



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

M E M O R A N D U M

TO: Honorable Chairman Bruno A. Barreiro
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.

DATE: May 12, 2008

SUBJECT: FY 2007-08 Mid-Year Supplemental Budget

In accordance with Resolution 195-05, we have reviewed the County Manager's FY 07-08 Mid-Year Supplemental Budget. We offer the following observations for your consideration concerning May 13, 2008, Budget and Finance Committee agenda item 3(D).

Community Action Agency (CAA)

The County Manager's memorandum indicated that the Community Action Agency (CAA) will need a mid-year supplemental budget of \$4.513 million. This is necessary as a result of additional funds received for the Community Development Block Grant (CDBG) for the Elderly and Low Income Home Repair Programs (\$875,000), Low Income Housing Energy Assistance Program (LIHEAP) (\$1.173 million), Office of Community Economic Development (OCED) Beautification Program (\$1.920 million), and the Voluntary Pre-Kindergarten (VPK) Summer Program (\$545,000).

Observations: The programs are funded on a reimbursement basis and only the LIHEAP has been fully reimbursed (\$1.173 million) with federal funds passed through the State.

The CDBG funding for the Elderly and Low Income Home Repair Programs (\$875,000) are federal funds and the contract with OCED is from January 2008 to December 2008.

The OCED Beautification Program (\$1.920 million) is funded by documentary surtax and provides paint and landscape for the properties in Opa-Locka and Liberty City. The contract term for this program is January 1, 2008 to December 31, 2008.

The VPK contract term is from August 2007 to August 2008 with State funding (\$545,000). CAA operates both fall and summer programs.

Cultural Affairs (Art in Public Places)

The Department of Cultural Affairs is requesting a \$1.961 million supplemental budget for the Arts in Public Places Program to address commitments that have been carried forward from prior fiscal years and to address collection maintenance requirements and inventory systems upgrades. The Manager’s memo indicated the increased expenditures will be funded from higher than budgeted cash carryover from FY 2006-07.

Observations: In FY 07-08, the budgeted carryover for the program was \$1.610 million; however, the actual carryover for the program is \$3.571 million. The Department is requesting the difference, \$1.961 million, to be added to their expenditure authority.

The additional expenditure authority will allow the current funds encumbered to be paid to the artists for projects previously authorized once the Department completes the inventory and condition review of the art collection. Therefore, at this time, the Department cannot determine how much funding will be utilized in FY 07-08 until the inventory and condition review is completed.

Department of Human Services (DHS)

The Department of Human Services (DHS) is requesting a mid-year supplemental budget of \$69,000. The net \$69,000 supplement is for correction between funds: \$869,000 added to Fund 610 and \$800,000 transferred from Fund 30 as depicted in the below table.

Human Services - FY 2007-08 Mid-Year Supplemental Budget

	<u>Fund 030</u>	<u>Fund 610</u>	<u>Total</u>
	<u>Subfund 038</u>		
Additional Psychological Services:			
Miami-Dade School Board		\$502,000	
Community Action Agency		<u>\$204,000</u>	
Total		\$706,000	\$706,000
Corrections to the appropriations	(\$800,000)	\$163,000	(\$637,000)
Total Supplement	<u>(\$800,000)</u>	\$869,000	<u>\$69,000</u>

The additional expenditures are associated with new unbudgeted interagency agreements for psychological services for the Miami-Dade School Board (\$204,000) and the Community Action Agency (CAA) Head Start Program (\$502,000), which will be funded by the Miami-Dade School Board and the Community Action Agency (CAA), respectively.

Observations: CAA currently has an agreement with DHS for the provision of psychological services to Head Start participants and families that expires July 31, 2008 and is funded by the Head Start program. The psychological services were requested of DHS by the Miami-Dade County Public Schools and in consultation with the County Manager's Office and the County Attorney's Office, the contract was reviewed and signed. The amount expended to date is \$191,775. Please be advised that the Miami-Dade County Public Schools have yet to execute the contract.

Film and Entertainment

A mid-year supplement of \$89,000 is required by the Office of Film and Entertainment to cover the costs of implementing the Film Permit fee system required to process permit applications. The additional expenditures will be funded by the higher than budgeted cash carryover.

Observations: The Office of Film and Entertainment ended FY 06-07 with a positive fund balance of \$141,124 in project number 104122. Therefore, \$89,000 is being utilized to cover the cost of the new film permit fee system leaving a current positive fund balance of \$52,124.

