

Memorandum



Date: September 30, 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 –
Bal Harbour Village

PURPOSE AND SCOPE

We performed a review of Bal Harbour Village'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 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 April 13, 2007 (Interlocal Agreement). Additionally, we assessed resolution of prior audit findings referenced in our Report dated October 28, 2009 (Exhibit I).

BACKGROUND

Miami-Dade County 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 (Trust), a group comprised of 15 members appointed by the Board of County Commissioners, County Mayor, and Miami-Dade League of Cities.

Pursuant to the Interlocal Agreement, Bal Harbour Village (the 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 \$324,785 (Table I). 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.

SUMMARY RESULTS

For the four years ended September 30, 2012, the Village received \$375,871 in Surtax Proceeds and claimed expenditures totaling \$2.51 million (Table I) for Transit and Transportation-related expenditures, including \$1.3 million to be applied towards the Maintenance of Effort (MOE). Of the amount claimed, \$916,520 was disallowed because the expenditures were either unsupported or ineligible (Schedule II). After these adjustments, the Village was unable to spend \$4,477 as of September 30, 2012 (Schedule III). Notwithstanding, we are pleased to report that the prior-period rollover amounts were fully expended by Fiscal Year (FY) 2007.

**Table I
 Surtax Statistics**

Description	Fiscal Year Ended September 30,				All Years
	2009	2010	2011	2012	
Maintenance of Effort	\$ 324,785	\$ 324,785	\$ 324,785	\$ 324,785	\$ 1,299,140
Surtax Proceeds	\$ 89,285	\$ 97,016	\$ 104,292	\$ 85,278	\$ 375,871
Claimed Surtax Expenditures:					
Transit	\$ 167,186	\$ 93,352	\$ 106,420	\$ 106,635	\$ 473,593
Transportation	549,834	684,635	434,193	365,827	2,034,489
	\$ 717,020	\$ 777,987	\$ 540,613	\$ 472,462	\$ 2,508,082

Source: The Village and Office of the Citizens' Independent Transportation Trust

These and other findings are detailed in the remainder of this Report, and the Village's response is presented as Attachment I. The actions taken and/or planned by the Village to address our findings are appropriate, and thus the audit has been closed. 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

Use of Surtax Proceeds

Pursuant to Trust Resolution No. 09-055, adopted July 30, 2009, municipalities are allowed to rollover unspent Surtax Proceeds for a maximum of five years. As a result, OCITT allowed the Village to retroactively apply this policy to FY 2003, which fully eliminated the previously reported \$97,305 in unspent Transit and Transportation-related Surtax Proceeds as of September 30, 2007.

In the prior audit, the FY 2002 MOE reported by the Village was increased from \$30,143 to \$324,785 to adjust for Transportation-related costs that were inadvertently excluded, such as direct personnel costs totaling \$160,435 that were budgeted for the Roads and Streets Division. At that time, the Village was unable to reasonably estimate staff time devoted to non-Surtax

Program activities, and agreed with this conservative approach. During the current audit period, which spans FYs 2009 to 2012, the Village again failed to track Roads and Streets staff time devoted to Surtax Program activities. However, we allowed \$161,749 annually or actual costs incurred, whichever was lower. The \$161,749 represents the average of direct payroll-related charges incurred in FYs 2003 to 2008, which ranged from \$129,071 to \$188,810. Comparable expenditures for the current audit period ranged from \$138,588 to \$208,355. The Village acknowledges that staff time spent on Surtax Program activities has declined since the last audit and, prospectively, will use time sheets to support claimed costs.

In addition to salaries and fringe benefits totaling \$98,906 that could not be substantiated, another \$817,614 in claimed costs was either unsupported or ineligible. Notwithstanding, we identified and allowed \$264,294 in eligible payroll costs for Street Sweeper personnel that had not been claimed. After adjusting claimed costs for disallowed and other eligible expenditure amounts identified during the current audit period, the Village was unable to expend Transportation-related Surtax Proceeds of \$4,477 as of September 30, 2012. See Schedules II and III for the impact of the Adjusted and Restated Amounts.

