Roberts inquired if there are any studies or data about what it costs to keep the Skyway system running versus the cost of shutting it down. Mr. Clements will look for information from past JTA presentations to the City Council. Mr. Carter said he has heard that JTA has been exploring with the federal government the possibility of keeping the Skyway construction funds if the system’s guideway is converted to use by JTA’s planned Ultimate Urban Circulator system.

The meeting was adjourned at 1:37 p.m.

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Posted 1.15.21 5:30 p.m.