

Memorandum



Date: April 24, 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: Audit Report – Charter County Transportation System Surtax Review –
Town of Golden Beach

PURPOSE AND SCOPE

We performed a review of the Town of Golden Beach's use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the six years ended September 30, 2012. The primary objectives were 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 Audit Report dated June 18, 2007.

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, and Miami-Dade League of Cities.

Pursuant to the 2007 Interlocal Agreement, the Town of Golden Beach (Town) must annually continue the same level of General Fund support for transportation projects appropriated in its Fiscal Year 2002 Budget (Maintenance of Effort). 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, the Town 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 six years ended September 30, 2012, the Office of the Citizens' Independent Transportation Trust (OCITT) disbursed \$157,693 to the Town, after recapturing \$21,058 in funds earmarked for Transit-related projects that could not be expended as cited in our June 18, 2007 Audit Report (Table I and Schedule I).

Table I
Surtax Statistics

Description	Fiscal Year Ended September 30,						All Years
	2007	2008	2009	2010	2011	2012	
Annual Surtax Proceeds	\$ 31,999	\$ 30,267	\$ 27,766	\$ 27,846	\$ 29,686	\$ 31,187	\$ 178,751
Less: Recapture/Adjustment of Unspent Transit Proceeds	(7,267)	(23,251)	9,460	-	-	-	(21,058)
Net Surtax Proceeds (Schedule I)	\$ 24,732	\$ 7,016	\$ 37,226	\$ 27,846	\$ 29,686	\$ 31,187	\$ 157,693

Source: OCITT

SUMMARY RESULTS

During the six years ended September 30, 2012, the Town expended \$178,475 on eligible Transportation-related projects, including \$35,473 rolled-over as of September 30, 2006. Nonetheless, the Town was unable to use the minimum annual amounts required for Transit-related projects. CITT Resolution No. 09-055, adopted July 30, 2009, allows rollover of unspent amounts for up to five years provided the funds are appropriated for projects identified in the Town's Five-Year Transportation Plan.

Within 90 days, the Town should submit an updated Plan reflecting how unused Transit funds will be used, or OCITT should recapture the \$35,749. These and other findings, as well as the status of prior audit findings (Exhibit I), are presented in the remainder of this report.

A copy of this report is being submitted to the Town under separate cover, and a written response is being requested 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 Jacqueline Williams, Audit Manager, at 305-349-6100, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Maintenance of Effort (MOE) Restatement

As stated in our prior Audit Report, the Town was unable to furnish documentation supporting the claimed Maintenance of Effort (MOE) of \$70,137 and/or substantiate expenditure of the \$78,893 disbursed during Fiscal Years (FY) 2003 through 2006. Thus, we recommended that OCITT work with the Town to determine the proper MOE amount, as well as recapture unspent funds. In June 2008, the Town and OCITT agreed to a revised MOE of \$38,000; however, neither party had documentation supporting the final amount. This change lowered the previously reported Transportation rollover amount from \$57,835 to \$35,473, as shown in Table II. Additionally, OCITT recaptured the unspent 20% portion restricted to Transit-related projects, totaling \$21,058, over the two-year period ended September 30, 2008.

Table II
Restatement of the Surtax Proceeds Analysis

Description	Fiscal Year Ended September 30,				Total
	2003	2004	2005	2006	
Surtax Proceeds	\$ 17,511	\$ 26,830	\$ 27,952	\$ 32,999	\$ 105,292
Eligible Transportation-Related Expenditures	\$ -	\$ -	\$ 67,731	\$ 2,186,618	\$ 2,254,349
Maintenance of Effort (MOE), As Revised	(38,000)	(38,000)	(38,000)	(38,000)	(152,000)
Net Available/(Unavailable) Expenditures to Apply ¹	\$ (38,000)	\$ (38,000)	\$ 29,731	\$ 2,148,618	\$ 2,102,349
AMS Analysis:					
Transit Expenditures, Unspent 20% Minimum ²:	\$ 3,502	\$ 5,366	\$ 5,590	\$ 6,600	\$ 21,058
Transportation-Related Expenditures:					
Remaining 80% Balance ²	\$ 14,009	\$ 21,464	\$ 22,362	\$ 26,399	\$ 84,234
Net Available Expenditures Applied	-	-	(22,362)	(26,399)	(48,761)
Unused Transportation Funds	\$ 14,009	\$ 21,464	\$ -	\$ -	\$ 35,473

¹ In FYs 2003 and 2004, expenditures claimed were either unsupported or insufficient to satisfy the MOE requirement.

² At least 20% of the Surtax Proceeds must be used on Transit-related projects and the remaining funds (80%) for eligible Transportation projects as defined by Florida Statutes.

Recommendation

The Town should make every effort to locate the documents supporting its MOE calculation.

Use of Surtax Proceeds

While Town staff did not specify how Surtax Proceeds were expended, the Finance Director, at our request, identified eligible Transportation-related expenditures totaling \$1 million (Table III).