Recommendation

Prospectively, the Village must maintain records to substantiate time spent by employees when working on Surtax Program activities. Further, an updated Five-Year Transportation Plan should be submitted reflecting how the \$4,477 will be used, as required by Trust Resolution No. 09-055.

Maintenance of Accounting Records and Supporting Documentation

Transit and Transportation-related expenditures are not segregated in a separate account within the Village accounting system, as required by the Interlocal Agreement. Instead, eligible costs are recorded in various accounts that include other ineligible expenses. Furthermore, supporting documentation was not provided to validate the eligibility of certain expenditures claimed by the Village.

Recommendation

Accounting records should be maintained by the Village in the manner prescribed, and records kept to support uses of Surtax Proceeds.

Certification and Reporting Requirements

For the most part, Village compliance with the reporting requirements improved only slightly this audit period. None of the required Independent Audit Reports due six months after the fiscal year-end were submitted. Annual letters certifying the MOE were silent as to the amount. Further, Quarterly Reports and the Five-Year Transportation Plans did not accurately and completely demonstrate how Surtax Proceeds were used, as claimed expenditures exceeded those presented in the Quarterly Reports by more than \$1 million.

Recommendation

The Village should remedy the identified deficiencies after consulting with OCITT regarding the missing reports. Notwithstanding, prospectively, required reports should be submitted timely, or OCITT should consider withholding future Surtax Proceeds to encourage compliance.

Signage Requirements

The Interlocal Agreement requires posting of conspicuous signage for all projects funded in whole, or in part, with Surtax Proceeds. As also noted in the prior Audit Report, the Village did not post the required language on the Village Express Shuttle Bus.

Recommendation

The Village should be reminded of the importance of complying with the signage requirement.

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
Jay R. Smith, Interim Village Manager, Bal Harbour Village

**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 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	-	-	-	-	-	-	-	-	-	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 September 30, 2007.

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.

Charter County Transportation System Surtax Review - Bal Harbour Village
Summary of Claimed Expenditures, As Adjusted
For the Four Fiscal Years Ended September 30, 2012

