

Memorandum

MIAMI-DADE
COUNTY

RECEIVED
OCT 29 2013

Date: October 29, 2013

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

Cathy Jackson

From: Cathy Jackson, Director
Audit and Management Services Department

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
Village of Virginia Gardens

We have reviewed the Village of Virginia Gardens' October 22, 2013 response (Attachment I) to the Audit Report dated May 21, 2013. The positive actions taken or planned to address the audit findings and recommendations are satisfactory, and thus the audit has been closed.

Please contact Jacqueline Williams, Audit Manager, at 305-349-6100, if you have any questions.

CJ:ag

c: Honorable Harvey A. Ruvin, Clerk of the Courts
Robert A. Cuevas, Jr., County Attorney
Edward Marquez, Deputy Mayor
Jennifer Moon, Director, Office of Management and Budget
Charles Anderson, Commission Auditor
Honorable Spencer Deno IV, Mayor, Village of Virginia Gardens



Village of Virginia Gardens

6498 NW 38th Terrace

Virginia Gardens, FL 33166

www.viriniagardens-fl.gov

Phone: 305-871-6104 Fax: 305-871-1120

October 22, 2013

To whom it may concern,

This letter is to confirm that the Village of Virginia Gardens received the final CITT audit report. We have taken measures to address the items suggested within the report. We have corrected and submitted our five year plan as requested. As for the report we have no specific comments. However, the Village would like to request that the CITT audits happen in a more timely manner as opposed to every four years. We feel that if the audits happened more frequently it would be easier for municipalities to catch any issues early on and make necessary changes before things become too costly.

We thank you for your cooperation through the auditing process and for your continued help and support. Should you have any other questions, please feel free to contact our office.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Spencer Deno IV", written over a horizontal line.

Mayor Fred Spencer Deno IV

INFORMAL MEMO

RECEIVED
APR 26 2013
Copied Chas

TO: Tracy L. Byrd, Administrative Assistant
Village of Virginia Gardens

FROM: Cathy Jackson, Director
Audit and Management Services Department

DATE: April 25, 2013

RE: Draft Audit Report – Charter County Transportation System Surtax
Review – Village of Virginia Gardens

Attached for your review is the above-captioned Draft Audit Report. Please provide comments, if any, no later than May 2, 2013.

CJ:ai

c: Charles D. Scurr, Executive Director, OCITT

Memorandum



Date: April 3, 2013

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 Transportation System Surtax Review –
Village of Virginia Gardens

DRAFT
FOR DISCUSSION ONLY

PURPOSE AND SCOPE

We performed a review of the Village of Virginia Gardens' use of Charter County Transportation System Surtax (Surtax) proceeds remitted by Miami-Dade County (County) for the four years ended September 30, 2012. The primary objective was to ensure that Surtax Proceeds were used in compliance with the *Interlocal Agreement for Distribution, Use and Reporting of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County* executed on July 10, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated April 1, 2010.

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 (Schedule I). 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, and Miami-Dade League of Cities.

Pursuant to the 2007 Interlocal Agreement, the Village of Virginia Gardens (Village) must annually continue the same level of General Fund support for transportation projects appropriated in its Fiscal Year 2002 Budget (Maintenance of Effort), which totaled \$11,295. 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 such bonds or pay debt service. Further, the Village must 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, the Office of the Citizens' Independent Transportation Trust (OCITT) disbursed \$288,053 to the Village, and as of September 30, 2008, unspent Transit and Transportation-related Surtax Proceeds rolled over from the prior audit period totaled \$83,255 and \$207,760, respectively. CITT Resolution No. 09-055, adopted July 30, 2009, allows for the rollover of unspent Surtax Proceeds for a maximum of five years.