Table III
Surtax Proceeds Usage Analysis

Description	Fiscal Year Ended September 30,						All Years
	2007	2008	2009	2010	2011	2012	
Surtax Proceeds, before Withholdings (Table I)¹	\$ 31,999	\$ 30,267	\$ 27,766	\$ 27,846	\$ 29,686	\$ 31,187	\$ 178,751
Surtax Uses:							
Transportation-Related Expenditures:							
Roads and Streets:							
Salary and Fringe Benefit Allocations	32,675	32,970	35,823	37,456	35,197	33,746	207,867
Street Sweeping and Road/Bridge Maintenance	7,994	3,937	2,453	2,731	41,250	19,293	77,658
Golden Beach Drive Streetscape Project	-	107,135	109,407	334,415	64,137	99,185	714,279
	40,669	144,042	147,683	374,602	140,584	152,224	999,804
Less: Maintenance of Effort	38,000	38,000	38,000	38,000	38,000	38,000	228,000
Net Available Expenditures After MOE	\$ 2,669	\$ 106,042	\$ 109,683	\$ 336,602	\$ 102,584	\$ 114,224	\$ 771,804
AMS Analysis:							
Transit Expenditures:							
Unspent 20% Transit Minimum ²	\$ 6,400	\$ 6,053	\$ 5,553	\$ 5,569	\$ 5,937	\$ 6,237	\$ 35,749
Transportation-Related Expenditures:							
Remaining 80% Balance ²	\$ 25,599	\$ 24,214	\$ 22,213	\$ 22,277	\$ 23,749	\$ 24,950	\$ 143,002
Unspent Rollover at 9/30/06 (Table II)	-	35,473	-	-	-	-	35,473
Carryover of FY 2007 Unspent Amounts	-	22,930	-	-	-	-	22,930
Transportation Expenditures Applied	(2,669)	(82,617)	(22,213)	(22,277)	(23,749)	(24,950)	(178,475)
Unspent Surtax Proceeds	22,930	-	-	-	-	-	22,930
Carryover of Current Unspent Amounts	(22,930)	-	-	-	-	-	(22,930)
Unused Transportation Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

¹ In 2012, amount includes \$5,108 due from OCITT.

² At least 20% of the Surtax Proceeds must be used for Transit-related projects. However, the Town has had no eligible Transit-related expenditures. The remaining funds (80%) are earmarked for eligible Transportation projects as defined by Florida Statutes.

The 20% reserved for Transit-related projects, or \$35,749, was not spent, and thus, as previously stated, may be rolled-over for up to five years in accordance with CITT Resolution No. 09-055. The remaining \$178,475, which includes \$35,473 rolled-over as of September 30, 2006, was mainly applied towards the \$4 million Golden Beach Drive Streetscape Road Improvement Project (Table IV).

Table IV
Summary of Golden Beach Drive Streetscape Project Expenses

Expenditure Type	Fiscal Year Ended September 30,					All Years
	2008	2009	2010	2011	2012	
Construction and Infrastructure	\$ -	\$ 355,288	\$ 819,640	\$ 1,052,234	\$ 440,345	\$ 2,667,507
Professional Fees	286,151	183,834	285,263	312,766	215,623	1,283,637
Landscaping and Other	-	-	16,086	25,484	21,341	62,911
	<u>\$ 286,151</u>	<u>\$ 539,122</u>	<u>\$ 1,120,989</u>	<u>\$ 1,390,484</u>	<u>\$ 677,309</u>	<u>\$ 4,014,055</u>

Source: Town General Ledger Audit Trail Reports

Recommendation

Within 90 days, the Town should incorporate in the Five-Year Transportation Plan how unspent Transit funds will be utilized during the rollover period.

Certification and Reporting Requirements

On a quarterly basis, the Town is required to submit a report listing projects funded by Surtax Proceeds, in addition to the annual certification due November 1st. However, annual MOE certifications and certain Budgets, as well as Quarterly Reports, had not been submitted (Table V).

Table V
Summary of Missing Reports and Certifications

Reporting Requirement	Fiscal Year					
	2007	2008	2009	2010	2011	2012
Certification ¹	x	x	x	x	x	x
Budgets ¹	x	x	x	x		
Quarterly Reports: ²						
1st Quarter	x	x	x	x		x
2nd Quarter	x	x	x			x
3rd Quarter	x	x	x		x	
4th Quarter	x	x	x	x	x	x

¹ Certification of MOE and qualifying expenditures, as well as Budgets, are due annually by November 1st.

² Quarterly Reports are due by the 10th day following the quarter-end.

Recommendation

As required, the Town should detail how Surtax Proceeds were expended in its Quarterly Report submissions. Also, delinquent reports should be submitted within 90 days. If not, future distributions of Surtax Proceeds should be withheld until full compliance is achieved.

