Memorandum

MIAMI-DADE COUNTY

Date: September 1, 2009

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

From: Cathy Jackson, Director
Audit and Management Services Department

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

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PURPOSE AND SCOPE

As requested, we reviewed the City of Hialeah's use of Charter County Transit System Surtax (Transit Surtax) proceeds remitted by Miami-Dade County (County) for the six years ended September 30, 2008, to verify compliance with the Interlocal Agreement, as Amended. Our review included, but was not limited to, testing expenditures for propriety and assessing internal controls over recordkeeping and financial reporting.

BACKGROUND

The City of Hialeah (Hialeah) is bordered on the South by Okeechobee Road to Northwest 36 Street, on the East by Northwest 35 Avenue, on the West by 107 Avenue, and on the North by Northwest 170 Street, in Miami-Dade County. Hialeah has a Strong Mayor/Council form of government. The City Council is made up of seven individuals, and the Mayor is the Chief Executive Officer who is responsible for the day-to-day functions. During the six-year period ended September 30, 2008, the County through the Office of the Citizens' Independent Transportation Trust (OCITT), remitted $40.8 million in Transit Surtax proceeds for Hialeah 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.

Transit 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 June 4, 2003 *Interlocal Agreement for Distribution of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County* (Interlocal Agreement), as Amended July 10, 2007, Hialeah reported $83,186 as its budgeted FY 2002 General Fund transportation support level, or Maintenance of Effort (MOE).

Table I
Surtax Proceeds and Reported MOE
For the Six Fiscal Years Ended September 30, 2008

Description	Fiscal Year Ended September 30: 2003	2004	2005	2006	2007	2008	All Years
Maintenance of Effort (MOE)	$ 83,186	$ 83,186	$ 83,186	$ 83,186	$ 83,186	$ 83,186	$ 499,116
Surtax Proceeds	$ 4,382,718	$ 6,715,483	$ 7,014,990	$ 7,730,686	$ 7,656,151	$ 7,336,976	$ 40,837,004

Source: OCITT and City of Hialeah

SUMMARY RESULTS

During the audit period, Hialeah received $40.8 million in Transit Surtax funds but did not report how it used those proceeds to OCITT as required. Instead, City Management reported transit and transportation expenditures to our auditors of $63.9 million. Hialeah also reported $83,186 as its MOE, however the amount should have been $127,049 according to the FY 2002 Budget. Using the revised MOE, we determined Hialeah was unable to expend $300,979 in Transit Surtax receipts which may be subject to recapture. Alternatively, amounts may be eligible for rollover which will allow spending of the proceeds in subsequent years, using the recently revised guidelines approved by Members of the Citizens' Independent Transportation Trust pending, Board of County Commissioners acceptance.

These and other findings are more fully discussed in the remainder of this report. We appreciate the courtesies and assistance extended to our staff during the audit process. Hialeah's written response is incorporated herein and the full text is presented as Attachment I. Overall, we are pleased with the City's actions planned to address our concerns. Nonetheless, a written response is also requested by the OCITT within 30 days, in accordance with Administrative Order 3-7. Please contact Jacqueline Williams, Audit Manager, at 305-349-6100 if you have any questions.

FINDINGS AND RECOMMENDATIONS

General Fund Support

Hialeah reported $83,186 from its Transit Circulator Fund as MOE, however, our review disclosed budgeted FY 2002 General Fund transportation expenditures of $127,049. Since municipalities are required to apply the proceeds to supplement, rather than replace, their General Fund support for transit and transportation-related projects, the propriety of all future uses of Transit Surtax proceeds are affected by the accuracy of the MOE.

Recommendation

Require the City to certify the corrected MOE within 30 days.

Auditee Response

The City of Hialeah concurs with finding pertaining to the reported MOE in the amount considered to be the total expenses incurred by the Transit Fund, not the General Fund, prior to the enactment of the law in November 2002. Therefore, due to our interpretation of the Interlocal Agreement, we reported MOE of $83,186 which represented total transit expenses for FY 2002. The City will amend certification letter to be submitted to the OCITT within 30 days of this report as recommended.

