



**BOARD OF COUNTY COMMISSIONERS  
OFFICE OF THE COMMISSION AUDITOR**

**MEMORANDUM**

**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**FROM:** Charles Anderson, CPA  
Commission Auditor

**DATE:** February 24, 2015

**SUBJECT: The Beacon Council's Use of Eight Percent of the Business Tax Previously Used  
by the Metro-Miami Action Plan**

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Pursuant to Resolution No. R-552-09, the Office of the Commission Auditor has concluded a review of The Beacon Council's use of eight percent of the business tax previously used by the Metro-Miami Action Plan (MMAP) (now Miami-Dade Economic Advocacy Trust (MDEAT)), for the fiscal years ended September 30, 2010, 2011, 2012 and 2013.

If you have any questions or need additional information, please contact me at (305) 375-2524.

- c: Honorable Carlos Gimenez, County Mayor  
R. A. Cuevas, Jr., County Attorney  
Jack Osterholt, Deputy Mayor/Director, Regulatory and Economic Resources Department  
Edward Marquez, Deputy Mayor/Finance Director  
Mary T. Cagle, Inspector General  
Cathy Jackson, Director, Audit and Management Services  
John Dixon, Executive Director, Miami-Dade Economic Advocacy Trust  
Larry K. Williams, President & CEO, The Beacon Council  
Camela Glean-Jones, Chief Financial Officer and Executive Vice President, Budget & Administration, The Beacon Council  
Stephen M. Beatus, Executive Vice President, Economic Development, The Beacon Council  
Ivette Arango O'Doski, Vice President, Government & Community Relations, The Beacon Council  
Jacqueline Guerra, Director, Accounting, The Beacon Council  
Neil R. Singh, Audit Manager, Office of the Commission Auditor

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**MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS**

**OFFICE OF THE COMMISSION AUDITOR**

**The Beacon Council's Use of Eight Percent of the  
Business Tax Previously Used by the  
Metro-Miami Action Plan**

Project Number 09-184101

February 24, 2015

**Charles Anderson, CPA**  
Commission Auditor

Auditors

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## **I. OBJECTIVE AND SCOPE**

Pursuant to Resolution No. R-552-09, approved by the Miami-Dade County Board of County Commissioners (BCC) on May 5, 2009, the Office of the Commission Auditor (OCA) conducted this review, a non-audit service, on The Miami-Dade Beacon Council, Inc.'s (the Council) use of the eight percent of the local business tax revenues previously allocated to the Metro-Miami Action Plan Trust (MMAP) for the Fiscal Years (FY) ended September 30, 2010, 2011, 2012, and 2013. MMAP is now Miami-Dade Economic Advocacy Trust (MDEAT).

The objective of the review was to prepare a report for the BCC in accordance with Ordinance No. 08-112, adopted October 7, 2008, designating the Council to utilize these revenues for similar purposes in economically disadvantaged neighborhoods as set forth in the former Grant Agreement with MMAP. Economically disadvantaged neighborhoods are designated as Enterprise Zones (EZ), Empowerment Zones (EMP), and Targeted Urban Areas (TUAs) of this County.<sup>1</sup> OCA reviewed data provided by the Council for the fiscal years referenced above. In addition, when deemed necessary, we interviewed staff and reviewed pertinent records about activities before October 1, 2009 and after September 30, 2013.

## **II. METHODOLOGY**

We prepared this report with information provided by the Council. This review consisted principally of inquiries of personnel and examinations of documents and programmatic data. It was substantially less detailed in scope than an audit, the objective of which is the expression of an opinion regarding financial statements or programs taken as a whole.

Since the adoption of Resolution No. R-552-09, OCA has been reviewing quarterly information submitted by the Council to the BCC and the County Mayor. After much deliberation, on May 29, 2013, OCA and the Council substantially agreed on a reporting format and the terms of the review. Further amendments to the reporting format were discussed over the ensuing months.

On August 27, 2014, OCA met with the Council's staff to review the information prepared by them regarding the use of the eight percent of the local business tax revenues previously used by MMAP.

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<sup>1</sup> Pursuant to Ordinance 97-33, the County EMP neighborhoods and its developable sites also became TUAs. All completed projects located in a TUA are also located within an EZ.

### III. BACKGROUND

Resolution No. R-1066-88, adopted July 19, 1988, authorized the execution of a retroactive agreement with the Council as the Economic Development Agency (EDA) to implement the Economic Development Strategy (EDS) within the County according to the provisions of Ordinance No. 87-38.

