



AUDIT AND MANAGEMENT SERVICES DEPARTMENT
OVERTOWN TRANSIT VILLAGE
701 NW 1ST COURT – SUITE 8-175
MIAMI, FLORIDA 33136
TELEPHONE: 786 469-5900
FAX: 786 469-5933

RECEIVED
JUN 16 2014

June 16, 2014

Mr. Ronald J. Wasson, Town Manager
Town of Bay Harbor Islands
9665 Bay Harbor Terrace
Bay Harbor Islands, FL 33154

Re: Charter County Transportation System Surtax Review – Town of Bay Harbor Islands

Dear Mr. Wasson:

Enclosed is the above-captioned Audit Report that was discussed in draft form with your Finance Director. We appreciate the assistance and courtesies extended to our staff during the audit process. A written response is requested no later than July 16, 2014. Please contact me, at 786-469-5900, if you have questions or require further information.

Sincerely,

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

Cathy Jackson
Director

CJ:ai

Attachment

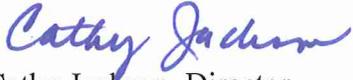
c: Edward Marquez, Deputy Mayor
Charles D. Scurr, Executive Director, Office of the Citizens' Independent Transportation Trust

Memorandum



Date: June 16, 2014

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 –
Town of Bay Harbor Islands

PURPOSE AND SCOPE

We performed a review of Town of Bay Harbor Islands' use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the five years ended September 30, 2013. 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 May 23, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated September 30, 2009 (Exhibit I).

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 use on Transit and Transportation-related projects. However, at least 20% of the Surtax 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 Interlocal Agreement, the Town of Bay Harbor Islands (Town) 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 \$213,648 (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 Town must apply at least 20% of the Surtax Proceeds to Transit-related projects, such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure.

SUMMARY RESULTS

For the five years ended September 30, 2013, the Town received \$854,261 in Surtax Proceeds, and claimed Transit and Transportation-related expenditures totaling \$3.4 million (Table I). After adjusting claimed expenditures for the Maintenance of Effort (MOE) and ineligible expenditures, the Town appropriately spent Surtax Proceeds to operate its Minibus Transit Service and pay debt service costs associated with bond-financed Transportation Projects. In addition, we retroactively applied CITT Resolution No. 09-055 from October 1, 2002 to September 30, 2008, which allows for the rollover of unspent Surtax Proceeds for up to five years. As a result, the Town had fully utilized all previously reported unspent monies of \$414,128 as of September 30, 2009.

**Table I
 Surtax Statistics**

Description	Fiscal Year Ended September 30,					All Years
	2009	2010	2011	2012	2013	
Maintenance of Effort	\$ 213,648	\$ 213,648	\$ 213,648	\$ 213,648	\$ 213,648	\$ 1,068,240
Surtax Proceeds (Schedule I)	\$ 150,306	\$ 151,009	\$ 160,052	\$ 190,982	\$ 201,912	\$ 854,261
Claimed Expenditures:						
Transit	\$ 78,876	\$ 81,816	\$ 82,901	\$ 76,314	\$ 87,637	\$ 407,544
Transportation	611,293	606,531	605,925	609,903	538,457	2,972,109
	\$ 690,169	\$ 688,347	\$ 688,826	\$ 686,217	\$ 626,094	\$ 3,379,653

Source: OCITT and Town General Ledgers

These and other findings are more fully discussed in the remainder of this report, and the status of prior audit findings are summarized in Exhibit I. 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 786-469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Uses of Surtax Proceeds

As mentioned previously, at least 20% of the Surtax Proceeds, or \$170,852, must be used for Transit-related projects such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. During the audit period, the Town annually met this requirement (Schedule II), as the monies were used primarily to fund Minibus Transit Services provided to its residents.