Use of Surtax Proceeds

Hialeah did not submit reports detailing Transit Surtax project expenditures to OCITT as required. However, Management provided a listing of claimed expenditures for transit ($9.3 million) and transportation ($54.6 million) to our auditors (Schedule II). Our review of the listing disclosed $4.6 million in ineligible costs primarily for stormwater drainage construction ($2 million), legal fees associated with bond issuances ($1.2 million) and right-of-way landscaping maintenance ($1.3 million), among others. After adjusting claimed expenditures and using the corrected MOE, we determined Hialeah was unable to expend $300,979 on eligible projects (Table II).

Table II
Analysis of the Usage of Transit Surtax Funds

Description	Fiscal Year Ended September 30, 2003	2004	2005	2006	2007	2008
Surtax Proceeds (Schedule I)	$ 4,382,718	$ 6,715,483	$ 7,014,990	$ 7,730,686	$ 7,656,151	$ 7,336,976
Surtax Uses:						
Transit Expenditures						
As Claimed and Adjusted (Schedule II)	$ 904,869	$ 1,354,380	$ 1,102,019	$ 1,892,551	$ 2,086,073	$ 1,985,195
Transportation Expenditures						
As Claimed and Adjusted (Schedule II)	$ 6,398,671	$ 6,042,131	$ 9,777,000	$ 9,294,369	$ 10,081,118	$ 8,363,877
Less: MOE, as Adjusted	127,049	127,049	127,049	127,049	127,049	127,049
Net Transportation Expenditures, As Adjusted	$ 6,271,622	$ 5,915,082	$ 9,649,951	$ 9,167,320	$ 9,954,069	$ 8,236,828
AMS Analysis:						
Transit Expenditures						
Required 20% Transit Minimum [1]	$ 876,544	$ 1,343,097	$ 1,402,998	$ 1,546,137	$ 1,531,230	$ 1,467,395
Qualifying Transit-Related Expenditures Applied	(904,869)	(1,354,380)	(1,102,019)	(1,892,551)	(2,086,073)	(1,985,195)
Unused (Excess) Transit Funds [2]	$ (28,325)	$ (11,283)	$ 300,979	$ (346,414)	$ (554,843)	$ (517,800)
Transportation-Related Expenditures						
Remaining 80% Balance [1]	$ 3,506,174	$ 5,372,386	$ 5,611,992	$ 6,184,549	$ 6,124,921	$ 5,869,581
Excess Transit Expenditures Applied [2]	(28,325)	(11,283)	-	(346,414)	(554,843)	(517,800)
Qualifying Transportation Expenditures Applied	(3,477,849)	(5,361,103)	(5,611,992)	(5,838,135)	(5,570,078)	(5,351,781)
Unused Transportation Funds	$ -	$ -	$ -	$ -	$ -	$ -
Recommended Recapture or Rollover:						
Transit	$ -	$ -	$ 300,979	$ -	$ -	$ -

[1] At least 20% of Transit 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] Excess transit expenditures may be used to offset available transportation funds.

Hialeah executed Loan Agreements with the Florida Municipal Loan Council to borrow $107.2 million for major roadway improvements and other infrastructure projects of which $26.9 million in debt service payments was claimed (Table III). As required, the majority of the loan proceeds were used on qualifying transportation-related projects and, as such, a proportionate percentage of the debt service payments is an eligible use of Transit Surtax proceeds. Even though proceeds and expenditures for the 1999 Bond Series were received and substantially expended prior to the execution of the Ordinance in 2002, the Office of the County Attorney determined that debt service payments on existing debt are an eligible use of Transit Surtax proceeds in accordance with Section 212.055(1)(d)2, Florida Statutes.

Table III
Summary of Transportation-Related Loans and Debt Service Activity

Description	Revenue Bonds Series 1999	2003A	2005A	Total
Debt Issue Amount	$ 30,000,000	$ 48,135,000	$ 29,090,000	$ 107,225,000
Debt Service Payments for the Six-Years Ended September 30, 2008	$ 13,996,630	$ 15,520,988	$ 6,063,152	$ 35,580,770
Claimed Debt Service (Schedule II)	$ 8,340,820	$ 12,465,170	$ 6,132,347	$ 26,938,337
AMS Adjustment for Ineligible Costs Other than Principal and Interest (Schedule II)	(28,855)	(7,429)	(69,195)	(105,479)
Debt Service, As Adjusted	$ 8,311,965	$ 12,457,741	$ 6,063,152	$ 26,832,858

Source: Loan Agreements and Debt Service Schedule prepared by the Banc of America Securities, LLC for the 2005A Revenue Bonds Series

Recommendation

Recapture the $300,979 or allow for rollover in accordance with revised guidelines recently approved by Members of the Citizens' Independent Transportation Trust.

