

From: Steve Burdett [Steve.Burdett@brevardclerk.us]
Sent: Tuesday, June 29, 2010 8:16 AM
To: Scott Ellis
Cc: Scruggs, Maria; Whitten, Stockton E; Jefferson, Alphonso
Subject: FW: Proposed Finance Charter Amendment
Attachments: Finance Report.pdf; Budget Report.pdf; Financial Year End Close 9-24-08.pdf

TURNAROUND OF FINANCIAL INFORMATION

I was at the Charter Review meeting when a citizen with extensive financial experience addressed the improved turnaround of financial information. I understand the importance of timely financial information and how it can be applied by external users, especially those that do not have immediate access to the ongoing financial records. The Board of County Commissioners internal auditors (contracted CPA firms) analyzed the annual financial closing process and issued a report in September of 2008 and I will explain how this relates to the charter committee's proposed 90 day turnaround of financial information.

Page 4 of the attached internal audit report (Financial Year End Close 9-24-08) shows the timeline and main tasks involved with annual financial close and year end reporting. The chronology of the tasks begins at the top of the schedule; for example the task involving receipt of financial information from County departments must be completed before the tasks for CAFR preparation and completing audit fieldwork. For the annual financial report to be timely and accurate, the information received from Board departments and charter officers must also be timely and accurate.

Continuing with the tasks on page 4, the internal audit firm sites significant delays for vendor invoice processing, receipt of financial information from County departments and Charter Officer revisions. These delays involve receiving information from offices that are not controlled by Finance and the reasons have varied.

The internal audit firm referred to Manatee County as one of those governments that completes their financial report pretty early, so we contacted them. Manatee County uses a lot of estimating and the timing cutoff [to making adjustments and accruing expenses] to departments/officers is very early. Financial adjustments and accruing expenses allow reports to accurately reflect financial condition and departments to accurately manage their budgets. This could be done in Brevard County, but it will require a dedicated effort by County departments/officers along with acceptance from the independent auditors. For Brevard County to begin meeting a 90-120 day schedule, Brevard departments will need to cutoff expenditure adjustments by November 1 and charter officers will be closed November 15; no more adjustments will be accepted by Finance. The closing of Board department financial adjustments will also apply to the County's federal/state grants and some department finance personnel may be required to expedite their allocation of costs between funding sources. Again, for Finance to comply with a firm reporting timeline, we cannot be granting exceptions or extensions to departments or officers.

Another step involved with generating the report sooner involves the contingent liability disclosure

report from the County Attorney and actuarial/engineering reports from County Human Resources and Solid Waste. If the County's desire is to expedite the annual report, Finance will discuss the requirements with each relevant office to coordinate with the external firms hired to generate the information.

FINANCIAL AND OPERATING RESULTS

I have reviewed the minutes of the Charter Review Commission involving Proposal #52, Financial Report by County Manager and the proposed Resolution 2010-05. Rather than creating a charter provision to mandate timely reporting, I believe a request could be made to management and County Board for regularly available financial information. The information maintained in the SAP financial system is perpetual and accurate un-audited reports such as monthly or quarterly budget/actual and cash position can be generated at any time. The biweekly/monthly financial reports and projections Clerk's Finance prepares for you (Clerk's Office) are generated from the SAP financial system and estimates are used to project through year end. County Finance issued quarterly reports when the Board budget was managed in the Clerk's office and reports have also been issued by County Management. Examples are attached. The County Manager and Budget Director are expected to formulate a report they feel will be useful to the commissioners. Finance is available to assist generating the information.

From: Scott Ellis
Sent: Sunday, June 27, 2010 11:14 AM
To: 'Scruggs, Maria'
Cc: Kendall T. Moore; Steve Burdett; Kathleen Prothman; Mark Peterson
Subject: Proposed Finance Charter Amendment

Thanks, Maria. It seems odd to be a Charter Amendment, though, I would think if a December end-of-year Finance Report is desired I'd just ask the Board to have one provided.

Let us take a look,

Thanks, Scott

From: Scruggs, Maria [mailto:Maria.Scruggs@brevardcounty.us]
Sent: Thursday, June 24, 2010 3:40 PM
To: Scott Ellis
Cc: Kendall T. Moore
Subject:

Scott:

Thank you taking the time to review the following information the CRC is discussing. I have attached the proposal relating to financial reporting. Below you will see the discussion from the meeting on June 17th.

I will be sending out the agenda packages via e-mail tomorrow by 5:00 p.m., if you think you could

respond by then, great. If not, our next meeting will be on July 1st at 3:00 p.m. in Cocoa at the Town Hall in their Commission Chambers. I will need a response sometime before then.

If you have any further questions, please do not hesitate to contact me.

A. Proposed Resolution No. 2010-005 – Financial Report by County Manager (Proposal #52)

Sue Schmitt – She noted that it depicts no later than 90 days. She asked Mr. Jenkins his advice, and stated that since the fiscal year ends September 30th the report would have to be given in December, and if that was enough time for all the financial people to have the figures done by that timeframe.

