

# Memorandum



**Date:** March 11, 2013

**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 Transportation System Surtax Review –  
Town of Medley

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## PURPOSE AND SCOPE

We performed a review of the Town of Medley's use of Charter County Transportation System Surtax (Surtax) proceeds remitted by Miami-Dade County (County) for the four years ended September 30, 2012. The objectives were to determine compliance with the Amended Interlocal Agreement and assess resolution of prior audit findings referenced in our February 10, 2010 Audit Report.

## BACKGROUND

Miami-Dade County Ordinance (Ordinance) No. 02-116, enacted on July 9, 2002, imposed a one-half of one percent Surtax on eligible sales transactions for transportation-related projects. However, at least 20% of the proceeds received by the County must be distributed to municipalities incorporated as of November 5, 2002, on a pro rata basis using population statistics.

The Surtax Program is administered by the Citizens' Independent Transportation Trust (CITT), a group comprised of 15 members appointed by the Board of County Commissioners, County Mayor, or Miami-Dade League of Cities. Pursuant to the Amended *Interlocal Agreement for Distribution, Use and Reporting of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County* (Interlocal Agreement) executed on July 10, 2007, the Town of Medley (Medley) annually receives its pro rata share of Surtax proceeds (Schedule I).

Under the terms of the Amended Interlocal Agreement, Medley must continue the same level of General Fund support for transportation projects appropriated in its Fiscal Year (FY) 2002 Budget. Surtax monies may be used to develop, construct, equip, maintain, operate, or expand County-wide bus systems, fixed guide-way rapid transit systems, roads, and bridges, as well as secure bonds or pay debt service for such systems. Further, Medley is 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.

For the four years ended September 30, 2012, OCITT disbursed \$129,876 in Surtax proceeds to Medley. In response to a prior audit finding, the budgeted FY 2002 Maintenance of Effort (MOE) was increased from \$25,000 to \$478,082, and \$39,312 in identified unspent Surtax proceeds was recommended for rollover. CITT Resolution No. 09-055, adopted July 30, 2009, allows for the rollover of Surtax proceeds for a maximum of five years (Table I).

**Table I**  
**Surtax Statistics**

Description	Fiscal Year (FY) Ended September 30,				All Years
	2009	2010	2011	2012	
Maintenance of Effort (MOE)	\$ 478,082	\$ 478,082	\$ 478,082	\$ 478,082	\$ 1,912,328
Surtax Proceeds	\$ 33,052	\$ 33,111	\$ 35,277	\$ 28,436	\$ 129,876
Previous Unspent Amounts <sup>1</sup> :					
Transit	\$ 19,689	\$ -	\$ -	\$ -	\$ 19,689
Transportation	19,623	-	-	-	19,623
Total	\$ 39,312	\$ -	\$ -	\$ -	\$ 39,312
Claimed Surtax Expenditures (Schedule II)					
Transit	\$ 39,963	\$ 41,050	\$ 39,280	\$ 23,869	\$ 144,162
Transportation	690,713	744,602	555,943	445,970	2,437,228
Total	\$ 730,676	\$ 785,652	\$ 595,223	\$ 469,839	\$ 2,581,390

Source: OCITT and Medley

<sup>1</sup> As reported in the Audit Report dated February 10, 2010 and applied in FY 2009 pursuant to CITT Resolution No. 09-055.

## SUMMARY RESULTS

During the four years ended September 30, 2012, Medley spent \$169,188 primarily for its shuttle bus service that has operated on a regular fixed-route schedule since FY 2008 (Table II). We are also pleased to report that all prior audit findings have been satisfactorily resolved (Exhibit I).

