

Memorandum



Date: February 6, 2009

To: Charles D. Scurr, Executive Director
Office of the Citizens' Independent Transportation Trust

From: *Cathy Jackson*
Cathy Jackson, Director
Audit and Management Services Department

Subject: Audit Report – Charter County Transit System Surtax Review –
City of Miami Beach

PURPOSE AND SCOPE

As requested, we reviewed the City of Miami Beach's use of Charter County Transit System Surtax (Transit Surtax) proceeds remitted by Miami-Dade County (County) for the period January 1, 2003 through September 30, 2006, to verify compliance with the Interlocal Agreement. Our tests included, but were not limited to, testing expenditures for propriety and assessing internal controls over recordkeeping and financial reporting. We also analyzed unspent appropriations as of September 30, 2007.

BACKGROUND

The Oceanfront City of Miami Beach (City) is situated along the Atlantic Ocean and Biscayne Bay between the Government Cut Inlet on the South and the Town of Surfside on the North, in Miami-Dade County. The City is governed by an elected Mayor and six Commission Members. The City Manager, as appointed by the City Commission, is responsible for day-to-day oversight and administration. During the four-year period ended September 30, 2006, the County, through the Office of the Citizens' Independent Transportation Trust (OCITT), remitted \$10 million in Transit Surtax proceeds for the City to expend on qualifying transportation-related projects (Schedule I).

Pursuant to Section 212.055(1), Florida Statutes (2001), Miami-Dade County Ordinance (Ordinance) No. 02-116, enacted on July 9, 2002, imposed a one-half of one percent Transit Surtax on eligible sales transactions for transportation-related projects. Of the proceeds received by the County, 20% must be distributed to municipalities incorporated as of November 5, 2002 on a pro rata basis using population statistics. However, cities receiving Transit Surtax proceeds must continue the same level of General Fund support for transportation projects that was appropriated in their Fiscal Year (FY) 2002 Budget. Proceeds may be used to develop, construct, equip, maintain, operate, or expand:

- County-wide bus systems,
- Fixed guide-way rapid transit systems, and
- Roads and bridges in the County.

Surtax proceeds may also be used to secure bonds or pay debt service for such systems.

Further, cities are required to apply at least 20% of the proceeds to transit-related projects such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. If unable to do so, cities may apply such proceeds to a County project that enhances traffic mobility within their municipal boundaries, or funds shall be redistributed among other cities in the ensuing year for similar purposes.

Under the terms of the August 13, 2003 *Interlocal Agreement for Distribution of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County* (Interlocal Agreement), the City reported zero dollars as its budgeted FY2002 General Fund transportation support level, or Maintenance of Effort (MOE). During the four years ended September 30, 2006, the City reported appropriated expenditures of \$11 million for eligible projects (Table I). Eligible expenditures are determined each year using actual costs or appropriated amounts for qualifying transit and transportation projects less the FY2002 MOE. As projects may take longer than a year to develop and construct, not all funds received for any given year will actually be spent in that fiscal year. The funds, however, must be authorized and appropriated within that fiscal year.

Table I
Surtax Proceeds, Appropriations and Expenditures Claimed
For the Four Fiscal Years Ended September 30, 2006

Description	Fiscal Year Ended				All Years
	9/30/03	9/30/04	9/30/05	9/30/06	
Maintenance of Effort (MOE)	\$ -	\$ -	\$ -	\$ -	\$ -
Surtax Proceeds	\$ 1,686,079	\$ 2,583,517	\$ 2,719,756	\$ 3,029,839	\$ 10,019,191
Surtax Uses					
Transit Appropriations	\$ 519,957	\$ 758,084	\$ 811,044	\$ 574,589	\$ 2,663,674
Transportation Appropriations	1,166,122	1,825,433	1,908,712	3,391,655	8,291,922
	\$ 1,686,079	\$ 2,583,517	\$ 2,719,756	\$ 3,966,244	\$ 10,955,596

Source: OCITT and City of Miami Beach

SUMMARY RESULTS

As previously mentioned, the City received \$10 million in Transit Surtax funds during the audit period, and reported appropriating all Surtax proceeds on future eligible transit and transportation projects. However, our review of those appropriations and their related resolutions disclosed that several amounts were reported in the wrong fiscal year affecting claimed expenditures. We also identified \$2.9 million of qualifying transportation and transit-related expenditures in the entity's FY2002 Budget that should have been reported as MOE and another \$11.7 million that was not claimed as qualifying expenditures (Tables II and III). Based on the foregoing, we have determined that \$1.62 million (16%) of the Surtax proceeds were not spent or appropriated in FY2004 and FY2005, and thus, are subject to recapture. Further, \$938,000 of \$4.5 million unspent appropriated Surtax Funds was aged two years or more (Table V). OCITT should closely monitor appropriation balances to assure Funds are spent within reasonable time periods.

Future remittances should be withheld until City officials certify the MOE and submit formal plans showing the use of appropriated proceeds. OCITT should also redesign its Financial Recap Form to include data highlighting the 20% minimum amount that must be spent on transit-related projects and how it was applied to specific projects. Instructions for completing this form should be clarified to enhance preparation accuracy and completeness.

These and other findings and recommendations are presented in the remainder of this report. The City's written response is incorporated herein and the full text is also included as Attachment I. We have reviewed those responses and are pleased with the actions planned or already taken to address our concerns, except as otherwise noted. The City has requested that our recommendation to recapture unspent funds totaling \$1.62 million be deferred until their officials have had the opportunity to further discuss the matter with OCITT. Nonetheless, a written response is requested from the OCITT within 30 days, in accordance with Administrative Order 3-7. We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact Nancy McKee, Deputy Director, at 305-349-6100 if you have any questions.