The approved budget for permit fee revenue is \$180,000 and permit fees collected from October 2007 to April 2008 is \$58,380-32.4% of the budget.

General Services Administration (GSA)

GSA is requesting a \$17.337 million mid- year supplement to cover higher than allocated costs associated with fuel, construction, and building lease pass-through charges. In spring 2007, fuel costs (excluding taxes) were less than \$2.20 per gallon and bulk prices were stabilizing. Fuel consumption remained steady year-over-year. However, fuel prices began to increase in late summer and have steadily increased to the current level. As a result, \$9 million is required for what primarily will be a pass-through fuel charge. The department is also experiencing higher than budgeted pass-through expenditures for materials, contractors fees and building leases (\$8.337 million). Internal services charges to user departments will fund all of the previously mentioned expenditures.

Observations: The GSA is requesting \$9 million for additional fuel expenditure authority.

<u>Average Fuel Cost</u>			
FY 2004-05	Unleaded \$1.86	Diesel	\$1.86
FY 2005-06	Unleaded \$2.27	Diesel	\$2.34
FY 2006-07	Unleaded \$2.26	Diesel	\$2.29
FY 2007-08	Unleaded \$2.81	Diesel	\$3.12

The GSA is requesting \$8.337 million for the following pass thru expenditures-

Materials	(\$ 429,000)
Contractors' Fees	8,329,000
Building Lease-MLK	437,000

The materials budget is estimated to utilize less than allocated; the contractors' fees are attributed to outside contracts on work orders and service tickets for various Departments; and the MLK expense are rent payments (including debt service) that exceeded estimates. The anticipated approval to purchase the building for MLK did not occur, therefore, the rental option is still in effect.

Office of Community and Economic Development (OCED)

OCED requires a supplemental budget of \$24.196 million due to the transfer of the administration and distribution of the Documentary Stamp Surtax and State Housing Initiatives Partnership funds for single-family homeownership and rehabilitation programs from the Housing Finance Authority (HFA) to OCED. Additionally, OCED now serves as the overseer of county-owned properties previously under the Miami-Dade Housing Agency. Lastly, OCED has assumed the responsibility of administering the Empowerment Zone Program. All costs associated with these programs will be supported with program income and carryover funds.

Observations: A breakdown of the supplemental budget, by program, is listed below:

Transfer of HFA surtax	\$11,056,000
Transfer of HFA SHIP revenue	7,022,000
Transfer of HFA SHIP carryover	3,624,000
Transfer of Empowerment Zone grants	1,911,000
Transfer of MDHA management fees (*)	<u>583,000</u>
	\$24,196,000

(*) Market Properties Management Fees for private rental housing is transferred to OCED to reimburse for the former MDHA staff now stationed in OCED.

Park and Recreation Department

A mid-year supplemental budget of \$1.1 million is required for Park and Recreation (fund 040) as a result of anticipated expenditures in FY 2006-07 that actually occurred in FY 2007-08. These expenditures included the purchase of beach equipment, as well as the installation and implementation of the Recreation Management System. The funding of the supplemental budget will come from higher than budgeted carryover.

Observations: The Park and Recreation Department ended FY 06-07 with a positive carryover of \$7.235 million, utilizing \$4.723 million in various activities as described below. Therefore, the Department's current remaining carryover is \$2.512 million.

Mid-year supplement request	\$1,100,000
Funding for one-time operational expenses	1,834,000
Marina MOU carryover	1,006,000
CBO/Fairchild Tropical Gardens carryover	<u>783,000</u>
	\$4,723,000

The carryover is available for one-time utilization in FY 08-09.

Miami Metrozoo requires a mid-year supplemental budget of \$195,000 as a result of higher than budgeted operating expenses for water and sewer, electrical, and heavy equipment. The supplemental budget will be funded from higher than budgeted carryover.

Observations: The Miami Metrozoo ended FY 06-07 with a positive fund balance of \$547,014. Therefore, \$195,000 is being utilized to cover the costs of the higher than budgeted operating expenses for water/sewer (1.2% higher), electricity (9.3% higher), and replacing one garbage truck and one dump truck (\$56,000). This will leave a current positive fund balance of \$352,014.

The carryover is available for one-time utilization in FY 08-09.

Special thanks to the Office of Strategic Business Management and the Departments' staff for all their cooperation and assistance.

- c: Honorable Carlos Alvarez, Mayor
George Burgess, County Manager
Robert A. Cuevas, Jr., County Attorney
Jennifer Glazer-Moon, Director, OSBM
Kay Sullivan, Director, Clerk of the Board