**Table II**  
**Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,				All Years
	2009	2010	2011	2012 <sup>2</sup>	
<b>Surtax Proceeds (Table I and Schedule I)</b>	\$ 33,052	\$ 33,111	\$ 35,277	\$ 28,436	\$ 129,876
<b>Surtax Uses:</b>					
Eligible Transit Expenditures (Schedule II)	\$ 38,681	\$ 39,768	\$ 37,726	\$ 18,368	\$ 134,543
Eligible Transportation Expenditures (Schedule II)	\$ 674,215	\$ 723,211	\$ 547,929	\$ 488,150	\$ 2,433,505
Less: Maintenance of Effort (Table I)	478,082	478,082	478,082	478,082	1,912,328
Net Transportation Expenditures	\$ 196,133	\$ 245,129	\$ 69,847	\$ 10,068	\$ 521,177
<b>AMS Analysis:</b>					
<b>Transit Expenditures:</b>					
Required 20% Transit Minimum <sup>1</sup>	\$ 6,610	\$ 6,622	\$ 7,055	\$ 5,687	\$ 25,974
Previous Unspent Transit Amounts (Table I)	19,689	-	-	-	19,689
Eligible Transit Expenditures Applied	(38,681)	(39,768)	(37,726)	(18,368)	(134,543)
Excess Expenditures, Applied to Transportation	\$ (12,382)	\$ (33,146)	\$ (30,671)	\$ (12,681)	\$ (88,880)
<b>Transportation-Related Expenditures:</b>					
Remaining 80% Balance <sup>1</sup>	\$ 26,442	\$ 26,489	\$ 28,222	\$ 22,749	\$ 103,902
Previous Unspent Transportation Amounts (Table I)	19,623	-	-	-	19,623
Excess Transit Expenditures Applied, as Needed	(12,382)	(26,489)	(28,222)	(12,681)	(79,774)
Net Transportation Expenditures Applied	(33,683)	-	-	(10,068)	(43,751)
Unused Funds	\$ -	\$ -	\$ -	\$ -	\$ -

<sup>1</sup> 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.

<sup>2</sup> Surtax Proceeds include \$6,754 due from OCITT through September 2012.

Notwithstanding, quarterly reports due January and April 2009, October 2010, and January 2011 were not submitted, and, of the twelve that were provided, seven were received beyond the due date. Further, Certification Letters for FYs 2009 through 2011 and Budgets for FYs 2009 and 2010 were submitted in December 2012 after audit inquiry, and program expenditures are not segregated in a separate account, although required. Medley should be instructed to submit required reports and maintain accounting records in the manner prescribed.

We appreciate the courtesies and assistance extended to our staff during the audit process. A written response is requested 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.

CJ:ag

#### Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- Robert A. Cuevas, Jr., County Attorney
- Edward Marquez, Deputy Mayor/Finance Director
- Jennifer Moon, Director, Office of Management and Budget
- Charles Anderson, Commission Auditor
- Honorable Roberto Martell, Mayor, Town of Medley

**Charter County Transportation System Surtax  
Summary of Payments to Municipalities  
For the Ten Fiscal Years Ended September 30, 2012**