FINDINGS AND RECOMMENDATIONS

General Fund Support

The City was unable to furnish documentation supporting its position that there was no funding for transit-related or transportation projects included in its FY2002 General Fund Budget. Since municipalities are required to apply Surtax proceeds to supplement, rather than replace, their General Fund support for eligible projects, the propriety of all future uses of Transit Surtax proceeds are affected by the accuracy of the MOE. AMS identified transportation projects totaling \$2.9 million in the City's FY2002 General Fund Budget that should have been reported as MOE (Table II).

**Table II
 AMS Estimate of MOE
 FY 2002 General Fund Budget**

Department/Description	Adopted Budget	Actual Expenditures
<i>Public Works Department</i>		
Streets	\$ 1,898,192	\$ 1,886,259
Other Transportation	399,781	347,931
<i>Citywide Department</i>		
Street Lights	597,651	461,758
Bus Benches	41,890	50,746
	<u>\$ 2,937,514</u>	<u>\$ 2,746,694</u>

Source: City of Miami Beach FY2002 Budget, General Ledger

Recommendation

Require that the City certify an MOE amount of at least \$2.9 million within 30 days or withhold future disbursements.

City's Response

The County's Review Findings identified unreported transportation/transit expenditures for FY 03-06. The City agrees that based on the \$2,937,514 MOE, the unreported budgeted transportation amounts should have been reported as the City's MOE and are listed in [the Table] below. It is also important to note that the Interlocal Agreement for the Distribution of Charter County Transit System Surtax Proceeds (Surtax ILA) between the City and County, dated August 13, 2003 stipulates that, if the City fails to meet the certification requirements, the City will be given a reasonable opportunity to correct any deficiencies. Therefore the City will submit a revised MOE report for FY 03-06 within thirty (30) days to correct this deficiency. It is also important to note that, while the City may have erroneously reported the MOE expenditures as part of the annual certification as \$0, the City did in fact comply with the requirement of providing at least the same level of general fund support (see Table) for transportation that the City provided in FY 02.

Unreported Transportation Expenditures FY 03-06

<i>Year</i>	<i>Miami-Dade County [Actual]¹</i>	<i>City of Miami Beach [Budget]</i>
<i>2003</i>	<i>\$2,819,997</i>	<i>\$3,152,531</i>
<i>2004</i>	<i>\$2,603,577</i>	<i>\$3,031,063</i>
<i>2005</i>	<i>\$2,961,519</i>	<i>\$3,224,485</i>
<i>2006</i>	<i>\$3,362,480</i>	<i>\$3,574,416</i>
<i>Total</i>	<i>\$11,747,573</i>	<i>\$12,982,495</i>

¹See Table III.

Unreported Expenditures

Our audit disclosed unreported qualifying transit-related and transportation expenditures of \$11.8 million in the Public Works and Citywide departments, in addition to the appropriations reported to the OCITT, as shown in Table III. Qualifying expenditures should be applied against Surtax proceeds and reported in the year of use.

**Table III
 Unreported Expenditures**

Description	Fiscal Year Ended September 30:				All Years
	2003	2004	2005	2006	
Transit Projects					
Bus Benches	\$ 71,933	\$ 55,271	\$ 73,419	\$ 72,519	\$ 273,142
Transportation Projects					
Streets	2,004,570	1,970,561	2,245,279	2,705,113	8,925,523
Street Lights	385,326	325,222	399,960	314,740	1,425,248
Other Transportation	358,168	252,523	242,861	270,108	1,123,660
	<u>2,748,064</u>	<u>2,548,306</u>	<u>2,888,100</u>	<u>3,289,961</u>	<u>11,474,431</u>
Total Projects	<u>\$ 2,819,997</u>	<u>\$ 2,603,577</u>	<u>\$ 2,961,519</u>	<u>\$ 3,362,480</u>	<u>\$ 11,747,573</u>

Source: City of Miami Beach FY2003-2006 General Ledgers

Recommendation

The City should exercise greater diligence to ensure that OCITT reports are accurate and complete as to all transit and transportation appropriations and expenditures.

City's Response

The City will submit [revised reports] for FY 03-06 within thirty (30) days to correct this deficiency.

Use of Surtax Proceeds

As summarized in Table IV and detailed in Schedule II, the City appropriated or expended \$22.7 million in qualifying transit-related and transportation expenditures of which \$10.96 million was reported as applied towards Surtax proceeds of \$10.02 million. Our review of the City's appropriated expenditures resulted in reclassifications of amounts between fiscal years, as the City incorrectly reported appropriations in years that did not match the periods defined in the City-approved Resolutions. Based on these and other errors and omissions, we have determined that the City did not expend or appropriate \$1.62 million of its Surtax proceeds in fiscal years 2004 and 2005 on eligible projects within the time periods specified in the Interlocal Agreement (Table IV).