Tom Jenkins – He stated that historically, the Clerk’s Office has not had the annual financial statement done within 90 days. Typically, they go into the spring when the time that is completed. So he doesn’t think a final report could be done until the Clerk’s Office is finished with their report. He does believe the County Manager could make a presentation of an overview of some sort that would be some indication of the financial status, but it would not be a final. He stated that the Finance Department is not under the County Manager so he can’t control their actions. Secondly, the Finance Department and the Clerk does the annual financial statements as fast as they can, but with all the other financial responsibilities it takes them a period of time to them.

Sue Schmitt – She stated that as long as everyone understands that all the final figures will not be in, and the Manager will do an overview based on Mr. Jenkins’ statement.

Neta Harris – She stated that the word “results” signifies a final report, and she thinks if the word “status” was used there it would give the County Manager a little more latitude.

Dale Young – He stated that in prior years the budget has included the Manager’s message as the first part of the budget, which is this report. He doesn’t know when he comes out with the printed budget with the message, but it would be a duplication of that.

Kendall Moore – He stated that if the board wanted Mr. Tolces to make any changes to any of the documents, he would need to be directed by a procedural action and majority vote.

Sue Schmitt – Her concern is that the Clerk is not ready until spring with the final report, and the amendment is drafted with the financial and operating results for the prior year. She would rather them give a status report than a final report.

Tom Jenkins – He thinks you could call it “status and forecast”, and that would cover what needs to be covered.

Sue Schmitt moved, seconded by Tom Jenkins to amend Proposed Resolution No. 2010-005 as follows: The County Manager shall make a public presentation of the county's financial status and forecast and operating results for the prior fiscal year.

Jim Rosasco – He thinks the CRC is getting into a slippery slope trying to rewrite this. He is comfortable with the language.

Robert Ludwiczak – He agrees with Mr. Rosasco, but he would like to hear from the proposer before we proceed any further.

Dale Young – He thinks we need to keep in mind the timing because the final date is either December 30th or January 1st. As far as forecast, that's what the budget is for the coming year, and it is printed by January 1st. He doesn't see the need for a forecast.

Martin Lamb – He wonders if the concern is not with the wording and is it with the date of the report's completion. He asked if that would be appropriate to change the timing to 180 day.

Tom Jenkins – He thinks it would work better, but the proposer was looking for something definitive and timely. He thinks the issue is that you are telling the County Manager that they shall do something when they do not prepare the final results. How do you hold the County Manager in violation of the Charter when they do not prepare the final financial report?

Dale Young – It says the Manager shall make a public presentation, but it doesn't say he has to go through all the paperwork to make this report. He doesn't think that's a problem with the suggestion.

Tom Jenkins – He doesn't know how you can make a presentation when somebody else doesn't give you the information within 90 days.

Sue Schmitt withdrew her motion. Tom Jenkins withdrew his second.

Sue Schmitt – She stated that you can't hold the County Manager responsible if the Clerk does not have the report. She agrees with changing the time element from 90 days to when the Clerk normally has the report. She noted that you can mandate all you want, but if they physically can't do it, you can't force them.

Martin Lamb – He asked if anyone had the inside knowledge of the correct time date.

Robert Ludwiczak – He stated that the proposer has done an extensive research and analysis of the proposal, and it may be beneficial for us to listen and resolve some of our questions.

Kendall Moore – He stated that he is trying to get through the discussion, because there may not be any motion to change the proposal. He will let her speak before the board takes any action.

Sue Schmitt – She asked if she could suggest not doing anything on the item until the next meeting, and find out from the Clerk's office what date they have that report ready.

Kendall Moore – He stated that we will direct staff to contact the Clerk's office and ascertain the specific answer to that question.

Jim Rosasco – He is concerned that the Board is getting bogged down in schematics. He stated there is a final report. He doesn't think the final adjustments on the final report makes a big difference in what the tax payers want to know. Let the County Manager give his report within 90 days on his numbers. It's to get an idea of where the county stands in a timely fashion.

Carolyn Fausnaugh – She stated that in her consideration she originally had 75 days for reporting, but knows that government doesn't work that fast and added 15 days to make 90 days. She mentioned that she considered a couple of options, one being timeliness of reporting. She noted that in her profession as a Accounting Manager for Avon she did her reporting manually, and managed to close the books within ten days after the close of a particular period without the use of a computer. So, she thinks timeliness of reporting is a really important issue. She stated that her second concern is public and commissioner awareness of the financial condition. She mentioned that she has been reflecting that in this upcoming election; what the questions that she would like to go out and ask people that are campaigning to be her representatives about their level of financial awareness and expertise. She thinks we need more financial expertise in county government. She saw the County Manager in a meeting and mentioned her proposal. He had many things going on at that time and it may have not registered with him, but she would suspect if she were in county government she would be watching the proceeding of this commission if there was anything that would impact her operations.

Dale Young – He stated that the beginning of the year is October 1st. If you wait until April to get the Manager's report you are seven months into the following year and it would be useless to anyone. He mentioned that there is a monthly financial report and a final year report with the exception of the supplemental additions to the budget, and the carry

forwards. The County Manager is capable of giving his view of where the budget stands and where the new year starts. He sees nothing wrong with the original wording of the proposal.

Kind regards,

Elena Scruggs
Administrative Secretary
Charter Review Commission
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