Auditee Response

The City has consistently spent more in transit and transportation-related projects that the surtax proceeds received from the Charter County Transit System since the enactment of the law in 2002. The $300,979 unused in fiscal year 2005 is not the result of the City's inability to spend but the fact that the City was awarded $525,000 under the Public Transportation Supplemental Joint Participation Agreement with the Florida Department of Transportation at the end of fiscal year 2004, such funds were to be used by October 2005. During the six-year period, the City received $40.8 million in transit surtax receipts, which is only 69% of the $59.3 million that the City expended for transit and transportation. In addition, the City spent $107 million in bond proceeds for road construction and re-construction.

A recommendation to recapture $300,979 from subsequent remittances is not only unreasonable but unmerited as the City has always served as a model to other municipalities in efficiency, performance and compliance. No other city in the County run a transit system of our City's size. Furthermore, our City has been able to effectively fund numerous transportation improvement projects that add value to the transit system in the County and provide excellent service to our residents.

AMS Rejoinder

Subsequent to the discussion of the Draft Audit Report with City Management, the Citizens' Independent Transportation Trust Members approved guidelines which would allow for rollover of unspent annual amounts to subsequent years, if accepted by the Board of County Commissioners.

Certification and Reporting Requirements

Hialeah detailed use of Transit Surtax proceeds as part of its Five-Year Transportation Plans, but excluded transit-related projects, and funding sources were not identified. Moreover, Certification Letters were not submitted for FYs 2003, 2004, and 2007 and those forwarded for 2005 and 2006, omitted the affirmation that Surtax funds were used in accordance with the terms of the Interlocal Agreement.

Recommendation

- Prospectively, Hialeah should submit reports to OCITT in the prescribed form.

- OCITT should more timely review the Five-Year Transportation Plan for content and eligibility of planned projects as well as completeness to assure reporting requirements are met.

- Prospectively, OCITT should consider withholding funding if reports are incomplete or delinquent.

Auditee Response

Certification Letters
The City objects to the finding pertaining to certification letters not being submitted to the CITT. The City has always submitted the annual certification letters on a timely manner and receipt of these has been acknowledged by the OCITT office.

We do concur with the observation that specific language pertaining to the use of surtax proceeds was omitted from some of the certification letters submitted, however, it should be noted that as part of this annual process, it is expected that the OCITT office reviews the information received and notifies the City of any deficiencies found in the language of the data reported so that the City can make the necessary changes and submit accordingly. No deficiencies in the language used in the letters were addressed during the past years until it was brought up during the course of the audit fieldwork and changes were then incorporated. The City has already amended the language in the certification letter for the FY 2009 and submitted same to the CITT. The City will continue to submit the annual certification letters with the correct language as prescribed in the Interlocal Agreement.

Reporting Requirements
The Five Year Transportation Plan has two components: the Transit and the Streets (Transportation) departments. The Transit component has always reported one sole project, which is the bus transit system.

The Transportation component has always been submitted to the CITT using the department's existing format, which lists every construction project by address, not by funding source. These formats have been accepted by the OCITT without exceptions. It should be noted that there is no specification in the Interlocal Agreement as to a required format to submit the Five-Year Plan. Moreover, the CITT never notified the City of any deficiencies found in the method of reporting

the information prior to this review. The Transit Division and the Streets Department should discuss the required reporting format with the CITT for future submittal. However, at the present time there are no projects funded by the CITT, the funds are being used to pay debt service; therefore there will be no need to submit a project listing.

AMS Rejoinder

AMS reaffirms the finding that annual Certification Letters for FYs 2003, 2004 and 2007 were not available for review. Further, the City's Capital Improvement Schedules were submitted to comply with annual reports of qualified expenditures and Five-Year Transportation Plans, but it excluded Transit-related projects and funding sources.