Table IV
Transit Surtax Funds Recommended for Recapture

Description	Fiscal Year Ended September 30,				All Years
	2003	2004	2005	2006	
Surtax Proceeds	\$ 1,686,079	\$ 2,583,517	\$ 2,719,756	\$ 3,029,839	\$ 10,019,191
Qualifying Costs:					
Transit Expenditures					
Reported Appropriations	\$ 519,957	\$ 758,084	\$ 811,044	\$ 574,589	\$ 2,663,674
Reclass of Appropriations to Match Resolution Dates	-	(258,084)	258,084	-	-
	519,957	500,000	1,069,128	574,589	2,663,674
Add: Unreported Expenditures (Table III)	71,933	55,271	73,419	72,519	273,142
Transit Expenditures, as adjusted	\$ 591,890	\$ 555,271	\$ 1,142,547	\$ 647,108	\$ 2,936,816
Transportation Expenditures					
Reported Appropriations	\$ 1,166,122	\$ 1,825,433	\$ 1,908,712	\$ 3,391,655	\$ 8,291,922
Reclass of Appropriations to Match Resolution Dates	445,433	(445,433)	(864,145)	864,145	-
	1,611,555	1,380,000	1,044,567	4,255,800	8,291,922
Add: Unreported Expenditures (Table III)	2,748,064	2,548,306	2,888,100	3,289,961	11,474,431
Total Transportation	4,359,619	3,928,306	3,932,667	7,545,761	19,766,353
Less: MOE, as corrected (Table II) ²	(2,937,514)	(2,937,514)	(2,937,514)	(2,937,514)	(11,750,056)
Transportation Expenditures, as adjusted	\$ 1,422,105	\$ 990,792	\$ 995,153	\$ 4,608,247	\$ 8,016,297
AMS Analysis of the Use of Surtax Proceeds					
Transit Expenditures:					
Required 20% Transit Minimum ¹	\$ 337,216	\$ 516,703	\$ 543,951	\$ 605,968	\$ 2,003,838
Qualifying Transit-Related Expenditures Applied	(591,890)	(555,271)	(1,142,547)	(647,108)	(2,936,816)
Excess Transit Expenditures	\$ (254,674)	\$ (38,568)	\$ (598,596)	\$ (41,140)	\$ (932,978)
Transportation-Related Expenditures:					
Remaining 80% Balance ¹	\$ 1,348,863	\$ 2,066,814	\$ 2,175,805	\$ 2,423,871	\$ 8,015,353
Excess Transit Expenditures Applied ³	(254,674)	(38,568)	(598,596)	(41,140)	(932,978)
Qualifying Transportation-Related Expenditures Applied	(1,094,189)	(990,792)	(995,153)	(2,382,731)	(5,462,865)
Unused Transportation Surtax Proceeds	\$ -	\$ 1,037,454	\$ 582,056	\$ -	\$ 1,619,510
Recommended Recapture	\$ -	\$ 1,037,454	\$ 582,056	\$ -	\$ 1,619,510

¹ At least 20% of Surtax proceeds must be used on transit-related projects, such as circulator buses, and the remaining funds (80%) are earmarked for eligible transportation projects as defined by Florida Statutes.

² Although the City did not report MOE, AMS used the City's FY2002 Budget to calculate this amount.

³ Excess transit expenditures may be used to offset available transportation funds.

Recommendation

OCITT should recapture or withhold \$1.62 million from subsequent remittances.

City's Response

Although the City was not in full compliance with the Surtax ILA, there was never an intent to not comply. The City did appropriate all PTP funds received and all appropriations were for eligible transportation and transit projects. If the City failed to meet the certification requirements, the City should be given a reasonable opportunity to correct those deficiencies at the time they are

determined. Therefore, the City requests that no PTP funds be recaptured. Any amount of recapture would have an impact on important City transportation and transit projects.

All funds appropriated and spent by the City did meet the eligibility criteria for transit and transportation purposes as specified in Sec. 212.055(1)(d) 1-3 Florida Statute (2002) and the Interlocal Agreement dated August 13, 2003. Table IV of the audit report recommends a recapture amount of \$1 million in year 2004 and \$.6 million in year 2005 for transportation and transportation related expenditure, however, based on the Interlocal Agreement item 7(ii) the City should be given reasonable opportunity following the audit report to correct any deficiencies in meeting the transportations requirements.

Item 5 of the Interlocal Agreement states that the City on an annual basis, shall apply 20% of the portion of its share of the Surtax to transit use in the nature of circulator buses, bus shelters, bus pullout bays or other transit-related infrastructure. The City met and exceeded its annual 20% requirement by \$254,674, \$38,568, \$598,596 and \$41,140 in FY2003, FY2004, FY2005, and FY2006, respectively.

Item 7(i) of the Interlocal Agreement states that for the current fiscal year, the City shall certify that it is providing at least the same level of general fund support for transportation that the City provided in the City's FY 02 budget. This is also referred to as the MOE. As stated in your audit report, the City did not exceed the MOE for [transit] and transportation expenditures within FY2004 and FY2005. However, in the aggregate of all years under audit, the City spent or appropriated \$8 million on transportation or transportation related expenditures, meeting the 80% requirement. The City believes that we have met the requirement, based on the information below:

- In the Municipal Question & Answer (MQ&A) dated May 2004, question #16 provided the answer that "projects should be listed/budgeted in the five year transportation plan utilizing the County's fiscal year." The answer does specify that the funds need to listed/budgeted in the year applied for or received.*
- The May 2004 MQ&A, question #26 provided the answer that "unlike the 20% of transit share of Surtax proceeds, the 80% transportation portion may be carried over the following fiscal year(s)."*

Item 7 (ii) goes on to state "if the City fails to meet the certification requirements, after given reasonable opportunity to correct any deficiencies, the amount equal to the pro rata portion of the Municipal Share the City is to receive in the ensuing year shall not be distributed to the City. The City feels that it has not been given

reasonable opportunity to correct deficiencies as stated in the audit report and as such, the amount should not be subject to recapture as stated. The audit was concluded at the end of FY2008 and as such, correction of the deficiencies can only occur beginning in or after FY2009.

