




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

**MEMORANDUM**

**TO:** Honorable Chairman Esteban L. Bovo, Jr.  
and Members, Board of County Commissioners

**FROM:** Neil R. Singh, CPA  
Acting Commission Auditor 

**DATE:** April 6, 2017

**SUBJECT:** **The Miami-Dade Beacon Council, Inc.'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 (OCA) has concluded a review of The Miami-Dade Beacon Council, Inc.'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, 2014, 2015, and 2016.

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

c: Honorable Carlos Gimenez, County Mayor  
Abigail Price-Williams, 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  
Sheldon Anderson, Interim President and CEO, The Miami-Dade Beacon Council, Inc.  
Camela Glean-Jones, Chief Financial Officer and Executive Vice President, Budget & Administration, The Miami-Dade Beacon Council, Inc.  
Dyan Brasington, Executive Vice President, Economic Development, The Miami-Dade Beacon Council, Inc.  
Ivette A. O'Doski, The Miami-Dade Beacon Council, Inc.  
Marco Phanord, Senior Accountant, Accounting, The Miami-Dade Beacon Council, Inc.

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

**OFFICE OF THE COMMISSION AUDITOR**

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

Project Number 09-184101

April 6, 2017

**Neil R. Singh, CPA**  
Acting Commission Auditor

Auditors

Sam Manii  
Luis E. Carrazana, CPA

Auditor-In-Charge  
BCC Associate Auditor

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## **I. OBJECTIVE AND SCOPE**

Pursuant to Resolution No. R-552-09, adopted 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 (MMAP) for the Fiscal Years (FY) ended September 30, 2014, 2015, and 2016. MMAP is now Miami-Dade Economic Advocacy Trust (MDEAT).

The objective of this 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 Miami-Dade County (County).<sup>1</sup> OCA reviewed data provided by the Council for the fiscal years referenced above.

## **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. To complete this review, OCA met with the Council's staff on various dates at the Council's offices to review the information prepared by the Council regarding their use of the eight percent of the local business tax revenues previously used by MMAP.

## **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:

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

*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.

#### **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, 2014, 2015, and 2016.

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<sup>2</sup> Agreement between the County and the Council dated October 1, 1987.

<sup>3</sup> Grant Agreement between MMAP and the Council dated June 7, 1994.



**V. DETAILED RESULTS**

The tables below show the detailed results of our examination of the TUA and EZ Completed Projects and Visitations Analysis spreadsheets provided by the Council for the fiscal years ended September 30, 2014, 2015, and 2016 respectively. A sample spreadsheet is included as Attachment I on page 7.

**Table I**  
Functional Expenses devoted to TUAs and EZs based on Completed Projects Allocation

Fiscal Year	LBTR Local Business Tax Receipts (LBTR)	X 8%	= A 8% of LBTR	B ERRPSE Professional Support Expense Allocation	C Total Expenses (excluding ERRPSE) Allocation	B + C = D Total Allocated Expenses devoted to TUAs and EZs	D - A Excess over 8% devoted to TUAs and EZs
2013-14	\$3,503,954	8%	\$280,316	\$208,759	\$1,692,878	\$1,901,637	\$1,621,321
2014-15	\$3,721,993	8%	\$297,759	\$284,201	\$1,816,163	\$2,100,364	\$1,802,605
2015-16	\$3,587,006	8%	\$286,960	\$380,795	\$1,122,384	\$1,503,179	\$1,216,219

**Source:** Data from the TUA and EZ Completed Projects and Visitations Analysis spreadsheets.

**Table II**  
Functional Expenses devoted to TUAs and EZs based on  
Local Business Local Jobs (LBLJ) Visitations Allocation

Fiscal Year	LBTR Local Business Tax Receipts (LBTR)	X 8%	= A 8% of LBTR	B ERRPSE Professional Support Expense Allocation*	C Total Expenses (excluding ERRPSE) Allocation**	B + C = D Total Allocated Expenses devoted to TUAs and EZs	D - A Excess over 8% devoted to TUAs and EZs
2013-14	\$3,503,954	8%	\$280,316	\$244,271	\$1,856,704	\$2,100,976	\$1,820,659
2014-15	\$3,721,993	8%	\$297,759	\$250,084	\$1,461,790	\$1,711,873	\$1,414,114
2015-16	\$3,587,006	8%	\$286,960	\$257,769	\$1,010,146	\$1,267,915	\$980,954

**Source:** Data from the TUA and EZ Completed Projects and Visitations Analysis spreadsheets.

**Table I** and **Table II** above highlight the results of our analysis pertaining to the Council’s use of the eight percent devoted to TUAs and EZs. The methodology used allocates expenses based on completed projects and LBLJ visitations. The highlighted information can be found on Attachment I on page 7.