Signage

The Amended Interlocal Agreement requires posting of a conspicuous sign at the job site, structure or vehicle if funded in whole, or in part, by Transit Surtax proceeds, however this signage was not posted on Hialeah Circulator buses.

Recommendation

Hialeah should be instructed to comply with the signage requirement.

Auditee Response

The Transit Division concurs with finding and recommendation on the placement of signs on the Hialeah Circulator Buses. Our Transit Division has already placed signs as indicated in the Interlocal Agreement.

CJ:zg

c: Honorable Harvey A. Ruvin, Clerk of the Courts
George M. Burgess, County Manager
Robert A. Cuevas, Jr., County Attorney
Ysela Llort, Assistant County Manager
Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management
Charles Anderson, Commission Auditor
Julio Robaina, Mayor, City of Hialeah

Schedule I

Charter County Transit System Surtax
Summary of Payments to Municipalities
For the Six Fiscal Years Ended September 30, 2008

Municipality	Fiscal Year Ended September 30, 2003	2004	2005	2006	2007	2008	Total
City of Aventura	$ 495,408	$ 759,096	$ 818,788	$ 933,612	$ 947,021	$ 946,296	$ 4,900,221
Town of Bal Harbour Village	62,707	96,085	99,550	112,832	105,834	95,526	572,534
Town of Bay Harbor Islands	96,989	148,613	155,936	172,145	173,190	167,339	914,212
Village of Biscayne Park	62,045	95,070	104,750	117,666	110,586	106,676	596,793
City of Coral Gables	810,009	1,241,148	1,298,953	1,467,752	1,480,710	1,426,754	7,725,326
Village of El Portal	47,795	73,232	76,045	84,400	84,367	82,000	447,839
City of Florida City	153,748	235,582	254,464	288,454	291,983	295,447	1,519,678
Town of Golden Beach	17,511	26,830	27,952	32,999	24,732	7,016	137,040
City of Hialeah	**4,382,718**	**6,715,483**	**7,014,990**	**7,730,686**	**7,656,151**	**7,336,976**	**40,837,004**
City of Hialeah Gardens	373,801	572,763	604,331	676,565	681,956	657,921	3,567,337
City of Homestead	621,791	952,745	1,051,671	1,208,129	1,275,853	1,387,011	6,497,200
Indian Creek Village	625	955	931	1,093	-	-	3,604
Village of Key Biscayne	202,733	310,644	333,638	369,378	379,639	368,354	1,964,386
Town of Medley	21,186	32,464	33,963	37,170	37,616	41,385	203,784
City of Miami	6,905,410	10,580,915	11,208,930	12,562,541	12,855,629	12,574,719	66,688,144
City of Miami Beach	1,686,079	2,583,517	2,719,756	3,029,839	3,108,056	2,960,734	16,087,981
Town of Miami Lakes	460,331	705,348	737,093	822,002	822,114	876,926	4,423,814
Village of Miami Shores	197,655	302,860	313,826	346,278	348,437	335,963	1,845,019
City of Miami Springs	259,738	397,985	412,534	456,196	459,353	440,937	2,426,743
City of North Bay Village	126,762	194,231	198,770	218,913	215,921	186,169	1,140,766
City of North Miami	1,136,965	1,742,129	1,805,505	1,989,253	2,004,095	1,919,328	10,597,275
City of North Miami Beach	799,300	1,224,740	1,267,423	1,402,019	1,366,735	1,307,355	7,367,572
City of Opa-Locka	291,102	446,045	468,652	533,416	513,020	497,615	2,749,850
Village of Palmetto Bay	459,612	704,246	745,086	824,252	823,908	807,842	4,364,946
Village of Pinecrest	361,540	553,977	579,684	639,364	646,631	627,523	3,408,719
City of South Miami	203,889	312,415	323,655	360,476	351,494	338,279	1,890,208
City of Sunny Isles Beach	293,299	449,411	486,866	548,772	555,020	582,250	2,915,618
Town of Surfside [1]	95,908	146,959	157,799	184,160	144,185	223,419	952,430
City of Sweetwater	270,238	414,075	429,218	472,215	477,595	458,867	2,522,208
Village of Virginia Gardens	44,592	68,325	70,576	77,979	78,619	76,184	416,275
City of West Miami	113,307	173,613	185,212	202,961	194,190	184,561	1,053,844
	$ 21,054,793	$ 32,261,501	$ 33,986,547	$ 37,903,517	$ 38,214,640	$ 37,317,372	$ 200,738,370

Source: Office of Citizens' Independent Transportation Trust

[1] Payments for Fiscal Year Ended (FYE) September 30, 2008 include a $42,361 disbursement that was withheld in FYE 2007.