AMS Rejoinder

A June 30, 2004 Miami-Dade County Legal Opinion Concerning Municipal Use of Surtax Funds states that “It is understood, that both transit and transportation projects may take longer than a year to develop and construct. As such ... not all of the monies received by the municipalities for any given year will actually be spent in that fiscal year. The monies however, must be authorized and appropriated within that fiscal year.” This statement was further clarified in the Municipal Question Update dated June 2005 as municipalities were again advised that they need not actually spend their share of surtax proceeds in any given fiscal year as long as those monies are encumbered through contractual agreement. This was done in response to questions raised regarding rollover of unspent surtax funds from one year to the next to finance long-term projects. The City’s unused transportation proceeds in FY2004 and FY2005 were neither expended nor encumbered, thus we reaffirm our findings.

Unspent Appropriations

As of September 30, 2006, the City had not spent \$6.44 million of its \$10.96 million in transit-related and transportation appropriations. As of September 30, 2007, the unspent 2006 appropriations had been reduced to \$4.54 million. Fiscal year 2006 unspent amounts aged over two years total \$937,953 and \$1,899,884, respectively, as of September 30, 2007 and 2006 (Table V and Schedule III). The OCITT’s reporting format does not request any data regarding actual expenditures of Surtax appropriations; therefore, there is no monitoring to ensure appropriated funds are actually spent in future years.

**Table V
 Aged Appropriations
 As of September 30, 2007**

	Amounts	
	2007	2006
Aged Items Over Two Years Old:		
Three Year (FY04)	\$ 585,812	\$ 872,277
Two Years (FY05)	352,141	1,027,607
	937,953	1,899,884
One Year (FY06)	3,603,727	4,540,550
Unspent	\$ 4,541,680	\$ 6,440,434

Source: City of Miami Beach Resolutions and General Ledger

Recommendation

City personnel should report transit and transportation project delays, with revised completion dates, as a supplement to its annual OCITT certification package. OCITT should also modify its reporting schedules to show the expenditure of prior Surtax appropriations. If OCITT does not see timely use of appropriations or reasonable explanations as to why they cannot be spent, such amounts should be subject to recapture.

City's Response

The County's Review Findings stated that \$4.54 Million of the \$10.96 million that was appropriated has not been spent. However, pursuant to County Ordinance 02-116 and the Surtax ILA, the City "shall apply all of the portion of the Municipal Share that the City receives." The Ordinance and the Surtax ILA do not state that the City must expend the funds within the same fiscal year in which the funds are received. Nevertheless, the City is expediting the completion of all projects for which funds have been appropriated.

Certification and Reporting Requirements

The City did not certify that it used the current year's portion of Transit Surtax proceeds in accordance with the terms of the Interlocal Agreement. Additionally, the City did not submit its capital budgets, which support its Five-Year Transportation Plans, to the OCITT.

The Financial Recap Form prescribed by OCITT contains instructions that are vague. OCITT should add a line-item to this Form specifying the 20% minimum requirement for transit-related projects, as well as the detail of projects to which these proceeds were applied.

Recommendation

- The City should provide capital budgets and certification statements to OCITT to comply with annual reporting requirements.
- OCITT should standardize, reassess, and clarify reporting forms as well as provide technical assistance to improve uniformity and accuracy of reporting.
- Prospectively, OCITT should withhold funds if known matters of non-compliance are not promptly resolved.

City's Response

In reviewing yearly submissions, the City determined that the certification was incomplete. The City was unaware that the statement was a reporting requirement, and was only recently provided with a letter format for the certification statement. The City has attached the certification letter [Attachment II] to demonstrate that each fiscal year of PTP funds received were used in accordance with the terms of the Surtax ILA.

The PTP projects were not included in the City's Capital Budget until FY 2007. Prior to that, the PTP Five Year Plan was used as the capital document along with the specific project appropriations. The City's Capital Budgets from FY 2007-09 have been provided to OCITT.

Further, all information was transmitted annually as was required without any notice from the County regarding any deficiency. Again, the City would like to reiterate that the Surtax ILA states that if the City fails to meet the certification requirements, the City will be given a reasonable opportunity to correct any deficiencies. None of the findings reflect that the City in any way misspent or misappropriated the funds. Rather the findings are based on technicalities (timing) as to the mechanics of the process. The OCITT Board should apply any and all administrative remedies to address this issue.

CJ:zg

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- George M. Burgess, County Manager
- Robert A. Cuevas, Jr., County Attorney
- Ysela Llord, Assistant County Manager
- Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management
- Charles Anderson, Commission Auditor
- Jorge M. Gonzalez, City Manager, City of Miami Beach

**Charter County Transit System Surtax
Summary of Payments to Municipalities
For the Four Fiscal Years Ended September 30, 2006**