Description	Fiscal Year (FY) Ended September 30,				All Years
	2009	2010	2011	2012	
Transit Expenditures:					
<i>General Government</i>					
Express Shuttle Bus Service	\$ 98,395	\$ 93,352	\$ 106,420	\$ 106,635	\$ 404,802
Bus Purchase	68,791	-	-	-	68,791
Total, As Claimed	167,186	93,352	106,420	106,635	473,593
AMS Adjustments:					
(Overstatement) Understatement of Express Shuttle Bus Service Charges	(264)	7,998	-	-	7,734
Reclassify the Bus Purchase to the Correct FY	(68,791)	68,791	-	-	-
Net Eligible Expenditures	\$ 98,131	\$ 170,141	\$ 106,420	\$ 106,635	\$ 481,327
Transportation Expenditures:					
<i>Roads and Streets</i>					
Salaries and Fringe Benefits, net of Secretarial Costs ¹	\$ 208,355	\$ 195,434	\$ 180,364	\$ 138,588	\$ 722,741
Utilities	53,682	58,731	55,641	55,628	223,682
Water Usage	42,321	91,661	63,730	20,644	218,356
Storm Drain Project	-	155,230	5,110	26,586	186,926
Engineering and Architecture Fees	26,839	33,894	32,415	37,427	130,575
Street Sweeper Lease Payments	26,014	26,014	26,014	26,014	104,056
Maintenance of Equipment	46,518	42,395	10,129	2,078	101,120
Operating Supplies	76,148	10,274	9,714	4,073	100,209
Fuel	12,798	18,917	26,309	19,920	77,944
Maintenance of Vehicles	28,200	11,222	10,384	20,230	70,036
Rental/Leases	18,553	17,106	1,682	-	37,341
Utilities Locations	4,575	5,869	8,349	6,043	24,836
Other Expenses	3,485	10,874	4,196	2,326	20,881
Maintenance of Streets and Parking Lots	-	7,014	-	5,200	12,214
Tires	2,346	-	156	1,070	3,572
Total, As Claimed	549,834	684,635	434,193	365,827	2,034,489
AMS Adjustments:					
<i>Beautification and Maintenance</i>					
Unclaimed Eligible Street Sweeper Salary, including Benefits	59,885	59,597	71,132	73,680	264,294
<i>Roads and Streets</i>					
Unsupported Expenditures:					
Engineering and Architecture Fees	(26,839)	(33,894)	(32,415)	(37,427)	(130,575)
Salaries and Fringe Benefits, net of Secretarial Costs ¹	(46,606)	(33,685)	(18,615)	-	(98,906)
Fuel	(12,798)	(18,917)	(26,309)	(19,920)	(77,944)
Maintenance of Vehicles	(28,200)	(11,222)	(10,000)	(15,565)	(64,987)
Tires	(2,346)	-	(156)	(1,070)	(3,572)
Ineligible Expenditures:					
Water Usage	(42,321)	(91,661)	(63,730)	(20,644)	(218,356)
Maintenance of Equipment	(46,518)	(42,395)	(10,129)	(1,822)	(100,864)
Operating Supplies	(76,148)	(9,215)	(8,528)	(4,073)	(97,964)
Utilities	(3,975)	(16,299)	(14,467)	(10,569)	(45,310)
Rental/Leases	(18,553)	(17,106)	(1,682)	-	(37,341)
Other Expenses	(3,485)	(10,874)	(4,196)	(2,326)	(20,881)
Storm Drain Project	-	-	-	(16,336)	(16,336)
Maintenance of Streets and Parking Lots	-	(239)	-	(3,245)	(3,484)
	(307,789)	(285,507)	(190,227)	(132,997)	(916,520)
Net Adjustments	(247,904)	(225,910)	(119,095)	(59,317)	(652,226)
Net Eligible Expenditures	\$ 301,930	\$ 458,725	\$ 315,098	\$ 306,510	\$ 1,382,263
Total, Net Eligible Expenditures	\$ 400,061	\$ 628,866	\$ 421,518	\$ 413,145	\$ 1,863,590

Source: Bal Harbour Village Schedule of Claimed Expenditures, General Ledgers, Vendor Invoices, and other supporting documents

¹ Using an average of the net Salaries permitted in Fiscal Years 2003 through 2008, a maximum of \$161,749 in annual Salaries were determined eligible for the current audit period.

Charter County Transportation System Surtax Review - Bal Harbour Village
Surtax Proceeds Usage Analysis, As Restated ⁴
For the Ten Fiscal Years Ended September 30, 2012