Reconciliation of Financial Reports

General Ledger and Subsidiary Reports presented to support claimed expenditures for FY 2010 did not agree to the Audited Financial Statements, and the differences could not be explained. Similar concerns were expressed by the Town's external auditors during FYs 2007 to 2009.

Recommendation

Town staff should maintain and submit accurate accounting data to facilitate reviews by external agencies.

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
Alexander Diaz, Town Manager, Town of Golden Beach

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

Municipality	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	All Years
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 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
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
Town of Cutler Bay ^{4,5}	-	-	-	-	-	-	-	-	-	3,886,873	3,886,873
City of Doral ⁴	-	-	-	-	-	-	-	-	-	3,642,653	3,642,653
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
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 Review - Town of Golden Beach
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
General Fund Support			
<p>The Town of Golden Beach (Town) was unable to furnish documentation supporting the \$70,137 reported as the Fiscal Year 2002 Maintenance of Effort (MOE) for qualifying Transportation-related projects. Nonetheless, we identified only \$38,000 for street maintenance and landscaping.</p>	<p>Require the Town to certify the MOE within 30 days or withhold future disbursements.</p>	<p>On June 23, 2008, the Town requested the Office of the Citizens' Independent Transportation Trust (OCITT) utilize \$38,000 as their MOE.</p>	<p><u>Resolved</u></p>
Use of Surtax Proceeds			
<p>The Town was unable to apply 20% of its annual receipts (\$105,292), or \$21,058, to Transit-related projects. Additionally, \$57,835 in claimed Transportation-related expenditures were disallowed.</p>	<p>Recapture or withhold \$78,893 from subsequent remittances. Prospectively, withhold 20% from disbursements until such time as eligible Transit projects have been identified and supported by the Town.</p>	<p>The Town has been setting aside the 20% required for bus benches and/or Transit-related functions along A1A.</p>	<p><u>Resolved</u> OCITT recaptured \$21,058 in unspent Transit-related Surtax Proceeds. After adjusting the MOE to \$38,000, the unspent Transportation-related Surtax Proceeds were lowered from \$57,835 to \$35,473.</p>
Certification and Reporting Requirements			
<p>To date, the Town has not submitted in writing required certifications of its MOE or qualifying Transportation-related expenditures due June 1 of each year. While all annual budgets were on file, none were certified, and dates of receipt could not be confirmed.</p> <p>The Financial Recap Form prescribed by OCITT contains instructions that are vague, impeding reporting accuracy and completeness.</p>	<p>Standardize, reassess, and clarify reporting forms, as well as provide technical assistance, to improve uniformity and accuracy.</p> <p>Withhold funds for delinquent filers to encourage compliance, and date stamp documents upon receipt to evidence conformance.</p>	<p>The Town has been working with OCITT staff to address these concerns.</p>	<p><u>Unresolved</u> During the current audit period, annual certifications, together with the qualifying expenditures, and certain Budgets and Quarterly Reports have not been submitted.</p>

¹ For the full text, see the Audit Report dated June 18, 2007, and the Town's responses dated December 4, 2007 and June 23, 2008.

**Charter County Transportation System Surtax Review - Town of Golden Beach
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Lack of Supporting Documentation			
Two payments to Craig A. Smith exceeded \$10,000, however, we saw no evidence that the Town Manager forwarded these invoices to the Council for pre-approval or subsequent ratification. Further, the log book was not provided, although requested.	Council members should remind staff of the importance of adhering to purchasing policies.	The Town met with OCITT staff to address these concerns.	Resolved On September 22, 2009, the Town Council amended the dollar threshold approval level of the Town Manager to amounts less than \$25,000.
Reconciliation of Financial 'Recap' Report			
Data submitted by the Town in the Financial 'Recap' Report did not always agree with general ledger reports and/or audited financial statements. Although some differences were nominal, staff could not explain the discrepancies.	Remind Town staff of the importance of submitting accurate data.	The Town met with OCITT staff to address these concerns.	Resolved
Other Matter			
While numerous notices of reporting deficiencies were cited, funds were not withheld to obligate compliance.	Prospectively, withhold funds if known non-compliance matters are not promptly resolved.	None.	Resolved In response to our prior audit, OCITT withheld the Transit-related Surtax Proceeds recommended for recapture.

¹ For the full text, see the Audit Report dated June 18, 2007, and the Town's responses dated December 4, 2007 and June 23, 2008.

MIAMI-DADE COUNTY,
FLORIDA



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

April 24, 2013

RECEIVED
APR 26 2013
Copied Chao

Mr. Alexander Diaz
Town Manager
Town of Golden Beach
One Golden Beach Drive
Golden Beach, Florida 33160

Re: Audit Report - Charter County Transportation System Surtax Review

Dear Mr. Diaz:

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 May 28, 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
Charles D. Scurr, Executive Director, Office of the Citizens' Independent Transportation Trust