Municipality	Fiscal Year Ended September 30,				Total
	2003	2004	2005	2006	
City of Aventura	\$ 495,408	\$ 759,096	\$ 818,788	\$ 933,612	\$ 3,006,904
Town of Bal Harbour Village	62,707	96,085	99,550	112,832	371,174
Town of Bay Harbor Islands	96,989	148,613	155,936	172,145	573,683
Village of Biscayne Park	62,045	95,070	104,750	117,666	379,531
City of Coral Gables	810,009	1,241,148	1,298,953	1,467,752	4,817,862
Village of El Portal	47,795	73,232	76,045	84,400	281,472
City of Florida City	153,748	235,582	254,464	288,454	932,248
Town of Golden Beach	17,511	26,830	27,952	32,999	105,292
City of Hialeah	4,382,718	6,715,483	7,014,990	7,730,686	25,843,877
City of Hialeah Gardens	373,801	572,763	604,331	676,565	2,227,460
City of Homestead	621,791	952,745	1,051,671	1,208,129	3,834,336
Indian Creek Village	625	955	931	1,093	3,604
Village of Key Biscayne	202,733	310,644	333,638	369,378	1,216,393
Town of Medley	21,186	32,464	33,963	37,170	124,783
City of Miami	6,905,410	10,580,915	11,208,930	12,562,541	41,257,796
City of Miami Beach	1,686,079	2,583,517	2,719,756	3,029,839	10,019,191
Town of Miami Lakes	460,331	705,348	737,093	822,002	2,724,774
Village of Miami Shores	197,655	302,860	313,826	346,278	1,160,619
City of Miami Springs	259,738	397,985	412,534	456,196	1,526,453
City of North Bay Village	126,762	194,231	198,770	218,913	738,676
City of North Miami	1,136,965	1,742,129	1,805,505	1,989,253	6,673,852
City of North Miami Beach	799,300	1,224,740	1,267,423	1,402,019	4,693,482
City of Opa-Locka	291,102	446,045	468,652	533,416	1,739,215
Village of Palmetto Bay	459,612	704,246	745,086	824,252	2,733,196
Village of Pinecrest	361,540	553,977	579,684	639,364	2,134,565
City of South Miami	203,889	312,415	323,655	360,476	1,200,435
City of Sunny Isles Beach	293,299	449,411	486,866	548,772	1,778,348
Town of Surfside	95,908	146,959	157,799	184,160	584,826
City of Sweetwater	270,238	414,075	429,218	472,215	1,585,746
Village of Virginia Gardens	44,592	68,325	70,576	77,979	261,472
City of West Miami	113,307	173,613	185,212	202,961	675,093
	<u>\$ 21,054,793</u>	<u>\$ 32,261,501</u>	<u>\$ 33,986,547</u>	<u>\$ 37,903,517</u>	<u>\$ 125,206,358</u>

Source: Citizens' Independent Transportation Trust

Charter County Transit System Surtax - City of Miami Beach
Listing of Qualifying Surtax Projects
For the Four Years Ended September 30, 2006

	Resolution Number	Fiscal Year Ended September 30,				All Years
		2003	2004	2005	2006	
Transit Projects						
Appropriations:						
Electro Wave Shuttle Service	2003-25325	\$ 360,000	\$ -	\$ -	\$ -	\$ 360,000
Electro Wave Shuttle Service	2003-25355	-	400,000	-	-	400,000
Rapid Transit Options Evaluation	2003-25374	159,957	-	-	-	159,957
Electro Wave Shuttle Service	2004-25703	-	100,000	-	-	100,000
Electro Wave Shuttle Service	2004-25705 ¹	-	-	500,000	-	500,000
Electro Wave Shuttle Service	2005-25931	-	-	34,564	-	34,564
South Beach Local Circulator	2005-26014	-	-	534,564	-	534,564
South Beach Local Circulator	2006-26340	-	-	-	574,589	574,589
Total Transit Appropriations		519,957	500,000	1,069,128	574,589	2,663,674
Unreported Expenditures- Bus Benches	Actual	71,933	55,271	73,419	72,519	273,142
Total Transportation Projects		\$ 591,890	\$ 555,271	\$ 1,142,547	\$ 647,108	\$ 2,936,816
Transportation Projects						
Appropriations:						
Washington Avenue Streetscape	2003-25123 ¹	\$ 1,611,555	\$ -	\$ -	\$ -	\$ 1,611,555
ROW Improvements- Espanola Way	2004-25629	-	400,000	-	-	400,000
ROW Improvements- 17 th Street	2004-25629	-	400,000	-	-	400,000
ROW Improvements- Ocean Drive	2004-25629	-	350,000	-	-	350,000
BODR Miami Beach & Dade Boulevard Bike/Pedestrian Connector	2004-25629	-	120,000	-	-	120,000
BODR North Bike/Pedestrian Connector	2004-25629	-	80,000	-	-	80,000
Technical Assistance to Traffic and Transportation	2004-25629	-	30,000	-	-	30,000
ROW Improvements- Harding Avenue	2004-25756	-	-	174,567	-	174,567
ROW Maintenance Paint Seventy Traffic Signal Posts	2005-25890	-	-	205,000	-	205,000
Bridge Maintenance- Tatum and Henedon	2005-25963	-	-	665,000	-	665,000
ROW Improvements- Bay Road	2006-26152 ¹	-	-	-	480,500	480,500
ROW Improvements- 69 th Street	2006-26152 ¹	-	-	-	78,645	78,645
ROW Improvements- 74 th Street	2006-26152 ¹	-	-	-	85,000	85,000
ROW Improvements- 75 th Street	2006-26152 ¹	-	-	-	85,000	85,000
ROW Improvements- 76 th Street	2006-26152 ¹	-	-	-	85,000	85,000

¹ City officials reported these appropriations in different fiscal years than those shown above. We reclassified the amounts into the fiscal years that matched the resolution dates.

Charter County Transit System Surtax - City of Miami Beach
Listing of Qualifying Surtax Projects
For the Four Years Ended September 30, 2006