Description	Fiscal Year Ended September 30,										All Years
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Surtax Proceeds (Schedule I)	\$ 62,707	\$ 96,085	\$ 99,550	\$ 112,832	\$ 105,834	\$ 95,526	\$ 89,285	\$ 97,016	\$ 104,292	\$ 85,278	\$ 948,405
Surtax Uses:											
Eligible Transit Expenditures ^{1,3}	\$ 30,747	\$ 86,984	\$ 94,170	\$ 99,273	\$ 102,522	\$ 108,053	\$ 98,131	\$ 170,141	\$ 106,420	\$ 106,635	\$ 1,003,076
Eligible Transportation Expenditures ³	\$ 343,092	\$ 269,565	\$ 309,722	\$ 384,655	\$ 381,712	\$ 383,995	\$ 301,930	\$ 458,725	\$ 315,098	\$ 306,510	\$ 3,455,004
Transit Expenditures Applied to Meet the Maintenance of Effort (MOE) Amount ¹	-	55,220	15,063	-	-	-	22,855	-	9,687	18,275	121,100
Less: MOE Amount	(324,785)	(324,785)	(324,785)	(324,785)	(324,785)	(324,785)	(324,785)	(324,785)	(324,785)	(324,785)	(3,247,850)
Expenditures Available For Surtax Use	\$ 18,307	\$ -	\$ -	\$ 59,870	\$ 56,927	\$ 59,210	\$ -	\$ 133,940	\$ -	\$ -	\$ 328,254
AMS Analysis:											
Transit-Related Expenditures:											
Expenditures Available for Surtax Use ¹	\$ 30,747	\$ 31,764	\$ 79,107	\$ 99,273	\$ 102,522	\$ 108,053	\$ 75,276	\$ 170,141	\$ 96,733	\$ 88,360	\$ 881,976
Less 20% Minimum Amount ²	(12,541)	(19,217)	(19,910)	(22,566)	(21,167)	(19,105)	(17,857)	(19,403)	(20,858)	(17,056)	(189,680)
Amount Used to Apply to Transportation-Related Expenditures Available for Surtax Use	\$ 18,206	\$ 12,547	\$ 59,197	\$ 76,707	\$ 81,355	\$ 88,948	\$ 57,419	\$ 150,738	\$ 75,875	\$ 71,304	\$ 692,296
Transportation-Related Expenditures:											
Expenditures Available for Surtax Use	\$ 18,307	\$ -	\$ -	\$ 59,870	\$ 56,927	\$ 59,210	\$ -	\$ 133,940	\$ -	\$ -	\$ 328,254
Excess Transit Expenditures Applied	18,206	12,547	59,197	76,707	81,355	88,948	57,419	150,738	75,875	71,304	692,296
Less Remaining 80% Minimum ²	(50,166)	(76,868)	(79,640)	(90,266)	(84,667)	(76,421)	(71,428)	(77,613)	(83,434)	(68,222)	(758,725)
Amount Applied to Reduce (Increase) Unspent Rollover Funds, as Needed	\$ (13,653)	\$ (64,321)	\$ (20,443)	\$ 46,311	\$ 53,615	\$ 71,737	\$ (14,009)	\$ 207,065	\$ (7,559)	\$ 3,082	\$ 261,825
Analysis of Unspent Rollover:											
Beginning Balance	\$ -	\$ 13,653	\$ 77,974	\$ 98,417	\$ 52,106	\$ -	\$ -	\$ 14,009	\$ -	\$ 7,559	\$ -
Increase In Unspent Amounts	13,653	64,321	20,443	-	-	-	14,009	-	7,559	-	119,985
Amount Applied to Reduce Unspent Rollover Funds	-	-	-	(46,311)	(52,106)	-	-	(14,009)	-	(3,082)	(115,508)
Remaining Unspent Amount	\$ 13,653	\$ 77,974	\$ 98,417	\$ 52,106	\$ -	\$ -	\$ 14,009	\$ -	\$ 7,559	\$ 4,477	\$ 4,477

¹ When Transportation Expenditures are insufficient to meet the MOE, Transit Expenses are applied so that the amount is met.

² At least 20% of the Surtax Proceeds must be used on Transit-related projects, such as circulator buses, and the remaining funds (80%) are earmarked for eligible Transportation projects.

³ See the October 28, 2009 Audit Report for details of claimed amounts for Fiscal Years 2003 through 2008, and Schedule II for succeeding years.

⁴ Certain amounts prior to Fiscal Year 2009 have been reclassified to conform to the current years' presentation.

