**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**

**March 26, 2020**

**10:00 a.m.**

**Virtual meeting via Zoom platform**

**Attendance:** TRUE 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 10:00 a.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 5 reports since the last Audit Committee meeting:

#842 General Government Quarterly Budget Summary for the 12 Months Ended September 30, 2020 (<https://www.coj.net/city-council/docs/council-auditor/842-city-of-jacksonville-general-government-quar.aspx>): the report was released late because of issues related to the first year of budget close-out using the City’s new financial management system. The General Fund General Services District shows an unfavorable variance of $41.5M, but numerous adjustments will lead to anticipated favorable variance of $24M – a $2M favorable variance in revenue and a $22M favorable variance in expenditures (mostly in the Sheriff’s Office, Fire and Rescue Department and Parks, Recreation and Community Services Department budget. Mr. Carter noted that these figures do not include overtime and other COVID-related expenses expected to be reimbursed by FEMA, which are being accounted for separately. Property taxes are $8.7M over budget, investment pool earnings$3.1M over budget, and the $3M Jacksonville Beach Community Redevelopment Area will transfer $3 million in unused funds to the City; state shared revenues are short $11M from the budgeted amount. The year-end fund balance is expected to be $200-$210M, up from $189M at the end of FY18-19.

Regarding enterprise and special revenue funds, Mr. Carter reported that the Tax Collector may need a $135,000 fund transfer to balance his office’s budget. The Building Inspection Division had a fee moratorium imposed for a time due to the COVID pandemic but still has $14M fund balance at year end. The Solid Waste Division budget needed several adjustments at year end that changed a $4.8M negative variance to a $5.6M positive variance. Given that positive variance, it may be possible to eliminate the annual loan from General Fund to the Solid Waste Fund this year because of the available balance. Internal service charges had a positive variance of $7.8M ($6.6M of which is Fleet Management savings, mostly due to low fuel costs during the year).

Commissioner Merritt asked how much the City received in federal CARES Act funding, how that affected the FY20 budget, and whether that accounted for the positive variance. Mr. Carter will check.

Commissioner Roberts asked if the quarterly report reflects just the fourth quarter or the whole year. Mr. Carter confirmed that the figures are cumulative for the whole fiscal year, as of the year’s conclusion on September 30th. Commissioner Merritt asked about the $75.4M negative balance in the debt management fund on p. 22. Mr. Carter explained that there is a missing posting that, when corrected, will reduce the negative variance to $2.7M. Mr. Merritt said that the 1Cloud delays are potentially troubling for the City’s bond ratings and the annual financial report, so the bugs in the system need to get it worked out soon.

#778B Follow-Up on Jacksonville Aviation Authority Payroll Audit (<https://www.coj.net/city-council/docs/council-auditor/778b-follow-up-on-jaa-payroll-audit.aspx>): original audit identified 10 issues, 1 remained after first follow-up (excessive computer rights to timekeeping and payroll systems). That item is cleared as of this follow-up so the audit is closed.

#812A Follow-Up on Landfill Contract Audit (<https://www.coj.net/city-council/docs/council-auditor/812a-follow-up-on-landfill-contract-audit.aspx>): the original audit identified 15 issues, several having to do with timeliness of reporting. 8 issues were cleared by this follow-up and 7 remain to be addressed in a future follow-up. The unresolved issues include excessive computer access rights; problems with application of the CPI adjustment in months when the CPI was negative; timeliness issues with reports and invoices; late payments; lack of a City employee to monitor the waste tire removal count at the landfill; surcharges not always noted on invoices as required by the contract; lack of security cameras in several areas; and a need to add comments in the tracking system for unusual transactions (i.e. voided transactions). Commissioner Roberts asked what CPI index is used in the contract; Mr. Carter will investigate and report back.

#749B Follow-Up on JTA Accounts Payable Audit (<https://www.coj.net/city-council/docs/council-auditor/749b-follow-up-on-jta-accounts-payable-audit.aspx>): the original audit identified 7 issues and the first follow-up cleared 6, leaving 1 opportunity for improvement remaining regarding pooled cash accounting. This last issue was closed in this follow-up and the audit is considered closed.

#805A Follow-Up on Building Inspection Division Audit (<https://www.coj.net/city-council/docs/council-auditor/805a-follow-up-on-building-inspection-division-a.aspx>): the original audit found that fees and fines being generally being properly charged and utilized, but identified 22 associated operational issues. 6 items were cleared in this follow-up, leaving 16 still remaining. At least 9 of the remaining issues are pending resolution with the implementation of a new permitting system for building inspections. Commissioner Merritt asked when full implementation of the new system is expected – Mr. Carter will check. The remaining issues include a need to update standard operating procedures (SOPs), a better system for posting bulletins in ADA-accessible format, and a resolution for fees not always being doubled per the Ordinance Code requirement for work started before permits were issued. In response to a question from Commissioner Roberts about whether the Council Auditor’s reports go to the Mayor’s Office so the administration is aware of the findings, Mr. Carter said they are, and sent to the Chief Administrative Officer and the relevant department heads as well for their information.

The meeting was adjourned at 10:44 a.m.

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