	Resolution Number	Fiscal Year Ended September 30				All Years
		2003	2004	2005	2006	
Technical Assistance to Traffic and Transportation	2006-26152 ¹	-	-	-	50,000	50,000
BODR Bike/Pedestrian Projects Citywide	2006-26336	-	-	-	861,835	861,835
Collins Canal Enhancement	2006-26336	-	-	-	558,800	558,800
ROW Improvements- Citywide	2006-26336	-	-	-	545,665	545,665
ROW Maintenance Projects Citywide	2006-26336	-	-	-	500,000	500,000
Sixteenth Street Improvement Project	2006-26336	-	-	-	340,855	340,855
Pedestrian Countdown Signals	2006-26336	-	-	-	214,000	214,000
Alleyway Restoration	2006-26336	-	-	-	200,000	200,000
Crosswalks	2006-26336	-	-	-	100,500	100,500
West Avenue Bridge Over Collins	2006-26336	-	-	-	50,000	50,000
Curb Ramp Installation/Maintenance	2006-26336	-	-	-	20,000	20,000
Total Transportation Appropriations		<u>1,611,555</u>	<u>1,380,000</u>	<u>1,044,567</u>	<u>4,255,800</u>	<u>8,291,922</u>
Unreported Expenditures - Streets	Actual	2,004,570	1,970,561	2,245,279	2,705,113	8,925,523
Unreported Expenditures - Street Lights	Actual	385,326	325,222	399,960	314,740	1,425,248
Unreported Expenditures - Transportation	Actual	358,168	252,523	242,861	270,108	1,123,660
Total Unreported Transportation Expenditures		<u>2,748,064</u>	<u>2,548,306</u>	<u>2,888,100</u>	<u>3,289,961</u>	<u>11,474,431</u>
Total Transportation Projects		<u>\$ 4,359,619</u>	<u>\$ 3,928,306</u>	<u>\$ 3,932,667</u>	<u>\$ 7,545,761</u>	<u>\$ 19,766,353</u>
Total Transit and Transportation Projects		<u>\$ 4,951,509</u>	<u>\$ 4,483,577</u>	<u>\$ 5,075,214</u>	<u>\$ 8,192,869</u>	<u>\$ 22,703,169</u>

¹ City officials reported these appropriations in different fiscal years than those shown above. We reclassified the amounts into the fiscal years that matched the resolution dates.

Source: City of Miami Beach Resolutions and General Ledgers

Charter County Transit System Surtax - City of Miami Beach
 Aging of Unspent Appropriations
 As of September 30, 2007

Description	Resolution Number	Total Appropriation	Expenditure					Total Expenditure	Aging of FY2006 Unspent Appropriations (Updated as of September 30, 2007)			
			FY03	FY04	FY05	FY06	FY07		FY06	FY05	FY04	Total
Transit Projects												
Electro Wave Shuttle Service	2003-25325	\$ 360,000	\$ 360,000	\$ -	\$ -	\$ -	\$ -	\$ 360,000	\$ -	\$ -	\$ -	\$ -
Rapid Transit Options Evaluation	2003-25374	159,957	159,957	-	-	-	-	159,957	-	-	-	-
Total 2003 Appropriations		519,957	519,957	-	-	-	-	519,957	-	-	-	-
Electro Wave Shuttle Service	2003-25355	400,000	-	400,000	-	-	-	400,000	-	-	-	-
Electro Wave Shuttle Service	2004-25703	100,000	-	100,000	-	-	-	100,000	-	-	-	-
Total 2004 Appropriations		500,000	-	500,000	-	-	-	500,000	-	-	-	-
Electro Wave Shuttle Service	2004-25705	500,000	-	-	500,000	-	-	500,000	-	-	-	-
Electro Wave Shuttle Service	2005-25931	34,564	-	-	34,564	-	-	34,564	-	-	-	-
South Beach Local Circulator	2005-26014	534,564	-	-	-	378,022	156,542	534,564	-	-	-	-
Total 2005 Appropriations		1,069,128	-	-	534,564	378,022	156,542	1,069,128	-	-	-	-
South Beach Local Circulator	2006-26340	574,589	-	-	-	-	550,601	550,601	23,988	-	-	23,988
Total Transit Appropriations		\$ 2,663,674	\$ 519,957	\$ 500,000	\$ 534,564	\$ 378,022	\$ 707,143	\$ 2,639,686	\$ 23,988	\$ -	\$ -	\$ 23,988
Transportation Projects												
Washington Avenue Streetscape	2003-25123	\$ 1,611,555	\$ -	\$ -	\$ 1,513,635	\$ 97,920	\$ -	\$ 1,611,555	\$ -	\$ -	\$ -	\$ -
ROW Improvements- Espanola Way	2004-25629	400,000	-	-	209,126	631	96,910	306,667	-	-	93,333	93,333
ROW Improvements- 17th Street	2004-25629	400,000	-	-	-	32,412	13,436	45,848	-	-	354,152	354,152
ROW Improvements- Ocean Drive	2004-25629	350,000	-	-	104,431	138,542	48,873	291,846	-	-	58,154	58,154
BODR Bike/Pedestrian Connector- Middle Beach	2004-25629	120,000	-	-	-	-	120,000	120,000	-	-	-	-
BODR Bike/Pedestrian Connector- North Beach	2004-25629	80,000	-	-	-	-	-	-	-	-	80,000	80,000
Technical Assistant to Traffic & Transportation	2004-25629	30,000	-	-	7,680	14,901	7,246	29,827	-	-	173	173
Total 2004 Appropriations		1,380,000	-	-	321,237	186,486	286,465	794,188	-	-	585,812	585,812
ROW Improvements- Harding Avenue	2004-25756	174,567	-	-	-	-	-	-	-	174,567	-	174,567
Painting Traffic Signal Posts & Mast-Arms	2005-25890	205,000	-	-	91,063	82,439	-	173,502	-	31,498	-	31,498
Bridge Maintenance- Tatum & Henedon	2005-25963	665,000	-	-	-	-	518,924	518,924	-	146,076	-	146,076
Total 2005 Appropriations		1,044,567	-	-	91,063	82,439	518,924	692,426	-	352,141	-	352,141
ROW Improvements- Bay Road	2006-26152	480,500	-	-	-	240,283	229,286	469,569	10,931	-	-	10,931
ROW Improvements- 69th Street	2006-26152	78,645	-	-	-	49,556	2,265	51,821	26,824	-	-	26,824
ROW Improvements- 74th Street	2006-26152	85,000	-	-	-	-	-	-	85,000	-	-	85,000
ROW Improvements- 75th Street	2006-26152	85,000	-	-	-	-	-	-	85,000	-	-	85,000
ROW Improvements- 76th Street	2006-26152	85,000	-	-	-	-	-	-	85,000	-	-	85,000
Technical Assistant to Traffic & Transportation	2006-26152	50,000	-	-	-	-	17,615	17,615	32,385	-	-	32,385
BODR Bike/Pedestrian Projects- Citywide	2006-26336	861,835	-	-	-	-	80,000	80,000	781,835	-	-	781,835
Collins Canal Enhancement	2006-26336	558,800	-	-	-	-	-	558,800	-	-	-	558,800
ROW Improvements- Citywide	2006-26336	545,665	-	-	-	-	-	545,665	-	-	-	545,665
ROW Maintenance- Citywide	2006-26336	500,000	-	-	-	-	-	500,000	-	-	-	500,000
16th Street Improvements	2006-26336	340,855	-	-	-	-	-	340,855	-	-	-	340,855
Pedestrian Countdown Signals	2006-26336	214,000	-	-	-	-	-	214,000	-	-	-	214,000
Alleyway Restoration Program	2006-26336	200,000	-	-	-	-	29,728	29,728	170,272	-	-	170,272
Crosswalks	2006-26336	100,500	-	-	-	-	-	100,500	-	-	-	100,500
West Ave Bridge over Collins	2006-26336	50,000	-	-	-	-	27,328	27,328	22,672	-	-	22,672
Curb Ramp Installation Maintenance	2006-26336	20,000	-	-	-	-	-	20,000	-	-	-	20,000
Total 2006 Appropriations		4,255,800	-	-	-	289,839	386,222	676,061	3,579,739	-	-	3,579,739
Total Transportation Appropriations		\$ 8,291,922	\$ -	\$ -	\$ 1,925,935	\$ 656,684	\$ 1,191,611	\$ 3,774,230	\$ 3,579,739	\$ 352,141	\$ 585,812	\$ 4,517,692
Total		\$ 10,955,596	\$ 519,957	\$ 500,000	\$ 2,460,499	\$ 1,034,706	\$ 1,898,754	\$ 6,413,916	\$ 3,603,727	\$ 352,141	\$ 585,812	\$ 4,541,680