**Table III**  
TUA and EZ Completed Projects Allocation Rate

Fiscal Year	A TUA completed projects only	B EZ completed projects only	A+B=C Total TUA and EZ completed projects	D Total completed projects	C / D Allocation Rate
2013-14	11	2	13	42	31%
2014-15	11	7	18	44	41%
2015-16	9	4	13	43	30%

**Source:** Data from the TUA and EZ Completed Projects and Visitations Consolidated Report.

**Table IV**  
TUA and EZ LBLJ Visitations Allocation Rate

Fiscal Year	A TUA visitations only	B EZ visitations only	A+B=C TUA and EZ visitations	D LBLJ Visitations	C / D Allocation Rate
2013-14	32	20	52	151	34%
2014-15	34	18	52	158	33%
2015-16	30	12	42	154	27%

**Source:** Data from the TUA and EZ Completed Projects and Visitations Consolidated Report.

**Table III** and **Table IV** provide the support for the allocation rates used in the TUA and EZ Completed Projects and Visitations Analysis spreadsheets provided by the Council. The highlighted information can be found on Attachment I on page 7, and Attachment II on page 8.

From our analysis we concluded that amounts in excess of the eight percent of the local business tax revenues received by the Council were duly directed to the economically disadvantaged neighborhoods as required by Ordinance No. 08-112.

The Council provided the OCA with full access to their books and records in order to perform this review, 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 the Companies Assisted by the Council spreadsheets, the Visitations TUAs and Enterprise Zones Only spreadsheets, the Year End Key Performance Indicators (KPIs), subsidiary ledgers, payroll documents, and audited financial statements, for the fiscal years ended September 30, 2014, 2015, and 2016, except that the FY 2015 – 2016 data was unaudited as of the end of the review.

## VI. RECOMMENDATIONS

### **Prior Year's Recommendation**

The Council's management has implemented a sales and contact management software called Sales Force to track 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. Further, they have indicated that a management accounting information system that would integrate with an activity based cost accounting system as part of an overall reporting restructuring effort would not be cost-beneficial or a prudent stewardship of taxpayer-funded resources. The OCA is satisfied with the actions taken by management to address our prior concerns.

### **Current Year's Recommendation**

Currently, the Council's metrics only focus on the final outcome of their efforts, as measured by metrics such as, among others, the completed projects and visitations. It would benefit the Council to show every step they take, from start to finish, in the achievement of these metrics. A value-added disaggregation of metrics would more accurately portray the many and varied efforts of the Council, and would render them more transparent to its many stakeholders. We recommend the Council include these disaggregated metrics in its quarterly KPIs.