Municipality	Fiscal Year Ended September 30,										All Years
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
City of Miami	\$ 6,905,410	\$ 10,580,915	\$ 11,208,930	\$ 12,562,541	\$ 12,855,629	\$ 12,574,719	\$ 11,545,439	\$ 11,946,673	\$ 13,113,576	\$ 13,555,331	\$ 116,849,163
City of Hialeah	4,382,718	6,715,483	7,014,990	7,730,686	7,656,151	7,336,976	6,672,306	6,709,589	7,117,975	7,623,497	68,960,371
City of Miami Beach	1,686,079	2,583,517	2,719,756	3,029,839	3,108,056	2,960,734	2,736,361	2,765,507	2,916,205	2,978,728	27,484,782
City of North Miami	1,136,965	1,742,129	1,805,505	1,989,253	2,004,095	1,919,328	1,759,840	1,755,291	1,836,714	1,994,866	17,943,986
City of Homestead	621,791	952,745	1,051,671	1,208,129	1,275,853	1,387,011	1,681,886	1,747,262	1,809,949	2,053,440	13,789,737
City of Coral Gables	810,009	1,241,148	1,298,953	1,467,752	1,480,710	1,426,754	1,302,297	1,346,817	1,429,343	1,587,452	13,391,235
City of North Miami Beach	799,300	1,224,740	1,267,423	1,402,019	1,366,735	1,307,355	1,195,378	1,202,159	1,260,998	1,409,058	12,435,165
City of Miami Gardens <sup>4</sup>	-	-	-	-	-	-	-	-	-	10,352,937	10,352,937
City of Aventura	495,408	759,096	818,788	933,612	947,021	946,296	887,089	912,935	977,774	1,213,562	8,891,581
Town of Miami Lakes <sup>2</sup>	460,331	705,348	737,093	822,002	822,114	876,926	760,175	774,921	810,925	996,347	7,766,182
Village of Palmetto Bay	459,612	704,246	745,086	824,252	823,908	807,842	734,476	740,194	789,514	794,405	7,423,535
City of Hialeah Gardens	373,801	572,763	604,331	676,565	681,956	657,921	598,273	615,769	659,652	737,631	6,178,662
City of Sunny Isles Beach	293,299	449,411	486,866	548,772	555,020	582,250	547,355	593,184	613,819	706,920	5,376,896
Village of Pinecrest <sup>1</sup>	361,540	553,977	579,684	639,364	646,631	627,523	14,305	572,099	612,279	618,387	5,225,789
City of Opa-Locka	291,102	446,045	468,652	533,416	513,020	497,615	448,435	480,123	480,123	516,448	4,640,264
City of Sweetwater <sup>2</sup>	270,238	414,075	429,218	472,215	477,595	458,867	418,273	419,090	350,048	368,080	4,077,699
City of Miami Springs	259,738	397,985	412,534	456,196	459,353	440,937	398,334	398,681	421,632	468,600	4,113,990
Town of Cutler Bay <sup>4,5</sup>	-	-	-	-	-	-	-	-	-	3,886,873	3,886,873
Village of Key Biscayne	202,733	310,644	333,638	369,378	379,639	368,354	333,808	339,806	358,459	418,886	3,415,345
City of South Miami	203,889	312,415	323,655	360,476	351,494	338,279	308,347	328,868	357,423	395,573	3,280,419
City of Doral <sup>4</sup>	-	-	-	-	-	-	-	-	-	3,642,653	3,642,653
Miami Shores Village	197,655	302,860	313,826	346,278	348,437	335,963	301,400	313,310	340,930	345,317	3,145,976
City of Florida City	153,748	235,582	254,464	288,454	291,983	295,447	272,056	299,755	320,951	381,591	2,794,031
North Bay Village	126,762	194,231	198,770	218,913	215,921	186,169	167,474	200,385	214,742	242,190	1,965,557
City of West Miami	113,307	173,613	185,212	202,961	194,190	184,561	167,123	167,329	180,093	202,418	1,770,807
Town of Surfside	95,908	146,959	157,799	184,160	144,185	223,419	168,610	170,243	180,473	194,919	1,666,675
Town of Bay Harbor Islands	96,989	148,613	155,936	172,145	173,190	167,339	150,306	151,009	160,052	190,982	1,566,561
Village of Biscayne Park	62,045	95,070	104,750	117,666	110,586	106,676	97,167	96,222	100,460	103,670	994,312
Bal Harbour Village	62,707	96,085	99,550	112,832	105,834	95,526	89,285	97,016	104,292	85,278	948,405
Village of El Portal	47,795	73,232	76,045	84,400	84,367	82,000	73,663	73,579	77,875	78,896	751,852
Village of Virginia Gardens	44,592	68,325	70,576	77,979	78,619	76,184	68,729	67,579	71,151	80,594	704,328
<b>Town of Medley</b>	<b>21,186</b>	<b>32,464</b>	<b>33,963</b>	<b>37,170</b>	<b>37,616</b>	<b>41,385</b>	<b>33,052</b>	<b>33,111</b>	<b>35,277</b>	<b>28,436</b>	<b>333,660</b>
Town of Golden Beach <sup>2</sup>	17,511	26,830	27,952	32,999	24,732	7,016	37,226	27,846	29,686	31,187	262,985
Indian Creek Village <sup>3</sup>	625	955	931	1,093	-	-	-	-	-	-	3,604
	<u>\$ 21,054,793</u>	<u>\$ 32,261,501</u>	<u>\$ 33,986,547</u>	<u>\$ 37,903,517</u>	<u>\$ 38,214,640</u>	<u>\$ 37,317,372</u>	<u>\$ 33,968,468</u>	<u>\$ 35,311,637</u>	<u>\$ 37,732,390</u>	<u>\$ 58,285,152</u>	<u>\$ 366,036,017</u>

Source: Office of Citizens' Independent Transportation Trust (OCITT) and the County's Financial Accounting Management Information System

<sup>1</sup> Amount in 2009 is net of \$551,589 returned by the Village of Pinecrest for their unspent transit portion of funding as of 9/30/07, per the Audit and Management Services Department audit.

<sup>2</sup> Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$172,500 from the City of Sweetwater, and \$21,058 from the Town of Golden Beach, due to specific instances of noncompliance.