Source: City of Miami Beach Resolutions and General Ledgers



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

Jorge M. Gonzalez, City Manager
Tel: 305-673-7010, Fax: 305-673-7782

December 11, 2008

Ms. Cathy Jackson
Director, Audit & Management Services
Miami-Dade County
One Southeast 3rd Avenue, Suite 1100
Miami, FL 33131

Re: Charter County Transit Surtax Review - City of Miami Beach

Dear Ms. Jackson,

The City of Miami Beach (the City) is providing review comments below to the Draft Charter County Transit Surtax Audit Report (Audit Report) for the City's utilization of People's Transportation Plan (PTP) Funds from Fiscal Year (FY) 03-06. The City references the letter sent to you dated March 19, 2008 in response to your preliminary Charter County Transit Surtax Review Findings of the City's utilization of PTP funds from FY 03-06.

1. Finding: General Fund Support

Recommendation: Require that the City Certify a Maintenance of Effort (MOE) of at least \$2.9 million within thirty days or withhold future disbursements.

City Response:

The County's Review Findings identified unreported transportation/transit expenditures for FY 03-06 (Table 2). The City agrees that based on the \$2,937,514 MOE, the unreported budgeted transportation amounts should have been reported as the City's MOE and are listed in Table 2 below. It is also important to note that the Interlocal Agreement for the Distribution of Charter County Transit System Surtax Proceeds (Surtax ILA) between the City and County, dated August 13, 2003 stipulates that, if the City fails to meet the certification requirements, the City will be given a reasonable opportunity to correct any deficiencies. Therefore the City will submit a revised MOE report for FY 03-06 within thirty (30) days to correct this deficiency. It is also important to note that, while the City may have erroneously reported the MOE expenditures as part of the annual certification as \$0, the City did in fact comply with the requirement of providing at least the same level of general fund support (see Table 2) for transportation that the City provided in FY 02.

Table 2 Unreported Transportation Expenditures FY 03-06

Year	Miami-Dade County	City of Miami Beach
2003	\$2,819,997	\$3,152,531
2004	\$2,603,577	\$3,031,063
2005	\$2,961,519	\$3,224,485
2006	\$3,362,480	\$3,574,416
Total	\$11,747,573	\$12,982,495

2. Finding: Unreported Expenditures

Recommendation: The City should prepare complete and accurate OCITT reports, which include all transit and transportation appropriations and expenditures.

City Response:

The City will submit a revised MOE report for FY 03-06 within thirty (30) days to correct this deficiency.

3. Finding: Use of Surtax Proceeds

Recommendation: OCITT should recapture or withhold \$1.62 million from subsequent remittances.

City Response:

Although the City was not in full compliance with the Surtax ILA, there was never an intent to not comply. The City did appropriate all PTP funds received and all appropriations were for eligible transportation and transit projects. If the City failed to meet the certification requirements, the City should be given a reasonable opportunity to correct those deficiencies at the time they are determined. Therefore, the City requests that no PTP funds be recaptured. Any amount of recapture would have an impact on important City transportation and transit projects.

All funds appropriated and spent by the City did meet the eligibility criteria for transit and transportation purposes as specified in Sec. 212.055(1)(d) 1-3 Florida Statute (2002) and the Interlocal Agreement dated August 13, 2003. Table IV of the audit report recommends a recapture amount of \$1 million in year 2004 and \$.6 million in year 2005 for transportation and transportation related expenditure, however, based on the Interlocal Agreement Item 7(ii) the City should be given reasonable opportunity following the audit report to correct any deficiencies in meeting the transportation requirements.