## **VII. ATTACHMENTS**

<b>The Miami-Dade Beacon Council, Inc.</b>												
<b>TUA and EZ Completed Projects and Visitations Analysis</b>												
<b>SAMPLE</b>												
<b>Employee</b>	<b>Total Completed Projects</b>	<b>Total LBLJ Visitations</b>	<b>TUA Projects Completed</b>	<b>TUA LBLJ Visitations</b>	<b>EZ Projects Completed</b>	<b>EZ LBLJ Visitations</b>	<b>Salary</b>	<b>Taxes</b>	<b>Benefits</b>	<b>Salary &amp; Benefits Total</b>	<b>(a)</b>	<b>(b)</b>
											<b>Allocation Based on Completed Projects</b>	<b>Allocation Based on LBLJ Visitations</b>
Employee 1	8	24	1	6			\$82,345	\$6,299	\$16,469	\$105,113	\$13,139	\$48,177
Employee 2	8	21		3	1	2	\$47,641	\$3,645	\$9,528	\$60,813	\$7,602	\$14,479
Employee 3	1	21		2		1	\$49,922	\$3,819	\$9,984	\$63,725	\$0	\$9,104
Employee 4	9	22	4	5	1	3	\$61,758	\$4,725	\$12,352	\$78,835	\$43,797	\$28,667
Employee 5	8	19	3	5			\$119,739	\$9,160	\$23,948	\$152,847	\$57,318	\$40,223
Employee 6	4	22	1	6		3	\$82,320	\$6,297	\$16,464	\$105,081	\$26,270	\$42,988
Employee 7	4	22	2	5		6	\$95,000	\$7,268	\$19,000	\$121,268	\$60,634	\$60,634
<b>Total ERRPSE</b>	<b>42</b>	<b>151</b>	<b>11</b>	<b>32</b>	<b>2</b>	<b>20</b>	<b>\$538,724</b>	<b>\$41,212</b>	<b>\$107,745</b>	<b>\$687,681</b>	<b>\$208,759</b>	<b>\$244,271</b>
Office of the President	n/a	n/a	n/a	n/a	n/a	n/a	\$483,438	\$36,983	\$96,688	\$564,117	\$174,876	\$191,800
Budget and Administration	n/a	n/a	n/a	n/a	n/a	n/a	\$364,762	\$27,904	\$72,952	\$412,627	\$127,914	\$140,293
Investor Relations	n/a	n/a	n/a	n/a	n/a	n/a	\$169,077	\$12,934	\$33,815	\$162,835	\$50,479	\$55,364
Marketing & Communications	n/a	n/a	n/a	n/a	n/a	n/a	\$239,044	\$18,287	\$47,809	\$252,149	\$78,166	\$85,731
Economic Development	n/a	n/a	n/a	n/a	n/a	n/a	\$642,349	\$49,140	\$128,470	\$766,967	\$237,760	\$260,769
<b>Total Salaries and Benefits (Net of Temporary Personnel expenses of \$76,820)</b>							<b>\$2,437,393</b>	<b>\$186,461</b>	<b>\$487,479</b>	<b>\$2,846,377</b>	<b>\$877,955</b>	<b>\$978,228</b>
<b>Functional Expenses and Allocations (c)</b>												
Salaries and Benefits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2,923,197	\$877,955	\$978,228
Occupancy, Equipment & Technology	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1,127,915	\$349,654	\$383,491
Advertising and Promotional Costs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$288,772	\$89,519	\$98,182
Miami-Dade Marketing Initiative	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$998,408	\$309,506	\$339,459
Member/Investor Costs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$358,929	\$111,268	\$122,036
Travel and Entertainment	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$156,595	\$48,544	\$53,242
Professional Fees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$126,349	\$39,168	\$42,959
Other Expenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$245,232	\$76,022	\$83,379
<b>Total Expenses (excluding Total ERRPSE) Allocation (d) (e)</b>											<b>\$1,692,878</b>	<b>\$1,856,704</b>
<b>Total Expenses and Allocations (f) (g)</b>										<b>\$6,225,399</b>	<b>\$1,901,637</b>	<b>\$2,100,976</b>
<b>Eight Percent of the Business Taxes (h)</b>											<b>\$280,316</b>	<b>\$280,316</b>
<b>Excess Over Eight Percent devoted to TUAs and Ezs (i) (j)</b>											<b>\$1,621,321</b>	<b>\$1,820,659</b>
<b>Notes:</b>												
(a) The Total Expansion, Retention, and Recruitment Professional Support Expenses (ERRPSE) based on Completed Projects in the amount of \$208,759 is the sum of the individual employee allocations.												
(b) The Total Expansion, Retention, and Recruitment Professional Support Expenses (ERRPSE) based on LBLJ Visitations in the amount of \$244,271 is the sum of the individual employee allocations.												
(c) Functional Expenses represent all of the Council's expenses for a year grouped into different categories such as Salaries and Benefits, Travel and Entertainment, Professional Fees, among others.												
(d) The Total Expenses (excluding Total ERRPSE) Allocation (calculated by subtracting \$208,759 from \$1,901,637) is equal to \$1,692,878.												
(e) The Total Expenses (excluding Total ERRPSE) Allocation (calculated by subtracting \$244,271 from \$2,100,976) is equal to \$1,856,704.												
(f) Total Allocated Expenses devoted to TUAs and EZs based on Completed Projects.												
(g) Total Allocated Expenses devoted to TUAs and EZs based on LBLJ Visitations.												
(h) Total FY 2013-2014 LBTR collections \$3,503,954 (8% = \$280,316.32).												
(i) Excess over 8% devoted to TUAs and EZs based on Completed Projects.												
(j) Excess over 8% devoted to TUAs and EZs based on LBLJ Visitations.												

