**Taxation, Revenue, and Utilization**

**of Expenditures (TRUE) Commission**

**Daniel Henry, Chair**

**TRUE COMMISSION**

**Preliminary Meeting Minutes**

*The minutes of this meeting are not official until reviewed and*

*approved by the commissioners at a future meeting.*

**April 7, 2022**

**4:00 p.m.**

**Don Davis Room**

**1st floor, City Hall**

**Attendance:** Commissioners Daniel Henry, John Roberts, Ramon Day

**Excused:** Commissioners Velma Rounsville, Bruce Tyson

**Absent**: Commissioner Dr. Keshan Chambliss

**Also**: Jeff Clements – City Council Research; Tommy Carter – Council Auditor’s Office

The meeting was convened at 4:08 p.m. by Chairman Henry and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the March 3, 2022 Commission meeting were deferred pending arrival of a quorum.

Public Comment

None

Council Auditor’s Report

Tommy Carter of the Auditor’s Office reported that the office has released one report since the last commission meeting - #856 Electronic Fund Transfers In Audit. The audit was prompted by the failure of the City’s Treasury Department to recognize the receipt of $8 million in CARES Act funding, and did not cover funds received directly by the Tax Collector, only those received by the City TreasuryS Division. Receipts were not timely or properly recorded and reconciliations took overly long to accomplish. Employee computer user accounts were not timely deactivated when employees left the department. The audit made several recommendations:

1. The Accounting Division and the Treasury Division should implement proper accounting procedures to ensure that the electronic fund transfers in are recorded in the City’s financial system in a timely manner and that reconciliations are performed timely. Also, the Treasury Division should evaluate all types of deposits directly received to determine whether it should be received by the Tax Collector’s Office instead to be more consistent with the City Charter.
2. The financial system should either prevent transactions from being input with incomplete accounting code detail or the Accounting Division should periodically (e.g., monthly) run reports to identify any transactions that lack complete detail and then take appropriate actions to fix the issues.
3. User access should be deactivated at the system level for all terminated employees.

In response to a question from Commissioner Day, Mr. Carter said that “timely” deposit was defined to be 15 days or less for the audit’s purposes, which was 39% of the transactions reviewed (61% were beyond that time). 31% of transactions had not undergone bank reconciliation in a timely manner.

Commissioner Day asked if/how these findings are reported to City Council. Mr. Carter said they are presented by the Council Auditor to the Finance Committee at the next meeting after a report is released. Mr. Day asked if this audit reporting process is typical in city governments in Florida; Mr. Carter said he did not know about practices in other cities. In response to a question from Chairman Henry about whether the Finance Department knew these practices were happening before the audit was conducted, Mr. Carter said the auditee is kept in the loop during the audit process so they’re not surprised by the findings at the end, but he doesn’t know at what point they realized some transactions were missing before the audit pointed them out.

Commissioner Day asked if the Finance Department is now fully staffed; Mr. Carter said he would have to inquire. Mr. Day asked how the Finance Chair and Council President and Vice President are notified of audit findings, specifically whether they get a personal briefing from the Council Auditor reviewing the details of the findings. Mr. Carter said that every council member gets a copy of each report and the Council Auditor gives an overview of the findings to the Finance Committee at the meeting after the audit is released. Mr. Henry said no one knows how many council members read the written reports and why there isn’t more discussion in the Finance Committee or elsewhere about the findings of audits that identify very serious issues. Mr. Day said it seems like a report with serious findings like this one should generate substantial discussion by council members and calls for action. He is interested in knowing how much the Finance Committee Chair is informed and understands about he content of these audits. Mr. Clements described the pre-meeting held before each Finance Committee meeting at which the Chair is briefed by the auditors and the committee’s attorney about what will be on the agenda. These are not noticed meetings and there are no agendas or minutes kept. Mr. Day said he’s not sure how much real oversight of city finances and departmental operations the City Council is doing. Finance Committee budget hearings seem to be largely perfunctory reviews with very little questioning. There doesn’t seem to be much sense of urgency about making deep dives into efficiency of operations, budget overruns, etc.

Chairman Henry said almost every audit produced since he’s been on the commission has mentioned excessive computer access rights; how can that keep happening? Who is responsible for letting ITD know that an employee has departed and their computer rights need to be cancelled, and why does it so often fail to happen? Mr. Henry asked who the TRUE Commission should ask about employee departure procedures and the shutoff of computer access rights. Mr. Carter said he will inquire with the Employee Services Department. Mr. Henry said he will ask Council Auditor Kim Taylor to come to the May or June commission meeting (depending on her availability) to discuss how audits are disseminated and how the council members and committees react are briefed and how they respond to audit findings. Mr. Henry said he remembered from an earlier commission meeting that the Director of the Employee Services Department talked about doing classification and compensation surveys and wondered if that included staffing sufficiency studies as well to determine if the City is staffed appropriately to meet its operational needs.

Commissioner Roberts said the best way to proceed is to go back and do trend analysis on a function or office and analyze any identified problems to get to the root of what happened and why. The City needs institutional knowledge that carries over from one mayoral administration to another so that processes carry on and knowledge is transmitted to future generations of the employees who actually do the work day to day. In response to a question from Mr. Roberts about how the Auditor’s Office determines its work plan, Mr. Carter said that a periodically revised Audit Risk Plan determines what areas of the government are most risky and likely to have problems and that determines the priority for what areas and functions are audited. Mr. Henry said he will invite Council Auditor Kim Taylor to come to a future meeting and invited commissioners to submit any questions they want to explore to be provided to her in advance of her appearance.

