



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

Dr. Keshan Hargrove, Chair

## TRUE COMMISSION AUDIT COMMITTEE Meeting Minutes – Amended

June 6, 2024

3:30 p.m.

Conference Room “C”, 3rd floor, City Hall

**Attendance:** Commissioners Charles Barr, Bruce Tyson, Alexander Hoffman

**Also:** Jeff Clements, Eamon Webb – 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 recent Council Auditor’s Office audits/reports issued since the last TRUE Commission meeting.

#762C - Follow-up on City Payroll Audit (issued 05/13/24): the original audit identified 33 issues, of which 1 remains outstanding – need for better reconciliation of payroll system with financial system to ensure accurate payments. The Finance Department has started doing bi-weekly reconciliations and taking further steps to ensure accuracy.

#882 - City Encumbrance Carry Forward Audit (issued 05/14/24): the audit was lengthy and technical and found some challenges with the 1Cloud financial management system. \$400 million of encumbrances were carried-over each year during the course of 2 years. Overall, some encumbrances were not accurately carried over, with a combination of some under- and some over-statements. The Ordinance Code says that amounts carried-over to a subsequent fiscal year shall lapse to fund balance if the funds are released from encumbrance in the subsequent year, but that’s not happening. Some purchase order balances were reduced without adjustments to the budget which increased budget capacity that could have been used for other uses. The Finance Department is tackling the problem and dealing with system and process issues. The carry-over discrepancies didn’t always amount to overspending because there were offsetting entries the other way as well.

#883 - Quarterly Summary for the Six Months Ended March 31, 2024 (issued 05/15/24): there are no identified budgetary issues at this time for any of the independent authorities. JEA will need to file a budget amendment to reflect its use of \$28.2 million in operating reserves for uses other than debt reduction in the electric system and use of \$16.1 million in water/sewer system reserves for capital projects. JTA is projected to exceed budgetary authority for expenditures on the St. Johns River Ferry by \$203,000 and the Connexion (CTC) Division is projected to exceed expenditure authority by \$2.1 million, which will require a budget amendment if those trends continue. JAA and JPA both project budget surpluses by year-end.

The City General Fund projects a \$9.2M favorable revenue variance and a \$26.3M favorable expenditures variance halfway through the fiscal year. The expenditure variance is partially due to \$12.9M in debt service savings on bonds not issued because the University of Florida downtown campus and the JEA power line elevation project at Blount Island have not started; the administration will be asking to reprogram those dollars. Several departments that were previously projecting negative variances as of the last quarterly report are not showing that now. The Building Inspection Division is accruing a large reserve fund which is nearing the maximum permitted by state law, so this fund will need to be reviewed during the budget process as funds will need to be expended down for authorized uses. The Solid Waste Division is projecting \$1.3M in excess spending which will require further Council approval. ASM Global is going over budget on both revenues and expenditures for venue management, but that is allowed by their contract as long as the City's funding subsidy does not have to increase.

#884 - DAVID Compliance Attestation – Clerk of Courts (issued 05/22/24): the attestation (not an audit) found that proper controls appear to be in place to protect personal data in the DAVID (Drivers and Vehicle Identification) system from unauthorized access, distribution, modification or disclosure.

#798B - Follow-up on JTA Paratransit Audit (issued 05/28/24): the original audit identified 13 issues, of which 9 were cleared as of the first follow-up and the remaining 4 issues have since been adequately addressed. The audit is now closed.

The meeting was adjourned at 3:49 p.m.

Jeff Clements, City Council Research Division

[jeffc@coj.net](mailto:jeffc@coj.net) 904-255-5137

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