

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

Review of the FY 2010 Proposed Budget

Report #08/09-02

August 28, 2009

City of Fort Lauderdale

Our Vision

The City of Fort Lauderdale is committed to improving productivity, streamlining expenses and developing a stronger, more effective organization.

This City's vision embraces:

- **Fiscal Responsibility**
- **Accountability**
- **High Ethical Standards and**
- **Quality Delivery of Services**

Our Values

- **Respect** for the dignity of our citizens and co-workers and the diversity of all groups.
- **Integrity** as demonstrated by honesty and fairness and conduct beyond reproach.
- **Courage** to do the right thing, for the right reason, in the right way.
- **Teamwork** through recognition that excellence is achieved by cooperation, communication and collaboration.
- **Service** to the public, our elected officials and other employees that is exemplary and exceeds expectations.
- **Creativity** as the foundation for ingenuity and innovation in the delivery of service.
- **Accountability** for our decisions, actions and results.



City Auditor's Office

Memorandum

No: 08/09-11

Date: August 28, 2009

To: Mayor John P. "Jack" Seiler
Vice-Mayor Bruce G. Roberts
Commissioner Charlotte E. Rodstrom
Commissioner Bobby B. DuBose
Commissioner Romney Rogers

From: John Herbst, CPA, CGFO, MBA
City Auditor

Re: *Review of the FY 2010 Proposed Budget*

Executive Summary

The City Auditor's Office (CAO) has performed a review of the FY 2010 Proposed Budget. All information included in this budget is compiled by the City Manager of the City of Fort Lauderdale pursuant to section 4.09 of the City Charter. Our analysis consisted of staff inquiries, analytical procedures and review of documentation provided by management. We followed up on the initial responses from staff and performed limited testing of evidence supporting their replies.

The City Commission directed management to utilize zero-based budgeting in developing the proposed budget. We do not believe that goal was achieved. Zero-based budgeting requires that programs and activities be prioritized and ranked, with resources being allocated to individual programs based on those rankings. Low priority programs are reduced or eliminated, and their resources shifted to higher value activities. The value of this approach is to more closely align the allocation of scarce resources with critical city services.

Instead, the approach used was a more rigorous version of the City's traditional line-item budget. While this represents an improvement over the "prior year plus inflation" approach utilized in years past, it does not yield the benefits of zero-based budgeting.

As outlined below, we noted several material items that we believe need to be changed to present a balanced budget that accurately projects all known revenues and expenditures.

Objectives

The primary focus of our review was to ensure that the budget is balanced; revenue and expenditure estimates are reasonable and materially correct; and that the proposed millage is in compliance with Florida Statutes. We did not attempt to identify operational areas where additional cost savings might be achieved.

Scope

The CAO analyzed the City Manager's Proposed Budget for Fiscal Year 2010 as presented to the City Commission at the July 21, 2009 Meeting. The material reviewed included the Budget Message, Executive Summary including supporting tables and schedules as well as revenue and expenditure detail reports from the City's budget preparation system (BPREP).

Methodology

We performed various analytical procedures, reviewed budget support worksheets and made inquiries of the Office of Management and Budget, the Finance Department and individual departmental budget coordinators. Additionally, we compared the line item revenue and expenditure detail from the Proposed Budget to the June estimate of actual expenditures through 9/30/09. Furthermore, we analyzed the variances of the three prior fiscal years budget vs. actual to gain an historical perspective and identify opportunities to improve the accuracy of revenue and expenditure estimates.

Observation #1

The Proposed Budget includes \$1,800,000 in estimated red light camera fines. The legality of charging these fines is currently being challenged in several lawsuits throughout the State. If the lawsuits are upheld, the City may well find itself in the position of having to refund millions of dollars. Accordingly, the City cannot assert that these revenues are achievable or available for use in the upcoming year.

Recommendation

The CAO recommends that all red light fines that are collected be placed in an escrow account pending resolution of the outstanding litigation and eliminated as a revenue source for purposes of achieving a balanced budget.

Observation #2

Miscellaneous Income in the Finance Department was erroneously estimated at \$501,000 and should have been estimated at only \$1,000.

Recommendation

The CAO recommends that this \$500,000 overstatement of revenue be removed from the FY 2010 Proposed Budget.

Observation #3

The CAO compared the funding reduction for the 68 eliminated positions with the FY 2010 payroll projection dated 5/27/09. We found that the Proposed Budget includes approximately \$3,600,000 dollars of funding for vacant positions throughout the City (see Attachment A). As part of our analysis we excluded the costs for vacant police and fire uniformed personnel, as well as budgeted vacancies filled by temporary employees. It was additionally noted that some of the funding reductions for vacancies provided in the Proposed Budget do not correspond to the actual costs for filling the positions (per the payroll projection estimates).

Recommendation

The CAO recommends that only essential Public Safety and other key positions remain as funded vacancies in the Proposed Budget.

Observation #4

At the July 21, 2009 meeting, the City committed to fund the first year obligation for the Wave. The proposed budget does not include funding for that commitment.

Recommendation

The CAO recommends that management include \$2.2 million in the budget for the Wave.

Observation #5

The Baltimore Orioles have indicated that they do not intend to extend their use of Fort Lauderdale Stadium for spring training. As a result, the City will have to absorb the cost of maintenance for the stadium. These costs have not been budgeted.

Recommendation

The CAO recommends that management determine how the stadium will be utilized during the next fiscal year and budget the amount needed for maintenance and operations in the appropriate fund (General or Airport).

Observation #6

The City was awarded a U.S. Department of Justice Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP) grant in the amount of \$3.2 million. The notice of the award came after the budget had been prepared and therefore is not included in the Proposed Budget.