Audit Committee Report

None

Legislative Tracking Committee:

Commissioner Roberts reported on several pending items of interest:

2022-213: Referendum to approve a temporary school district millage increase – 65% of the revenue will be allocated to increasing teacher salaries, 12.5% to charter schools, 12.5% to arts and athletics, and 10% to non-teaching staff pay increases. Commissioner Day said he had attended 2 briefing sessions with School Superintendent Dr. Diana Greene and School Board Chair Daryl Willie on the referendum proposal. They said that for every instructional position hired they lose 2 more, mostly veteran teachers with 5 years or more of experience which hurts teaching effectiveness. Jacksonville has the lowest starting salary of the 7 largest urban Florida counties; the millage increase would move allow the school district to move up to fourth. 12.5% of the revenue would go to charter schools because they make up 12.5% of all school attendance in the county. The millage increase would generate $81 million and is projected to grow by 2% per year. The School District must roll back its millage rate pursuant to state law as property values increase to keep millage revenue level. The new mill would last for 4 years and then be renewed or stop. Chairman Henry said that St. Johns and Clay counties have already added this additional millage. He wondered what would happen when the millage expires in 4 years. Mr. Day said he anticipates the district will ask for renewal of the mill because the problems won’t go away in that time. School districts are regulated by the Florida Constitution and there must be only 1 per county. They can’t be subdivided, but could be combined across multiple counties.

Chair’s Comments

Chairman Henry noted that Council Member Danny Becton has announced his plan to introduce a resolution urging the Mayor to build his budget for FY22-23 on the rolled-back millage rate, not the full value of millage next year, given several new sources of revenue the City is now receiving. Mr. Henry said he believes that Congress specifically prohibited use of federal American Recovery Plan funds to reduce taxes, so he is not sure how feasible Mr. Becton’s plan is.

Mr. Henry reported that he had posed a question to the Council Auditor and Joey Greive, the Chief Financial Officer, about a new law passed by the Florida Legislature in the recently completed session that gives Florida’s sheriffs the authority to unilaterally transfer funds within their budgets, allowing them to change uses after the county’s governing body approves their budget, with a reporting requirement. In Jacksonville the Mayor has that transfer authority within limits and the Council has the authority to approve transfers over that administrative limit. He is curious how that law impacts Jacksonville’s process. Ms. Taylor and Mr. Greive indicated that they were unaware of that law and are consulting with the Office of General Counsel and the City’s lobbying team about how it applies to Jacksonville given our unique City Charter. Mr. Henry said he thinks the TRUE Commission ought to say something about this law when it knows more about its true impact.

Old Business

Public safety initiative/Sheriff’s Office staffing proposal: Commissioner Day outlined his proposal from several meetings ago to create a mechanism to hire approximately 400 new police officers to compensate for the JSO’s current staffing deficit (compared to the statewide city police department average of 2.16 officers per 1,000 population), plus another 50 per year over the course of 5 years to cover annual population growth. That new hiring would represent the first leg of a 3-legged strategy to improve public safety. The second leg would be the city’s receipt of a $10M federal grant to hire mental health co-responders to accompany police officers to calls where mental health issues may be in play. The third leg would be additional funding for Kids Hope Alliance to gradually (over 6-8 years) increase services from about $31.5M annually to the full estimated need of $137.6M to serve the needs of the 22.7% of children living in poverty. Mr. Day said he’s talked to Sheriff Williams about this proposal and he’s very supportive of the KHA leg because of its crime prevention potential. Mr. Day said he will send his written proposal to staff to disseminate to everyone for discussion at the May meeting.

Commissioner Roberts said there is no evidence that Jacksonville’s problems are due to a lack of staff and the average officers per 1,000 ratio is purely a statistical artifact. He has looked at the FBI’s crime and police staffing statistics for Florida and found very wide ranges in staffing. There are economies of scale for large departments which average 2.62 officers per thousand. Mr. Roberts said he made a table for the Florida cities with populations over 100,000 and Jacksonville ranks #3 for total police employment and #1 for civilian employees. He thinks our community service officers may play into that civilian employee figure. Commissioner Day said he hears that the officers patrolling in the zones are so busy running from service call to service call that they don’t have any time to be proactive, meeting and getting to know the community, listening to citizen concerns, etc. Officers get moved from zone to zone to meet staffing needs before they can build any real community relationships. There are 6 patrol zones and they need to be funded based on their individual needs. He said he used the Florida Department of Law Enforcement’s data for his calculations.

Commissioner Roberts said the FBI data shows that Jacksonville is already well staffed, especially compared with other large cities. Commissioner Day disagreed – Jacksonville is staffed below the other large cities using Mr. Roberts’ own data sheet. Using all city police departments in the state the average is 2.36 officers per thousand. Jacksonville’s deficiency is specifically in patrol officers on the street; the civilian employee count isn’t really important to meeting the real need. Jacksonville’s 1,872 sworn officers is insufficient to meet the city’s public safety needs. Mr. Roberts said the economy of scale in large jurisdictions comes in hiring civilians to do jobs that sworn officers have to do in smaller jurisdictions. He said averages are of no use in determining employment levels; you need to hire as many people as you need to do the job properly. Mr. Day said he has spoken to the Sheriff and he says the department is understaffed and needs more people to do the job properly, and he is supportive of Mr. Day’s proposal. Mr. Roberts said he wants to hear the Sheriff’s justification for what he needs and how he will use the additional resources, not just arbitrarily advocate for hiring to meet a meaningless average.

New Business

None

Commissioner Comments

None

Next meetings

Audit Committee – at the call of the Chair as needed when new audits/reports are released

Legislative Tracking Committee – at the call of the Chair as needed

Full commission – May 5, 2022

The meeting was adjourned at 5:55 p.m.

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Posted 3.13.22 5:00 p.m.