Item 5 of the Interlocal Agreement states that the City on an annual basis, shall apply 20% of the portion of its share of the Surtax to transit use in the nature of circulator buses, bus shelters, bus pullout bays or other transit-related infrastructure. The City met and exceeded its annual 20% requirement by \$254,674, \$38,568, \$598,596 and \$41,140 in FY2003, FY2004, FY2005 and FY2006 respectively.

Item 7(i) of the Interlocal Agreement states that for the current fiscal year, the City shall certify that it is providing at least the same level of general fund support for transportation that the City provided in the City's FY 02 budget. This is also referred to as the MOE. As stated in your audit report, the City did not exceed the MOE for transportation and transportation expenditures within FY2004 and FY2005. However, in the aggregate of all years under audit, the City spent or appropriated \$8 million on transportation or transportation related expenditures, meeting the 80% requirement. The City believes that we have met the requirement, based on the information below:

- In the Municipal Question & Answer (MQ&A) dated May 2004, question #16 provided the answer that "projects should be listed/ budgeted in the five year transportation plan utilizing the County's fiscal year" The answer does specify that the funds need to listed/ budgeted in the year applied for or received.

- The May 2004 MQ&A, question #26 provided the answer that "unlike the 20% of transit share of Surtax proceeds, the 80% transportation portion may be carried over the following fiscal year(s)"

Item 7 (ii) goes on to state "If the City fails to meet the certification requirements, after given reasonable opportunity to correct any deficiencies, the amount equal to the pro rata portion of the Municipal Share the City is to receive in the ensuing year shall not be distributed to the City. The City feels that it has not been given reasonable opportunity to correct deficiencies as stated in the audit report and as such, the amount should not be subject to recapture as stated. The audit was concluded at the end of FY2008 and as such, correction of the deficiencies can only occur beginning in or after FY2009.

4. Finding: Unspent Appropriations

Recommendation: City personnel should report transit and transportation delays, with revised completion dates, as a supplement to its annual OCITT certification package.

City Response:

The County's Review Findings stated that \$4.54 Million of the \$10.96 million that was appropriated has not been spent. However, pursuant to County Ordinance 02-116 and the Surtax ILA, the City "shall apply all of the portion of the Municipal Share that the City receives". The Ordinance and the Surtax ILA do not state that the City must expend the funds within the same fiscal year in which the funds are received. Nevertheless, the City is expediting the completion of all projects for which funds have been appropriated.

5. Finding: Certification and Reporting Requirements

Recommendation: The City should provide capital budgets and certification statements to OCITT to comply with annual reporting requirements.

City Response:

In reviewing yearly submissions, the City determined that the certification was incomplete. The City was unaware that the statement was a reporting requirement, and was only recently provided with a letter format for the certification statement. The City has attached the certification letter to demonstrate that each fiscal year of PTP funds received were used in accordance with the terms of the Surtax ILA.

The PTP projects were not included in the City's Capital Budget until FY 2007. Prior to that, the PTP Five Year Plan was used as the capital document along with the specific project appropriations. The City's Capital Budgets from FY 2007-09 have been provided to OCITT.

Further, all information was transmitted annually as was required without any notice from the County regarding any deficiency. Again, the City would like to reiterate that the Surtax ILA states that if the City fails to meet the certification requirements, the City will be given a reasonable opportunity to correct any deficiencies. None of the findings reflect that the City in anyway misspent or misappropriated the funds. Rather the findings are based on technicalities (timing) as to the mechanics of the process. The OCITT Board should apply any and all administrative remedies to address this issue.

The City is requesting for the final Audit Report to include the City's response after each of the County's recommendations as well as the County's rejoinder. The final Audit Report should also include this letter as a full attachment.

Thank you for your attention and consideration of our submission.

Sincerely,



Jorge M. Gonzalez
City Manager

Attachment: City of Miami Beach Certification Letter



JMG/W/FHB/FV/cl

cc: Tim Hemstreet, Assistant City Manager
Patricia Walker, Chief Financial Officer
Kathie Brooks, Director, Office of Budget and Performance Improvement
Jose Cruz, Budget Officer
Fred H. Beckmann, Public Works Director
Allison Williams, Chief Accountant
Keith Wilder, Senior Management Analyst
Fernando Vazquez, P.E., City Engineer
Xavier Falconi, P.E., Transportation Manager
Christine Leduc, Transportation Coordinator

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MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

PUBLIC WORKS, Transportation Division
Tel: 305-673-7080, Fax: 305-673-7028

December 11, 2008

Nan Markowitz
Executive Director
Office of the Citizens' Independent
Transportation Trust
111 N.W. First Street, Suite 1010
Miami, Florida 33128

RE: Certification and Reporting Compliance for FY 2002-2009

Dear Ms. Markowitz:

In accordance with the certification and reporting requirements of the Interlocal Agreement between the City of Miami Beach and Miami-Dade County regarding Charter County Transit System Proceeds Levied by Miami-Dade County, we certify that:

- i) For the current fiscal year and all past fiscal years, we are providing at least the same level of general fund support for transportation that we provided in the FY 2001-2002 budget in the amount of \$2,937,514.
- ii) We are using the current year and all past years portions of the Municipal Share received in accordance with the Interlocal Agreement.

Thank you for your attention and consideration to our submission.

Sincerely,

Fred H. Beckmann, P.E.
Director of Public Works

c: Patricia Walker, Chief Financial Officer
Kathie Brooks, Director, Office of Budget and Performance Improvement
Jose Cruz, Budget Officer
Allison Williams, Chief Accountant
Keith Wilder, Senior Management Analyst
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