<sup>3</sup> A total of \$11,511 has been withheld from Indian Creek Village, at their request, since Fiscal Year 2007.

<sup>4</sup> Amount paid is pursuant to a Settlement and/or Interlocal Agreement, for Municipalities incorporated after November 5, 2002.

<sup>5</sup> As per OCITT, Municipality received \$3,000 in excess of amounts due through Fiscal Year 2012.

**Charter County Transportation System Surtax Review - Town of Medley**  
**Summary of Claimed Expenditures, As Adjusted**  
**For the Four Fiscal Years Ended September 30, 2012**

Description	Fiscal Year Ended September 30,				All Years
	2009	2010	2011	2012	
<b>Transit Projects</b>					
Shuttle Lease/Purchase Payments	\$ 22,155	\$ 22,155	\$ 20,308	\$ -	\$ 64,618
Shuttle Bus Driver Salary and Benefits	14,808	14,808	14,808	14,808	59,232
Shuttle Bus Insurance	3,000	3,000	3,000	3,000	12,000
Shuttle Bus Maintenance and Repairs	-	1,087	1,164	6,061	8,312
Total, as Claimed	39,963	41,050	39,280	23,869	144,162
<b>AMS Adjustments for:</b>					
Excess Bus Driver Benefits	(808)	(808)	(808)	(808)	(3,232)
Excess Bus Insurance	(474)	(474)	(474)	(474)	(1,896)
Ineligible Medical/Social Services Bus Maintenance/Repairs	-	-	(272)	(4,219)	(4,491)
Eligible Transit Expenditures	\$ 38,681	\$ 39,768	\$ 37,726	\$ 18,368	\$ 134,543
<b>Transportation Projects</b>					
Street Maintenance Personnel Salaries and Wages	\$ 362,731	\$ 395,871	\$ 416,567	\$ 374,062	\$ 1,549,231
NW 116 Way Bridge	-	169,402	508,391	1,792	679,585
West Medley Bridge and Road Improvements	162,786	52,773	27,344	-	242,903
Street Lighting Utilities	72,880	62,832	48,664	45,283	229,659
NW 121 Way Bridge	-	32,582	151,936	1,705	186,223
Road Materials and Supplies	38,183	80,770	19,170	27,386	165,509
Railroad Crossing	80,754	14,060	16,007	9,900	120,721
Vehicle Purchases/Equipment	23,445	5,682	-	22,225	51,352
Improvements	11,266	7,385	16,473	-	35,124
NW 105th Way Bridge Repairs	-	-	-	24,556	24,556
Heavy Equipment Maintenance	10,548	3,307	670	705	15,230
NW 87th Right of Way Acquisition	-	-	-	10,063	10,063
Other	9,048	32	8,123	786	17,989
	771,641	824,696	1,213,345	518,463	3,328,145
Less Other Funding:					
NW 116 Way Bridge - ARRA Grant	-	-	(444,427)	-	(444,427)
Local Option Gas Taxes	(80,928)	(80,094)	(85,464)	(72,493)	(318,979)
NW 121 Way Bridge - ARRA Grant	-	-	(127,511)	-	(127,511)
	(80,928)	(80,094)	(657,402)	(72,493)	(890,917)
Total, as Claimed	690,713	744,602	555,943	445,970	2,437,228
<b>AMS Adjustments for:</b>					
Street Maintenance Personnel Benefits Not Claimed <sup>1</sup>	-	-	-	79,641	79,641
Ineligible Pipe and Wire Utility Lease	(7,598)	(7,768)	(8,014)	(8,199)	(31,579)
Check for Vehicle Not Received or Paid until FY 2013	-	-	-	(22,225)	(22,225)
Unsupported Street Lighting Utilities	-	(13,103)	-	-	(13,103)
Ineligible Vehicle Maintenance and Swale Equipment	(8,900)	(520)	-	-	(9,420)
Additional Local Option Gas Tax Receipts	-	-	-	(7,037)	(7,037)
	(16,498)	(21,391)	(8,014)	42,180	(3,723)
Eligible Transportation Expenditures	\$ 674,215	\$ 723,211	\$ 547,929	\$ 488,150	\$ 2,433,505

Source: Town of Medley General Ledgers, Summary Reports, and Supporting Documentation

<sup>1</sup> Only the amounts needed to satisfy the Surtax Proceeds and expenditure requirements for Fiscal Year 2012 were included.