According to the agreement, the services the Council would render in overseeing and implementing the EDS for the County would include, but would not be limited to:

*Advertising; promotional activities; stimulation of grants and contributions to Small Business Administration licensed venture capital entities (MSBICs/Section 301(d) Investment Companies); merchandising; general marketing, in all its forms; direct sales; the securing and encouragement of private sector funding; aggressive recruitment of new industries; the retention and expansion of existing businesses; and any other appropriate sales and marketing techniques to promote Dade County.*<sup>2</sup>

On June 7, 1994, the Council and MMAP entered into a Grant Agreement which allocated to MMAP eight percent of the local business tax revenues received by the Council. MMAP was required to use these revenues in accordance with state and local laws and to oversee and implement a comprehensive economic development strategy.<sup>3</sup>

On October 7, 2008, the BCC adopted Ordinance No. 08-112 which rescinded its policy requiring the Council to allocate eight percent of the local business tax revenues to MMAP, and designated that the Council utilize this eight percent of the local business tax revenues for *similar purposes* in economically disadvantaged neighborhoods as set forth in the former Grant Agreement with MMAP. Ordinance No. 08-112 also stipulated that the Council submit a written annual report to the BCC and include a clear statement on the uses of these funds which were previously allocated to MMAP.

The definition of “similar purposes” as “set forth in the former Grant Agreement with MMAP”, and in accordance with Ordinance No. 08-112, is “*to oversee and implement a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.*”

On May 5, 2009, the BCC adopted Resolution No. R-552-09 which directed the OCA to prepare quarterly reports to the BCC on the Council’s use of the eight percent of the local business tax revenues previously allocated to MMAP, in accordance with Ordinance No. 08-112.

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<sup>2</sup> Agreement between Metro-Dade County (County) and The Beacon Council dated October 1, 1987. Article I.: Responsibilities of BCI (The Beacon Council).

<sup>3</sup> Grant Agreement between Metro-Miami Action Plan (MMAP) and The Beacon Council dated June 7, 1994, page 2.

#### IV. SUMMARY RESULTS

Our review of documents, programmatic data and interviews of the Council’s senior management, indicated that the Council directed proceeds in excess of the eight percent of the local business tax revenues to economically disadvantaged neighborhoods as required by Ordinance No. 08-112 for the fiscal years ended September 30, 2010, 2011, 2012, and 2013.

#### V. DETAILED RESULTS

Table I below details the results of our examination of the *Targeted Urban Areas (TUA) and Enterprise Zone (EZ) Completed Projects and Visitations Analysis* spreadsheets provided by the Council for the fiscal years ended September 30, 2010, 2011, 2012, and 2013 respectively. A sample worksheet of this format is included as Attachment I.

**Table I**  
Data from the *TUA and EZ Completed Projects and Visitations Analysis*

Fiscal Year	LBTR Local Business Tax Receipts (LBTR)	X 8%	= A 8% of LBTR	ERRPSE ERR Professional Support Expenses*	X Allocation Rate <sup>4</sup>	= B Allocated Expenses devoted to TUAs and EZs	B - A Excess over 8% devoted to TUAs and EZs
2009-10	\$3,909,400	8%	\$312,752	\$1,488,739	42%	\$625,270	\$312,518
2010-11	\$3,900,776	8%	\$312,062	\$1,275,416	42%	\$535,675	\$223,613
2011-12	\$3,758,715	8%	\$300,697	\$1,376,505	39%	\$536,837	\$236,140
2012-13	\$3,721,735	8%	\$297,739	\$1,378,701	37%	\$510,119	\$212,380

\* As per the Council’s senior management, Expansion, Retention, Recruitment (ERR) and Urban Initiatives professional support expenses are comprised of “Professional Staff Cost to include Salaries plus Occupancy and Overhead expenditures.”

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<sup>4</sup> See Table II below for Allocation Rate computations.

The Council provided the OCA with full access to their books and records, including information deemed by the Council to be proprietary and confidential. OCA traced the information provided by the Council on a test basis to various supporting documents, including subsidiary ledgers, payroll documents, and audited financial statements, for the fiscal years ended September 30, 2010, 2011, 2012, and 2013.

Table II below details the results of our examination of the *TUA and EZ Completed Projects and Visitations Consolidated Report* spreadsheets provided by the Council for the fiscal years ended September 30, 2010, 2011, 2012, and 2013 respectively. This report is included as Attachment II. This Attachment also provides details on jobs created, square feet occupied and new capital investment.