Schedule II

Charter County Transit System Surtax - City of Hialeah
Summary of Claimed Surtax Expenditures and Adjustments
For the Six Fiscal Years Ended September 30, 2008

Description	Fiscal Year Ended September 30, 2003	2004	2005	2006	2007	2008	All Years
Transit Expenditures							
Hialeah Circulator Operating Expenses	$ 1,524,551	$ 1,723,792	$ 1,859,900	$ 2,235,264	$ 2,098,780	$ 2,234,099	$ 11,676,386
Less: Revenues and Other Offsets	613,700	359,621	731,893	267,970	158,041	233,874	2,365,099
Total, before AMS Adjustments	910,851	1,364,171	1,128,007	1,967,294	1,940,739	2,000,225	9,311,287
Less: AMS Adjustments for Ineligible Items	5,982	9,791	25,988	74,743	(145,334)	15,030	(13,800)
Total Claimed Expenditures, As Adjusted	$ 904,869	$ 1,354,380	$ 1,102,019	$ 1,892,551	$ 2,086,073	$ 1,985,195	$ 9,325,087
Transportation Expenditures							
Debt Service Payments for Revenue Bonds	$ 1,400,114	$ 3,794,318	$ 4,535,318	$ 5,729,605	$ 5,741,556	$ 5,737,426	26,938,337
Street and Roadway Improvement Projects	3,723,735	715,189	4,255,624	1,507,088	2,581,697	1,042,233	13,825,566
Street Lights	717,813	799,374	820,603	926,682	1,004,946	1,075,623	5,345,041
Stormwater Drainage Projects	1,531,746	96,170	103,784	58,887	242,828	2,641	2,036,056
Right-of-Way Maintenance and Capital Improvements	266,800	254,375	243,162	679,939	186,572	81,786	1,712,634
Street Lights, Equipment and Sidewalk Maintenance	248,583	195,732	204,148	153,135	242,990	179,324	1,223,912
Legal Fees for Bond Issues	671,874	-	504,733	-	-	-	1,176,607
Equipment and Machinery	-	29,491	37,932	115,208	45,794	35,624	264,049
Administrative Expense Allocation	219,136	335,774	350,750	386,534	382,808	366,849	2,041,851
Total Before AMS Adjustments	8,779,801	6,220,423	11,056,054	9,557,078	10,429,191	8,521,506	54,564,053
AMS Adjustments for Ineligible Items:							
Stormwater Drainage Projects	1,531,746	96,170	103,784	58,887	242,828	2,641	2,036,056
Legal Fees for Bond Issues	671,874	-	504,733	-	-	-	1,176,607
Right-of-Way Landscaping Maintenance	266,800	254,375	243,162	254,695	186,572	81,786	1,287,390
South Florida Water Management District Grant	-	-	500,000	-	-	-	500,000
Fiber Optic Cable and Other Charges	-	40,766	982	46,872	-	114,667	203,287
Sidewalk Repairs and Maintenance	34,646	11,920	33,230	11,599	18,836	46,461	156,692
Debt Service Costs Other Than Principal and Interest	12,718	(82,977)	47,084	49,047	40,578	39,029	105,479
Building and Other Ineligible Street Light Charges	8,201	10,310	6,648	11,356	14,287	14,131	64,933
Offset Allowed for Street Light Unit Payroll and Costs	(144,855)	(152,272)	(160,569)	(169,747)	(155,028)	(141,086)	(923,557)
AMS Adjustments, Net	2,381,130	178,292	1,279,054	262,709	348,073	157,629	4,606,887
Total Claimed Expenditures, As Adjusted	$ 6,398,671	$ 6,042,131	$ 9,777,000	$ 9,294,369	$ 10,081,118	$ 8,363,877	$ 49,957,166

Source: City of Hialeah's Financial Statements, Trial Balances, Overhead Cost Allocation Worksheet, Administrative Cost Calculation Worksheet, Construction and Maintenance Department Streetlight Unit Employees Worksheet, and Vendor Invoices

