



# Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Dr. Keshan Hargrove, Chair

## TRUE COMMISSION AUDIT COMMITTEE Meeting Minutes

February 8, 2024

3:30 p.m.

Don Davis Room, 1<sup>st</sup> floor, City Hall

**Attendance:** Commissioners Charles Barr, Ramon Day (arr. 3:45), Tony Zebouni (arr. 3:47)

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

The meeting was convened at 3:30 p.m. by Commissioner Barr and the attendees introduced themselves for the record.

Tommy Carter presented and discussed 7 recent Council Auditor’s Office audits/reports issued since the last TRUE Commission meeting.

#874: Special Report on Shands Jacksonville (issued 01/10/24): the report was done at the request of the Council President and is not a formal audit according to generally accepted accounting principles. The report looked at a decrease in Shands Jacksonville’s year-end financial position by \$53M for FY22-23 and the failure of the hospital to meet its required debt coverage ratio in the context of the City’s ownership of the hospital and the contract for indigent care services. The hospital has been leased from the City since 1981 and the current lease expires in 2028, and the City provides an annual appropriation for unreimbursed indigent care services provided. There were several reasons for the decrease in the net position, including workforce pressures, a less-than-favorable private payer ratio, and the provision of indigent care services to City jail and prison farm inmates. Failure to meet the minimum debt coverage ratio for 2 consecutive years could result in a declaration of default on the hospital’s bonds under the terms of the bond covenants. Moody’s Investors Service reduced the hospital’s bond rating to Ba1 with negative outlook; Fitch Ratings kept their BBB rating but added a negative outlook.

UF Health’s North hospital is operating at break-even now and the opening of their new addition, currently under construction, will help the overall system’s financial picture. Florida has an indigent care sales surtax but Jacksonville is prohibited from levying it by virtue of being a consolidated city/county. The Florida Legislature would need to change state law to make the city eligible to levy that surtax at 0.5%, which would require approval either by the City Council or by a voter referendum. Hillsborough County is the only county in the state to levy that tax.

The City and UF Health could look at several considerations that impact on the hospital’s financial condition including: how much the annual indigent care contribution should be; the value of the hospital’s \$1 per year lease and how should that factor into the annual contribution; and what changes could be made in how jail inmate care is provided and funded.

#726C: Follow-up on Municipal Code Compliance Division Revenue Audit (Issued 01/11/24): the original audit identified 12 issues, of which 3 remained after first follow-up and 2 still remain unresolved – lack of segregation of duties and excess computer access rights.

#875: Sheriff’s Investigative Fund Fiscal Year 2018/19 (Issued 01/11/24): the report is an attestation, not an audit. One internal control issue was identified which has since been corrected. There is still an issue with funds not being returned within 2 working days after issuance if they have not used as required by the Standard Operating Procedure. The Sheriff’s Office said this is not a realistic procedure since sometimes undercover operations take more than 2 days to complete.

#876: Sheriff’s Investigative Fund Fiscal Year 2019/20 (Issued 01/11/24)

#877: Sheriff’s Investigative Fund Fiscal Year 2020/21 (Issued 01/11/24)

#878: Budget Summary Fiscal Year 2023/24 (Issued 01/22/24): the report contains a great deal of useful information on the original budget proposed by the Mayor and changes made by the Council during the adoption process, including many tables and charts.

#879: Council Auditor's Office Annual Report Fiscal Year 2022/23 (Issued 01/22/24): the office conducted 6 performance audits producing a total of 52 findings and 19 follow-up reports on previous audits; staff assisted with the annual external audit producing a savings of over \$50,000 in the audit cost and giving City auditors valuable experience working with the independent audit team; staff reviewed over 600 legislative bills; 6 special reports were produced at the request of council members; 3,600 staff hours were invested in budget review work before and during budget hearings.

The meeting was adjourned at 3:55 p.m.

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