**Table II**  
Data from the *TUA and EZ Completed Projects and Visitations Consolidated Report*

Fiscal Year	TUA visitations only	EZ visitations only	A TUA and EZ visitations	B Local Business Local Jobs (LBLJ) Visitations	A / B Allocation Rate
2009-10	44	19	63	150	42%
2010-11	47	18	65	154	42%
2011-12	40	19	59	152	39%
2012-13	34	15	49	131	37%

OCA traced the information to the supporting documentation on a test basis for all fiscal years provided including all Total Summary and Empowerment Zones (EMP)/EZ/TUA totals to (1) *Companies Assisted by the Council* spreadsheets, (2) *Visitations TUAs and Enterprise Zones Only* spreadsheets and (3) *Year End Key Performance Indicators*.

## VI. RECOMMENDATION

Further improvements to the Council’s accounting information systems may be warranted. This system should take into account cost-benefit considerations in accommodating a more precise dollar-for-dollar accountability of all of the Council’s individual efforts in each of its core and varied endeavors in order to accommodate the reporting needs of its various stakeholders. For instance, a time and billing software may be added to the existing management accounting information systems that would integrate with an activity based cost accounting system as part of an overall reporting restructuring effort. The Council should periodically report to the County on the progress of implementing an activity based cost accounting system.

## ATTACHMENTS

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**The Miami-Dade Beacon Council, Inc.**  
**TUA and EZ Completed Projects and Visitations Analysis**  
**SAMPLE**

Employee	TUA Projects	Completed Project	TUA	Visitation	EZ Projects	Completed Project	EZ	Visitation	Salary	Taxes	Benefits	Fixed	Other	Total	EZ 37% (e)
	Completed	Support	Visitations	Support	Completed	Support	Visitations	Expenses (c)				Expenses (d)			
Employee 1			1	7				2	65,000	4,973	13,000	28,413	17,180	128,566	47,569
Employee 2	1			6				4	77,538	5,932	15,508	28,413	17,180	144,571	53,491
Employee 3				5					90,177	6,899	18,035	28,413	17,180	160,704	59,461
Employee 4 (a)				4				1	20,000	1,530	4,000	9,471	5,727	40,728	15,069
Employee 5	1			6				1	55,000	4,208	11,000	28,413	17,180	115,801	42,846
Employee 6								3	153,147	11,716	30,629	28,413	17,180	241,085	89,202
Employee 7 (b)				4					28,500	2,180	5,700	14,207	8,590	59,177	21,895
Employee 8	1			3				1	70,000	5,355	14,000	28,413	17,180	134,948	49,931
Employee 9				2					115,927	8,868	23,185	28,413	17,180	193,574	71,622
Employee 10								1	87,550	6,698	17,510	28,413	17,180	157,351	58,220
	<b>3</b>	<b>1</b>	<b>37</b>	<b>13</b>	<b>3</b>	<b>1</b>	<b>19</b>	<b>6</b>							
<b>ERR PROFESSIONAL SUPPORT TOTAL</b>														1,376,505	<b>509,307</b>
<b>AMOUNT REPRESENTING 8% OF THE BUSINESS TAXES (f)</b>															<b>300,697</b>
<b>EXCESS OVER 8% DEVOTED TO TUAs AND EZs</b>															<b>208,610</b>

**Additional TBC Expenses not Included in 8% Calculation**

Office of the President	n/a	443,447	33,924	88,689	85,240	51,540	702,841							
Budget & Administration	n/a	482,860	36,939	96,572	198,893	120,261	935,524							
Marketing	n/a	280,000	21,420	56,000	142,066	85,900	585,386							
Programmatic Expenses (g)	n/a	-	-	-	-	-	884,985							
Other Expenses (h)	n/a	-	-	-	-	-	513,371							
<b>TOTAL TBC EXPENSES</b>														4,998,611

**Notes:**

- (a) Employee worked 4 months during the fiscal year.
- (b) Employee worked 6 months during the fiscal year.
- (c) Total occupancy expenses excluding depreciation expense.
- (d) Total other expenses excluding Legislative legal fees and tax penalty.
- (e) Total visitation 151, total TUA & EZ visitations 56 (or 37%).
- (f) Total FY 2011-2012 LBTR collections \$3,758,715 (8% = \$300,697)
- (g) Total programmatic expenses excluding MDMI and WWM expenses.
- (h) Excluding: Depreciation, In-Kind, WWM, MDMI, Legislative.