**Charter County Transportation System Surtax Review - Town of Medley  
Status of Prior Audit Findings<sup>1</sup>**

Finding	Recommendation	Auditee Response	Current Status
<b>General Fund Support</b>			
<p>The Town of Medley (Medley) reported \$25,000 for road materials and supplies as its Fiscal Year 2002 Maintenance Of Effort (MOE). Using the Fiscal Year (FY) 2002 General Fund Budget, we determined the MOE should be increased to \$478,082 for street maintenance and repairs, railroad crossings, and street lighting, among others.</p>	<p>Require Medley to certify the corrected MOE of \$478,082 within 30 days.</p>	<p>On March 23, 2010, Medley certified its MOE of \$478,082 to the Office of the Citizens' Independent Transportation Trust (OCITT).</p>	<p><b><u>Resolved</u></b></p>
<b>Use of Surtax Proceeds</b>			
<p>Management claimed transportation-related expenditures to our auditors totaling \$3.5 million. After using the corrected MOE, we determined Medley was unable to expend \$39,312 on eligible projects.</p>	<p>Recapture \$39,312 or allow for rollover in subsequent periods, in accordance with revised guidelines recently approved by Members of the Citizens' Independent Transportation Trust.</p>	<p>Medley requested the \$39,312 of Transit Surtax monies be rolled over in subsequent periods, in accordance with revised guidelines, as there are many transportation and transit projects to be completed.</p>	<p><b><u>Resolved</u></b></p>
<b>Certification and Reporting Requirements</b>			
<p>Medley did not submit required annual reports of qualifying expenditures, Certification Letters for FYs 2003 through 2006, and Five-Year Transportation Plans for FYs 2004, 2006 and 2007. Annual certifications for FY 2007 and FY 2008 omitted the required affirmation that Surtax Funds received had been used in accordance with the Interlocal Agreement. Further, Medley did not submit Certified Reports of Proceeds Expended, and does not segregate program expenditures in a separate account.</p>	<ul style="list-style-type: none"> <li>• Prospectively, Medley should submit all required reports to OCITT and maintain accounting records in the manner prescribed.</li> <li>• OCITT should consider withholding funding if reports are incomplete or delinquent.</li> </ul>	<p>Medley felt it had reported how the funds were being used. Prospectively, Management agreed to abide by the recommendations stated in the report.</p>	<p><b><u>Resolved</u></b> OCITT later affirmed its acceptance of the submitted reports and clarified the reporting requirements in the Amended 2007 Interlocal Agreement.</p>
<b>Signage</b>			
<p>The Interlocal Agreement requires posting of conspicuous signage for all projects funded in whole, or in part, with Transit Surtax proceeds. We found no evidence of such posting on the Circulator Bus.</p>	<p>Medley should be instructed to comply with the signage requirement.</p>	<p>Medley staff communicated with OCITT in January 2010. OCITT indicated that it was in the process of revising its logo, and decals were to be provided to municipalities in the future. Medley was pending approval from OCITT to order the decal/sign.</p>	<p><b><u>Resolved</u></b></p>

<sup>1</sup> For the full text, see the Audit Report dated February 10, 2010, Medley's response dated March 24, 2010, and OCITT correspondence to Medley dated April 12, 2010.



AUDIT AND MANAGEMENT SERVICES DEPARTMENT  
SUNTRUST INTERNATIONAL CENTER  
ONE S.E. THIRD AVENUE - SUITE 1100  
MIAMI, FLORIDA 33131  
TELEPHONE: 305 349-6100  
FAX: 305 349-6190

March 11, 2013

Honorable Roberto Martell, Mayor  
Town of Medley  
7777 N.W. 72<sup>nd</sup> Avenue  
Medley, Florida 33166

**Re: Audit Report - Charter County Transportation System Surtax Review**

Dear Mayor Martell:

Enclosed is the above captioned Audit Report that was discussed with your Finance staff. We appreciate the courtesies and assistance provided to our staff during the audit process. A written response is requested no later than April 11, 2013. Please contact me at 305-349-6100, if you have questions or require further information.

Sincerely,

A handwritten signature in cursive script that reads "Cathy Jackson".

Cathy Jackson  
Director

CJ:ag

Attachment

c: Edward Marquez, Deputy Mayor/Finance Director  
Charles D. Scurr, Executive Director, Office of the Citizens' Independent Transportation Trust