Recommendation

The revenue and expenditures associated with the first year of the COPS grant should be added to the Proposed Budget.

cc: George Gretsas, City Manager
Harry Stewart, City Attorney
Jonda Joseph, City Clerk

No.	Position#	Position Name	Dept	Position Cost
1	L016	ASST CITY ATTORNEY III	ATT	\$ 117,118
2	F255	SECRETARY II	FIR	\$ 47,489
3	P1000	ADMIN ASST II	MGR	\$ 66,333
4	P883	SECRETARY I	MGR	\$ 43,668
5	M077	DEPUTY DIRECTOR - OMB	OMB	\$ 105,851
6	M155	ADMIN ASSISTANT I	OMB	\$ 66,333
7	R575	BALLFIELD GROUNDSKEEPER	PKR	\$ 41,138
8	RX542	PARK ATTENDANT	PKR	\$ 33,750
9	P246	SR POLICE RECORDS CLERK	POL	\$ 46,563
10	P260	SECRETARY I	POL	\$ 43,668
11	P263	ADMINISTRATIVE AIDE	POL	\$ 55,209
12	P807	PUBLIC SAFETY AIDE	POL	\$ 43,668
13	P810	PUBLIC SAFETY AIDE	POL	\$ 43,668
14	P811	PUBLIC SAFETY AIDE	POL	\$ 43,668
15	CR08	DEP COMM REDEV AGCY DIR	EDV	\$ 75,795
16	CR10	ADMIN ASST I	EDV	\$ 64,219
17	CR12	COMM REDV AGCY P&D MGR	EDV	\$ 78,987
18	E022	CONSTRUCTION REVIEW SPEC	PLN	\$ 56,144
19	E095	HOUSING PROGRAMS SUPV	PLN	\$ 75,727
20	PGX929	ADMIN AIDE	POL	\$ 49,428
21	U459	SERVICE CLERK	PBS	\$ 43,668
22	U642	SOLID WASTE FOREMAN	PBS	\$ 66,333
23	U041	SERVICE CLERK	PBS	\$ 43,668
24	U058	UTIL SERVICEMAN	PBS	\$ 38,863
25	U068	UTIL SERVICEMAN	PBS	\$ 38,863
26	U081	UTIL SERVICEMAN	PBS	\$ 38,863
27	U083	UTILITIES SERVICEMAN	PBS	\$ 38,863
28	U092	CUSTOMER SERV FIELD REP	PBS	\$ 48,529
29	U149	WTR TMENT PLANT OPER II	PBS	\$ 52,771
30	U172	MUN MNT WKR II	PBS	\$ 41,138
31	U199	UTIL SERVICEMAN	PBS	\$ 38,863
32	U200	UTIL SERVICEMAN	PBS	\$ 38,863
33	U201	UTIL SERVICEMAN	PBS	\$ 38,863
34	U214	UTIL SERVICEMAN III	PBS	\$ 46,563
35	U330	ELECTRONICS/INSTR TECH	PBS	\$ 51,620
36	U332	ELECTRONICS/INSTR TECH	PBS	\$ 51,620
37	U415	GEO INFO SYSTEM TECH	PBS	\$ 53,895
38	U472	SECRETARY II	PBS	\$ 47,489
39	U578	ENGINEERING TECHNICIAN II	PBS	\$ 58,672
40	U907	UTILITIES MECHANIC I	PBS	\$ 50,524
41	U908	NEW, NOT YET CLASSED	PBS	\$ 50,524
42	U192	W/W TMENT PLANT OPER TRNE	PBS	\$ 46,563
43	A181	ASST PARKING SRVS MGR	PAR	\$ 82,397
44	AX283	CUSTOMER SERVICE REP I	PAR	\$ 41,138
45	AX285	ACCOUNTING CLERK	PAR	\$ 41,982
46	P1021	PARKING ENFORCEMENT SPEC	POL	\$ 41,982
47	E028	AIRPORT OPERATIONS AIDE	BUS	\$ 50,524
48	E040	ASST AIRPORT MANAGER	BUS	\$ 77,368
49	U236	UTIL SERVICEMAN III	PBS	\$ 46,563
50	M027	SERVICE CLERK	FIN	\$ 43,668

51	U481	Building Official	BLD	\$ 99,682
52	A028	Computer Operator I	ITS	\$ 43,668
53	U555	Secretary II	PBS	\$ 74,734
54	R025	Park Ranger I	PKR	\$ 42,938
55	R104	Parks Supervisor	PKR	\$ 74,199
56	R153	MUN MNT WKR IV	PKR	\$ 45,494
57	R201	MUN MNT WKR II	PKR	\$ 41,138
58	U675	MUN MNT WKR II	PBS	\$ 41,138
59	U017	Safety and Tech Train Spec	PBS	\$ 66,333
60	U010	Admin Asst II	PBS	\$ 72,637
61	U008	Engineering Design Mgr	PBS	\$ 91,427
62	U090	Utility Serviceworker III	PBS	\$ 46,563
63	U235	Utility Serviceworker IV	PBS	\$ 49,428
64	U331	Electrical Helper	PBS	\$ 44,652
65	U347	Air Conditioning Tech	PBS	\$ 56,144
66	U144	MUN MNT WKR III	PBS	\$ 45,494
67	U371	Environmental Inspector	PBS	\$ 56,144
68	U270	W/W T'ment Plan Oper Tr	PBS	\$ 46,563
				\$ 3,688,040

Total Number of Funded Vacancies	68
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Total Budget Impact	\$ 3,688,040
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