SAMPLE

**The Miami-Dade Beacon Council, Inc.**  
**TUA and EZ Completed Projects and Visitations Consolidated Report**

**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<b>Total Summary</b>	<b>EZ/EMP/TUA Total</b>	<b>Per Cent %</b>
Completed Projects	32	12	38%
LBJ Visitations*	131	49	37%
Direct Jobs Created	2,339	917	39%
Indirect Jobs Created	696	139	20%
Total Jobs Created	3,035	1,056	35%
Square Feet Occupied	1,240,524	472,511	38%
New Capital Investment	534,643,718	45,340,718	8%

**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<b>Total Summary</b>	<b>EZ/EMP/TUA Total</b>	<b>Per Cent %</b>
Completed Projects	27	6	22%
LBJ Visitations	152	59	39%
Direct Jobs Created	1,877	502	27%
Indirect Jobs Created	945	211	22%
Total Jobs Created	2,822	713	25%
Square Feet Occupied	575,989	318,760	55%
New Capital Investment	111,590,000	13,580,000	12%

**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<b>Total Summary</b>	<b>EZ/EMP/TUA Total</b>	<b>Per Cent %</b>
Completed Projects	29	17	59%
LBJ Visitations	154	65	42%
Direct Jobs Created	1,591	798	50%
Indirect Jobs Created	601	203	34%
Total Jobs Created	2,192	1,001	46%
Square Feet Occupied	346,376	215,441	62%
New Capital Investment	117,150,000	77,100,000	66%

**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<b>Total Summary</b>	<b>EZ/EMP/TUA Total</b>	<b>Per Cent %</b>
Completed Projects	32	13	41%
LBJ Visitations	150	63	42%
Direct Jobs Created	1,543	842	55%
Indirect Jobs Created	610	328	54%
Total Jobs Created	2,153	1,170	54%
Square Feet Occupied	236,605	73,127	31%
New Capital Investment	69,606,000	28,805,000	41%

\* Local Business Local Jobs Visitations

*Source: The Miami-Dade Beacon Council Quarterly Reports to the Commission (Quarterly and Annually).*



# THE BEACON COUNCIL

February 11, 2015

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Official  
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Development  
Partnership

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Larry K. Williams  
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Mr. Charles Anderson, CPA  
Commission Auditor  
Miami-Dade County  
111 NW First Street, Suite 1030  
Miami, Florida 33128

Re: Response to the January 2015 Beacon Council Audit Report

Dear Mr. Anderson,

We appreciate the professional and thorough approach that the Commission Auditor Department utilized to complete the audit on the use of the eight (8%) percent allocated from the Local Business Tax Surcharge in accomplishing its county-wide economic development mission for the fiscal years ended September 30, 2010, 2011, 2012 and 2013 respectively.

I greatly appreciate the auditor's recognition of Beacon Council's diligent work to improve all areas of our county including those with the highest needs. Clearly you see our impact. Thank you for your continued commitment to the Beacon Council.

The focus of this exercise centered on the results specifically related to economically disadvantaged neighborhoods which are designated as Enterprise Zones (EZ), Empowerment Zones (EMP), and Targeted Urban Areas (TUAs) of this County. Pursuant to Ordinance 97-33, the County EMP neighborhoods and its candidate sites suitable for development also became TUAs. All completed projects located in a TUA are also located within an EZ.

During the above cited audit timeframe The Council has accomplished the following:

### Cumulative Results 2010- 2013

	Total Summary	EZ/EMP/TUA Total	% Total
<b>Completed Projects</b>	120	48	40%
<b>LBLJ Visitations*</b>	587	236	40%
<b>Direct Jobs Created</b>	7,350	3,059	42%
<b>Indirect Jobs Created</b>	2,852	881	31%
<b>Total Jobs Created</b>	10,202	3,940	39%
<b>Square Feet Occupied</b>	2,399,494	1,079,839	45%
<b>New Capital Investment</b>	\$832,989,718	\$164,825,718	20%



This trend reflects the expanded network of business assistance that has been leveraged by The Beacon Council working closely with the Mayor's Office, the County Commission and Miami-Dade County departments in the review and development of incentives, Enterprise Zones benefits and infrastructure improvement. We have made great strides in working together on job creation projects, which was substantiated when the statistics show that Miami-Dade led the State of Florida in job growth.

We thank you and your team for the ongoing partnership.

Sincerely,

Larry K. Williams

Copy: Honorable Carlos Gimenez, County Mayor  
Honorable Chairman Jean Monestime and Members, Board of County  
Commissioners  
R.A. Cuevas, Jr., County Attorney  
Jack Osterholt, Deputy Mayor/Director, Regulatory & Economic Resources  
Department  
Leland Salomon, Deputy Director, Regulatory & Economic Resources  
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