**Charter County Transportation System Surtax Review - Bal Harbour Village
Status of Prior Audit Findings**

Finding ¹	Recommendation	Auditee Response	Current Status
General Fund Support			
Bal Harbour Village (the Village) reported \$30,143 as its Fiscal Year 2002 Maintenance of Effort, however, an additional \$294,642 in qualifying General Fund Budget appropriations was identified.	Require the Village to certify the corrected Maintenance of Effort (MOE) of \$324,785 within 30 days.	The Village will certify the MOE identified using the methodology employed for the Fiscal Year (FY) 2002 base year.	<u>Partially Resolved</u> Although the Village agreed to the MOE in its response, annual Certifications omitted the MOE amount.
Use of Surtax Proceeds			
Our review disclosed \$873,797 in ineligible costs. After adjusting claimed expenditures for the disallowances and applying the corrected MOE, the Village was unable to expend \$97,305 in Surtax Proceeds.	Recapture \$97,305 or allow for rollover in accordance with revised guidelines approved by Members of the Citizens' Independent Transportation Trust.	The excess funds have been legally reserved for the purposes enumerated in the legislation that approved the Surtax. The Village expects to use these funds to replace the transit bus.	<u>Resolved</u>
Certification and Reporting Requirements			
The Village did not submit many of the required annual reports, including Reports on its Use of Surtax Proceeds for all years, Certification Letters for FYs 2003 through 2006, and Five-Year Transportation Plans for FYs 2003, 2005, 2006, 2008, and 2009.	Prospectively, the Village should submit all required reports to the Office of the Citizens' Independent Transportation Trust (OCITT).	We regret that some reports for prior years were not submitted to OCITT. We have implemented procedures and electronic alerts to make more likely these reports are sent in annually.	<u>Unresolved</u> During the current audit period, the Village only slightly improved in this area.
Signage			
The Interlocal Agreement requires posting of conspicuous signage for all projects funded in whole, or in part, with Surtax Proceeds. We found no evidence of such posting on the Express Shuttle Bus.	The Village should be instructed to comply with the signage requirement.	We will be happy to comply and would appreciate it if we could be provided whatever language or artwork is required or desired.	<u>Unresolved</u>

¹ For the full text, see the Audit Report dated October 28, 2009.



Monday, September 30, 2013

Cathy Jackson, Director
Audit and Management Services Department
One SE Third Avenue, Suite 1100
Miami, Florida 33131

Subject: Transportation System Surtax Review, FY2009-FY2012

Dear Ms. Jackson,

Thank you for the opportunity to respond to your revised audit report dated September 20, 2013.

Our comments below will follow the items summarized in your Audit Report.

We appreciate the accommodation being made to account for the Village's concerns with the Maintenance of Effort issues previously discussed. We have reviewed the adjustments to be made and we are in agreement that they are reasonable under the circumstances and are fair to both parties. We also believe this better reflects the MOE activity during the period audited.

We remain agreeable to performing a cost allocation study that will allocate the public works costs between those allowed for MOE purposes and those not qualifying. We would then use project accounting to capture these allocated costs, along with direct costs, to an MOE/CITT project account that would allow for easier auditing the next time you visit the Village. We feel the direct costs for which we used and claimed CITT funds were well documented. We believe, and hopefully you concur, that a cost allocation plan for the MOE would be acceptable if done correctly. We believe this can be completed in draft form for your review in about 60 days.

We agree that the Five-Year Transportation Plan will be updated to show the Village's plan to use the carryover amount of \$4,477 and we will transmit the Plan to the CITT office.

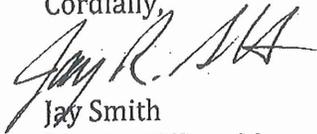
We understand that the CITT representatives will be contacting us to discuss how future reports should be undertaken.

The shuttle bus now has CITT-provided decals that indicate the bus and service are funded by the CITT.

We do appreciate the extra attention and cooperation you have given this matter.

Should you need further information, please feel free to contact me.

Cordially,

A handwritten signature in black ink, appearing to read "Jay R. Smith". The signature is written in a cursive style with a large, sweeping initial "J".

Jay Smith

Interim Village Manager

Cc: Christopher Wallace, Finance Director