SUMMARY RESULTS

During the audit period, the Village claimed \$577,696 in Surtax expenditures, of which \$405,560 was deemed eligible. After applying the eligible expenditures towards the Surtax Proceeds and prior unspent amounts, \$218,688 is available for rollover as of September 30, 2012. The Village executed an Interlocal Agreement with the City of Miami Springs for fixed-route Circulator Services as a means of using the required Transit minimum amount. However, ridership is very low, and thus we urge OCITT and the Village to discuss more effective ways to use these proceeds. Nonetheless, an updated Five-Year Transportation Plan should be submitted to OCITT within 90 days, reflecting how the \$218,688 will be used throughout the allowable rollover period.

These and other findings, as well as the status of prior audit findings (Exhibit I), are presented in the remainder of the report. 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.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds

The Village claimed Surtax-related expenditures of \$577,696, of which \$37,396 was for the fixed-route Circulator Service that commenced operations in April 2010. However, claimed amounts were revised for Circulator payments recorded in error, unclaimed street lighting utilities, and other ineligible costs totaling \$172,136 (Schedule II).

**Table I
 Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,				All Years
	2009	2010	2011	2012	
Surtax Proceeds (Schedule I)	\$ 68,729	\$ 67,579	\$ 71,151	\$ 80,594	\$ 288,053
Surtax Uses:					
Eligible Transit Expenditures (Schedule II)	\$ -	\$ 7,442	\$ 12,983	\$ 27,173	\$ 47,598
Eligible Transportation-Related Expenditures (Schedule II)	239,741	37,579	35,090	45,552	357,962
Less: Maintenance of Effort	11,295	11,295	11,295	11,295	45,180
Net Transportation Expenditures	\$ 228,446	\$ 26,284	\$ 23,795	\$ 34,257	\$ 312,782
AMS Analysis:					
Transit Expenditures:					
Required 20% Transit Minimum ¹	\$ 13,746	\$ 13,516	\$ 14,230	\$ 16,119	\$ 57,611
Amounts Applied from the Unspent Rollover at 9/30/08 (Table II)	-	7,442	12,983	27,173	47,598
Eligible Transit Expenditures Applied	-	(7,442)	(12,983)	(27,173)	(47,598)
Current Unspent Amounts	\$ 13,746	\$ 13,516	\$ 14,230	\$ 16,119	\$ 57,611
Transportation-Related Expenditures:					
Remaining 80% Balance ¹	\$ 54,983	\$ 54,063	\$ 56,921	\$ 64,475	\$ 230,442
Amounts Applied from the Unspent Rollover at 9/30/08 (Table II)	207,760	-	-	-	207,760
Net Eligible Transportation Expenditures Applied	(228,446)	(26,284)	(23,795)	(34,257)	(312,782)
Current Unspent Amounts	\$ 34,297	\$ 27,779	\$ 33,126	\$ 30,218	\$ 125,420

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.

After adjusting claimed expenditures, we determined the Village was unable to spend current Transit and Transportation-related proceeds of \$57,611 and \$125,420, respectively (Table I). Additionally, as of September 30, 2008, the Village had unspent Surtax funds totaling \$291,015 that was available for rollover, of which \$255,358 was applied during the current audit period. Thus, unspent funds totaled \$218,688 as of September 30, 2012 (Table II).

Table II
Analysis of Unused Surtax Funds

Description	As of September 30, 2008 ¹	Changes During the Year Ended September 30,				Balance, September 30, 2012
		2009	2010	2011	2012	
Previous Unspent Amounts:						
Transit	\$ 83,255	\$ -	\$ (7,442)	\$ (12,983)	\$ (27,173)	\$ 35,657
Transportation	207,760	(207,760)	-	-	-	-
	<u>\$ 291,015</u>	<u>\$ (207,760)</u>	<u>\$ (7,442)</u>	<u>\$ (12,983)</u>	<u>\$ (27,173)</u>	<u>35,657</u>
Current Unspent Amounts (Table I):						
Transit		\$ 13,746	\$ 13,516	\$ 14,230	\$ 16,119	57,611
Transportation		34,297	27,779	33,126	30,218	125,420
		<u>\$ 48,043</u>	<u>\$ 41,295</u>	<u>\$ 47,356</u>	<u>\$ 46,337</u>	<u>183,031</u>
Total Unspent Amounts						<u>\$ 218,688</u>

¹ As reported in the Audit Report dated April 1, 2010.