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

**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Total Summary	*EZ/EMP/TUA Total	Per Cent%
Completed Projects	43	13	30%
New Direct Jobs Created	1,762	391	22%
Indirect Jobs Created	492	110	22%
Total Jobs Created	2,254	501	22%
New Capital Investment	\$188,250,959	\$43,760,000	23%
New Square Feet	1,045,280	220,640	21%
LBJ Visitations	154	42	27%

\* these #s includes EZ/EMP (23) and TUA w/out EZ (0)

**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Total Summary	EZ/EMP/TUA Total	Per Cent%
Completed Projects	44	18	41%
New Direct Jobs Created	1934	644	33%
Indirect Jobs Created	664	215	32%
Total Jobs Created	2600	859	33%
New Capital Investment	\$412,504,235	\$51,852,565	13%
New Square Feet	1,317,944	402,557	31%
LBJ Visitations	158	52	33%

**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Total Summary	*EZ/EMP/TUA Total	Per Cent%
Completed Projects	42	13	31%
New Direct Jobs Created	1515	694	46%
Indirect Jobs Created	616	298	48%
Total Jobs Created	2131	992	47%
New Capital Investment	\$166,044,000	\$49,350,000	30%
New Square Feet	1,140,476	340,427	30%
LBJ Visitations	151	52	34%

\* these #s includes EZ/EMP (12) and TUA w/out EZ (1)



THE BEACON COUNCIL

March 30, 2017

Mr. Neil Singh  
Interim Director Commission Auditor  
Miami-Dade County  
111 NW First Street, Suite 1030  
Miami, Florida 33128

**Re: The Miami-Dade Beacon Council Inc.'s Use of Eight Percent of the Business Tax Pursuant to Resolution No. R-552-09**

Dear Mr. Singh:

Thank you for the opportunity to comment on the above-mentioned audit results.

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 The Miami-Dade Beacon Council's county-wide economic development mission for the fiscal years ended September 30, 2014, 2015 and 2016 respectively.

We greatly appreciate the auditor's recognition that The Miami-Dade Bacon Council ("The Council") is in compliance with the requirements set forth in resolution R-522-09, along with our diligent work to improve all areas of our Miami-Dade County including those areas with the greatest needs.

**Prior Year's Recommendation:**

As the report indicates, in your letter dated February 24, 2015, we have met the prior year's recommendation to implement sales and contact management software to advance our communication opportunities and track progress with new and potential clients.

**Current Year's Recommendation:**

We accept this year's recommendation to broaden reporting of the many activities The Council undertakes to meet its economic development goals on behalf of Miami-Dade County. We will incorporate your recommendations which will assist in demonstrating the layered process required in achieving our Key Performance Indicators (KPIs).

Miami-Dade  
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Economic  
Development  
Partnership

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Mr. Neil Singh  
Interim Commission Auditor  
Response to Use of Eight Percent of the Business Tax  
March 30, 2017  
Page 2

The Miami-Dade Beacon Council strives to be continually responsive to the changing demands and evolution of our marketplace and economy. We welcome and appreciate the County's strong partnership in that endeavor.

Sincerely,

A handwritten signature in blue ink that reads "Sheldon T. Anderson".

Sheldon T. Anderson  
Interim President & CEO

Copy: Honorable Carlos Gimenez, Miami-Dade County Mayor

Honorable Esteban L. Bovo, Jr., Miami-Dade County Chairman of Board of  
County Commission

The Miami-Dade Board of County Commissioners

Jaret Davis, Chairman, The Miami-Dade Beacon Council

Luis Carrazana, Associate Auditor, Office of Commission Auditor

Cathy Jackson, CPA – Director, Audit and Management Services

Sam Manii, Associate Auditor, Office of Commission Auditor

Jack Osterholt, Deputy Mayor/Director, Regulatory & Economic Resources  
Department

Leland Solomon, Deputy/Director, Regulatory & Economic Resources  
Department

Dyan Brasington, Executive Vice President, Economic Development, The  
Miami-Dade Beacon Council

Camela Glean-Jones, Chief Financial Officer & Executive Vice President,  
Budget & Administration, The Miami-Dade Beacon Council