



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

M E M O R A N D U M

TO: Honorable Bruno A. Barreiro, Chairman
and Members, Board of County Commissioners

FROM: Charles Anderson
Commission Auditor

A handwritten signature in black ink, appearing to read "Charles Anderson", is written over the printed name and title.

DATE: February 4, 2008

SUBJECT: FY 06-07 Year-End Budget Amendments and Supplemental Budget

In accordance with Resolution 195-05, we have reviewed the County Manager's FY 06-07 Year-End Budget Amendments and Supplemental Budget. We offer the following observations for your consideration concerning February 5, 2008, Board of County Commissioners' agenda items 5(E), 5(E) Supplement, 8(L)(1)(C) and 12(B)(6).

FY 06-07 Year-End Budget Amendments

Animal Services

The County Manager states in the report that "The Animal Services Department (ASD) requires an amendment of \$10,000 to cover unrealized code violation fine revenues. Funding will be provided by the Countywide General Fund."

ASD ended FY 2006-07 by expending \$58,666 more than revenues available. In addition, after transferring termination and sick leave payout to the County's Separation Reserve, the required general fund amendment is reduced to \$10,000.

An Audit of Animal Services Department Internal Controls for Proprietary Revenues is currently in process and is anticipated to be completed in the next 90 days. Additionally, we reported to the Board of County Commissioners on September 4, 2007, under the Information for First Budget Hearing Report, that revenue growth assumptions were potentially over-optimistic and more conservative proprietary revenue assumptions would reduce the potential need for additional General Funds in a supplemental budget.

Office of Community and Economic Development

A budget amendment of \$4.481 million is required to reimburse the CDBG Line of Credit order for CY 2006 and CY 2007 (September, 2006 through December 2007) due to exceeding the Community Development Block Grant (CDBG) Public Service cap of

15% from the General Fund. On June 6, 2006, Miami-Dade County received a formal notification from U.S. HUD of a violation in the County's expenditures on public service.

As previously stated the Public Service Cap is based on 15% of the total CDBG Grants. The Administrative Cap is based on 20% of the total CDBG Grants. The following is a breakdown:

(Dollars in Thousands)	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
CDBG	\$22,410	\$18,731	\$18,670	\$18,296
Program Income	\$ 748	\$ 969	\$ 498	\$ 400
Total CDBG	\$23,158	\$19,700	\$19,168	\$18,696
15% Public Service Cap	\$ 3,474	\$ 2,955	\$ 2,875	\$2,804
20% Administrative Cap	\$ 4,632	\$ 3,940	\$ 3,834	\$3,739

Budget Line-Item Transaction Appropriations

Miami-Dade County Ordinance 07-45 states:

“The County Manager or his or her designee shall have the authority to make intradepartmental budget amendments that reallocate appropriations amongst a department’s line item appropriations in each fund provided such reallocations do not cumulatively exceed ten percent of that fund’s total appropriations to the department and, further provided that that fund’s total appropriations to the department may not be changed. The County Manager shall report such reallocations to the County Commission at the last Commission meeting in July. Reallocations amongst a fund’s line item appropriations for expenditures in excess of ten percent of that fund’s total appropriations to a department, or which reallocates line item appropriations from personnel services to any other line item, or which cause an increase in a fund’s total appropriations to a department must be approved by the County Commission.”

The County Manager’s report does not provide the allocation and percentage by fund. It shows the total allocation as a percentage of the department as a whole, rather than by fund. In the following table, the entry is taken from Attachment 2, which is a listing of items that exceeded the 10 percent threshold and/or personnel expenditures moved to other line item categories. The entry appears on handwritten page 16 of the County Manager’s FY 2006-07 Year-End Budget Amendments.

According to the Office of Strategic Business Management (OSBM), “ The Park and Recreation Department, fund 900 (Special Taxing Districts) was reported on Attachment 2 as having exceeded the 10 percent threshold due to an inappropriate booking of an expense.”

Department	Fund Type	FAMIS Budget	Adjusted Amount	Percent of the Fund
Park and Recreation	SO 900	\$5,114,200	\$1,827,844	35.74%

The entry below also taken from the County Manager’s report appears in Attachment 3, which details approved line item appropriations which did not exceed the 10 percent limit. This item appears on handwritten page 19. When the individual departments were recalculated using the total allocations by each fund within the department, the following department exceeded the ten percent rule as listed below. However, OSBM indicted that “..fund 600 is a Trust Fund and (really) should not have been included in the report because trust funds are governed by the resolutions that create them.”

Department	Fund Type	FAMIS Budget	Adjusted Amount	Percent of the Fund
Medical Examiner	TF 600	\$ 26,800	\$ 6,529	24.36%

FY 06-07 Year-End Supplemental Budget

Enterprise Technology Department

The County Manager’s report indicates that the Department requires a supplement of \$8.271 million to reflect additional expenditures incurred in the areas of telecommunications, radio communications services, and application development and support. Sufficient revenue has been received to cover these expenditures from customer departments.

The Department has required a supplemental budget for three of the last four years:

- FY 2002-03 Year-End Supplemental Budget (total \$9.703 million)
 - \$7.8 million for voice over internet protocol, radios, data networks and other services
 - \$1.903 million for telephone service related expenditures
- FY 2004-05 Year-End Supplemental Budget (total \$12.966 million)
 - \$4.396 million for web-based applications and site maintenance

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- \$2.27 million for telephone and radio services system support
- \$3.0 million for software application development and support
- \$3.3 million for hardware purchases

- FY 2005-06 Year-End Supplemental Budget (total \$444,000)
 - \$143,000 for emergency services
 - \$301,000 for radio system maintenance

On December 7, 2007, the County Manager advised the Mayor that following a preliminary review of accounting and financial processes in the Department, immediate action is required to address certain deficiencies in the billing, accounting, inventory management, and other fiscal practices in the Department. The County Manager decided to appoint a Management Team to address a number of issues identified in the review within the next 90 days.

Special thanks to Jennifer Glazer-Moon and the OSBM staff for all their cooperation and assistance.

c: Honorable Carlos Alvarez, Mayor
George Burgess, County Manager
Jennifer Glazer-Moon, Director, OSBM