Recommendation

Within 90 days, the Village should submit an updated Five-Year Transportation Plan reflecting how the \$218,688 will be used during the rollover period.

Circulator Bus Service

In FY 2010, the Village executed an Interlocal Agreement with the City of Miami Springs for fixed-route Circulator Services which expired in April 2011, one year after the April 13, 2010 effective date; however, services are still being provided. Demand for the service appears low, as we saw no one onboard on two days, and only one person on the third day. Moreover, the Circulator failed to pick up our auditors on two occasions at the marked City Hall bus stop.

Recommendation

Unless ridership improves, OCITT should require that Village management determine a more effective use of the Transit-related Surtax Proceeds. Nonetheless, if services continue then the Interlocal Agreement should be renewed.

Certification and Reporting Requirements

For the most part, Village compliance with the reporting requirements improved during this audit period. However, annual letters submitted certifying the Maintenance of Effort incorrectly reported \$0, rather than \$11,295. Further, reports due for three quarters of calendar year 2012 were not submitted.

Recommendation

The Village should submit the delinquent reports within 90 days, including revising the Certification Letters to include the corrected Maintenance of Effort. Prospectively, required reports should be submitted on a timely basis. OCITT should consider withholding future Surtax Proceed allocations until the delinquent reports have been submitted.

CJ:ag

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- Robert A. Cuevas, Jr., County Attorney
- Edward Marquez, Deputy Mayor
- Jennifer Moon, Director, Office of Management and Budget
- Charles Anderson, Commission Auditor
- Honorable Spencer Deno IV, Mayor, Village of Virginia Gardens

**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 ⁴	-	-	-	-	-	-	-	-	-	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 ²	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 ¹	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	445,408	480,123	516,448	4,640,264
City of Sweetwater ²	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 ^{4,5}	-	-	-	-	-	-	-	-	-	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 ⁴	-	-	-	-	-	-	-	-	-	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
Town of Medley	21,186	32,464	33,963	37,170	37,616	41,385	33,052	33,111	35,277	28,436	333,660
Town of Golden Beach ²	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 ³	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 the Citizens' Independent Transportation Trust (OCITT) and the County's Financial Accounting Management Information System

¹ 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.

² 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.

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

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

⁵ As per OCITT, Municipality received \$3,000 in excess of amounts due for Fiscal Year 2012.

Charter County Transportation System Surtax - Village of Virginia Gardens
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	
Transit Projects:					
Circulator - April 13, 2010 Interlocal Agreement with the City of Miami Springs	\$ -	\$ 7,442	\$ 12,983	\$ 16,971	\$ 37,396
Sidewalk Construction for Bus Stop Accessibility	-	-	-	12,186	12,186
Circulator - Route Map Decals	-	-	-	180	180
Total, as Claimed	-	7,442	12,983	29,337	49,762
Adjustments for:					
Excess Circulator Payments Recorded in the General Ledger	-	-	-	(2,164)	(2,164)
Net Eligible Expenditures	-	7,442	12,983	27,173	47,598
Transportation Projects:					
Drainage Improvement Projects ¹	455,588	-	-	-	455,588
Landscaping/Tree Trimming	34,130	23,923	22,810	25,190	106,053
Storm Drain Cleaning ¹	2,093	17,242	10,473	23,457	53,265
Drainage and Pedestrian ADA Walkways Installation for Playground Area	52,421	-	-	-	52,421
Miscellaneous Sidewalk Projects	-	-	20,684	20,876	41,560
Public Works Payroll	20,410	-	-	-	20,410
Administrative Fees (Cumulative for Fiscal Years 2009 through 2012)	-	-	-	14,654	14,654
Street Sweeping	-	3,400	4,700	3,750	11,850
Road Repairs at Various Locations	11,640	-	-	-	11,640
Drainage Project along Various Roadways ¹	8,295	-	-	-	8,295
Equipment, Maintenance, Supplies & Other	-	-	2,007	5,179	7,186
Monthly Storage/Maintenance Program for the Stormwater-related Generator ¹	-	-	806	-	806
	584,577	44,565	61,480	93,106	783,728
Less Other Funding:					
Department of Environmental Protection - Stormwater Master Plan Phase III	255,794	-	-	-	255,794
Total, as Claimed	328,783	44,565	61,480	93,106	527,934
Adjustments for:					
Street Lighting Utilities Recorded in the General Fund	14,483	13,558	13,623	13,294	54,958
Ineligible Landscaping and Tree Trimmings	(34,130)	(23,923)	(22,810)	(25,190)	(106,053)
Ineligible Drainage and Pedestrian ADA Walkways Installation for Playground Area	(52,421)	-	-	-	(52,421)
Stand-alone Sidewalk Project and Unsupported Sidewalk Expenditures	-	-	(20,684)	(20,876)	(41,560)
Unsupported Public Works Payroll	(20,410)	-	-	-	(20,410)
Non-Transit/Transportation-related Equipment, Maintenance, Supplies & Other	-	-	(77)	(4,158)	(4,235)
Adjustments for Administrative Fees Claimed (Limited to 5% of Annual Surtax Proceeds)	3,436	3,379	3,558	(10,624)	(251)
	(89,042)	(6,986)	(26,390)	(47,554)	(169,972)
Net Eligible Expenditures	239,741	37,579	35,090	45,552	357,962
Total, Net Eligible Expenditures	\$ 239,741	\$ 45,021	\$ 48,073	\$ 72,725	\$ 405,560