Attachment I

OFFICE OF MANAGEMENT AND BUDGET
CITY OF HIALEAH, FLORIDA
MEMORANDUM

To: **Cathy Jackson, Director**
Audit and Management Services Department – Miami Dade County

From: **Alex Vega, Director**
Office of Management and Budget

Subject: **Draft Audit Report – Charter County Transit System Surtax Review**

Date: **August 18, 2009**

CC: **Julio Robaina, Mayor**
Jorge De La Nuez, Director of Transit
Jorge Hernandez, Director of Streets
Vivian Parks, Director of Finance
File

Please refer to our responses to findings per Draft Audit Report of the Charter County Transit System Surtax Review for the year six-year period ended September 30, 2008.

Finding #1 – General Fund Support
The City of Hialeah concurs with finding pertaining to the reported MOE in the amount considered to be the total expenses incurred by the Transit Fund, not the General Fund, prior to the enactment of the law in November 2002. Therefore, due to our interpretation of the Interlocal Agreement, we reported MOE of $83,186 which represented total transit expenses for FY 2002.

Action Plan
The City will amend certification letter to be submitted to the OCITT within 30 days of this report as recommended.

Finding #2 – Use of Surtax Proceeds
The City has consistently spent more in transit and transportation- related projects that the surtax proceeds received from the Charter County Transit System since the enactment of the law in 2002. The $300,979 unused in fiscal year 2005 is not the result of the City's inability to spend but the fact that the City was awarded $525,000 under the Public Transportation Supplemental Joint Participation Agreement with the Florida Department of Tranportation at the end of fiscal year 2004, such funds were to be used by October 2005. During the six-year period, the City received $40.8 million in transit surtax receipts, which is only 69% of the $59.3 million that the

City expended for transit and transportation. In addition, the City spent $107 million in bond proceeds for road construction and re-construction.

A recommendation to recapture $300,979 from subsequent remittances is not only unreasonable but unmerited as the City has always served as a model to other municipalities in efficiency, performance and compliance. No other city in the County run a transit system of our City's size. Furthermore, our City has been able to effectively fund numerous transportation improvement projects that add value to the transit system in the County and provide excellent service to our residents.

Action Plan
None

Finding #3 – Certification and Reporting Requirements

- **Certification Letters**
  The City objects to the finding pertaining to certification letters not being submitted to the CITT. The City has always submitted the annual certification letters on a timely manner and receipt of these has been acknowledged by the OCITT office.
  We do concur with the observation that specific language pertaining to the use of surtax proceeds was omitted from some of the certification letters submitted, however, it should be noted that as part of this annual process, it is expected that the OCITT office reviews the information received and notifies the City of any deficiencies found in the language of the data reported so that the City can make the necessary changes and submit accordingly. No deficiencies in the language used in the letters were addressed during the past years until it was brought up during the course of the audit fieldwork and changes were then incorporated.

  Action Plan
  The City has already amended the language in the certification letter for the FY 2009 and submitted same to the CITT. The City will continue to submit the annual certification letters with the correct language as prescribed in the Interlocal Agreement.

- **Reporting Requirements**
  The Five Year Transportation Plan has two components: the Transit and the Streets (Transportation) departments. The Transit component has always reported one sole project, which is the bus transit system.
  The Transportation component has always been submitted to the CITT using the department's existing format, which lists every construction project by address, not by funding source. These formats have been accepted by the OCITT without exceptions. It should be noted that there is no specification in the Interlocal Agreement as to a required format to submit the Five-Year Plan. Moreover, the CITT never notified the City of any deficiencies found in the method of reporting the information prior to this review.

  Action Plan
  The Transit Division and the Streets Department should discuss the required reporting format with the CITT for future submittal. However, at the present time there are no projects funded by the CITT, the funds are being used to pay debt service; therefore there will be no need to submit a project listing.

Finding #4 – Signage
The Transit Division concurs with finding and recommendation on the placement of signs on the Hialeah Circulator Buses.

Action Plan
Our Transit Division has already placed signs as indicated in the Interlocal Agreement.

Alex Vega, C.P.A., M.S.T.
Director of the Office of Management and Budget