Source: Village of Virginia Gardens (Village) General Ledgers, Financial Statements, Invoices and Other Supporting Documentation

¹ Stormwater-related expenses were determined eligible, after applicable Grant reimbursements, as the Village does not have a Stormwater Utility Fund.

**Charter County Transportation System Surtax Review – Village of Virginia Gardens
Status of Prior Audit Findings¹**

Finding	Recommendation	Auditee Response	Current Status
General Fund Support			
The Village of Virginia Gardens (Village) reported zero dollars as its Fiscal Year (FY) 2002 Maintenance of Effort (MOE); however, our review disclosed the amount should be \$11,295.	Require the Village to certify the corrected MOE of \$11,295 within 30 days.	The Village certified and accepted the corrected MOE of \$11,295 in their Audit Response dated April 30, 2010.	<u>Partially Resolved</u> Certification Letters submitted to the Office of the Citizens' Independent Transportation Trust (OCITT) did not reflect the corrected MOE.
Use of Surtax Proceeds			
Management claimed Transit- and Transportation-related expenditures to our auditors totaling \$201,682. After using the corrected MOE, we determined the Village was unable to expend \$291,015 on eligible projects.	Recapture \$291,015 or allow for rollover in subsequent periods, in accordance with revised guidelines recently approved by Members of the Citizens' Independent Transportation Trust.	The Village expressed concerns with certain cost disallowances.	<u>Resolved</u>
Certification and Reporting Requirements			
The Village did not submit annual reports of qualifying expenditures, Certification Letters for FY's 2004 through 2007, and Five-Year Transportation Plans for FY's 2004, 2005, and 2008. Also, the FY 2008 Certification omitted one of the required affirmations, and the Village did not submit Quarterly Progress Reports and Certified Reports of Proceeds Expended as required by the 2007 Interlocal Agreement.	<ul style="list-style-type: none"> • Prospectively, the Village should submit all required reports to OCITT in the manner prescribed. • OCITT should consider withholding funding if reports are incomplete or delinquent. 	The Village felt it had complied with all certifications and reporting requirements as outlined, and quarterly progress reports were submitted when requested by OCITT.	<u>Partially Resolved</u> Quarterly reports due April 2012, July 2012 and October 2012 were not submitted. Further, Independent Auditors' Reports for FYs 09 and 11 were received by OCITT beyond the due date.

¹ For the full text, see the Audit Report dated April 1, 2010 and the Village's response dated April 30, 2010.