The remaining 80% was used to fund debt service costs associated with bond-financed Transportation projects. In FY 2004, the Town executed a Loan Agreement with the Florida Municipal Loan Council to borrow \$9.4 million (*2003B Series Revenue Bonds*) to finance road improvements, drainage, and other Transportation-related enhancements throughout the business district and causeway corridor. During the prior audit, the Town was not allowed to claim related debt service costs of \$2.6 million because, as of September 30, 2008, approximately \$8.3 of the \$9.4 million in bond proceeds remained unspent. However, actual project expenditures incurred between December 17, 2003 and September 30, 2008 totaling \$1.3 million were allowed. As of September 30, 2012, the Town had fully used the bond proceeds (Table III).

Table II
Summary of Claimed Expenditures, As Adjusted

Description	Fiscal Year Ended September 30,					All Years
	2009	2010	2011	2012	2013	
Transit Expenditures:						
Contracted Minibus Service	\$ 72,274	\$ 72,274	\$ 73,403	\$ 65,679	\$ 76,933	\$ 360,563
Fuel Costs	5,711	8,918	9,013	10,150	10,704	44,496
Other	891	624	485	485	-	2,485
Total, As Claimed	78,876	81,816	82,901	76,314	87,637	407,544
Adjustments for Ineligible Costs:						
Fuel for Non Circulator-Related Service	-	-	-	(1,092)	-	(1,092)
Net Eligible Transit Expenditures	\$ 78,876	\$ 81,816	\$ 82,901	\$ 75,222	\$ 87,637	\$ 406,452
Transportation Expenditures:						
Debt Service for Revenue Bonds/Loans:						
Revenue Bonds - Series 2003B	\$ 611,293	\$ 606,531	\$ 605,925	\$ 609,903	\$ 489,795	\$ 2,923,447
Promissory Refunding Note - Series 2012	-	-	-	-	48,662	48,662
Total, As Claimed	611,293	606,531	605,925	609,903	538,457	2,972,109
Adjustments for Ineligible Costs:						
Debt Service Costs Other Than Principal & Interest	(8,788)	(8,928)	(8,762)	(8,715)	(3,876)	(39,069)
Net Eligible Transportation Expenditures	\$ 602,505	\$ 597,603	\$ 597,163	\$ 601,188	\$ 534,581	\$ 2,933,040

Source: Town General Ledgers, Vendor Invoices, and other supporting documents

Additionally in December 2012, the Town borrowed \$4.7 million from a financial institution and used the proceeds to refund a portion of the then outstanding *2003B Series Revenue Bonds* of \$7.9 million. For the five years ended September 30, 2013, the Town claimed \$3 million in eligible debt-service costs (Table II) that were used to fully satisfy the MOE and 80% Surtax Proceeds use requirements (Schedules II and III). However, the Town was unable to furnish supporting documents for approximately \$113,000 of the \$3.4 million in expenditures selected for testing.

Table III
Community Enhancement Project Funding

Description	Fiscal Year Ended September 30,											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	All Years
Financing Sources:												
Bond Proceeds	\$ -	\$ 9,360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,360,000
Bond Premium, Net	-	120,435	-	-	-	-	-	-	-	-	-	120,435
	-	9,480,435	-	-	-	-	-	-	-	-	-	9,480,435
Investment Earnings	-	-	238,575	462,304	526,581	330,400	148,704	61,042	18,221	3,462	-	1,789,289
	\$ -	\$ 9,480,435	\$ 238,575	\$ 462,304	\$ 526,581	\$ 330,400	\$ 148,704	\$ 61,042	\$ 18,221	\$ 3,462	\$ -	\$ 11,269,724
Transportation-Related Costs:												
Bond Financed	\$ -	\$ 439,041	\$ 86,124	\$ 355,906	\$ -	\$ 253,704	\$ 662,922	\$ 3,364,329	\$ 2,400,375	\$ 3,707,323	\$ -	\$ 11,269,724
Non-Bond Related	-	116,978	-	-	-	-	-	-	-	-	-	116,978
	\$ -	\$ 556,019	\$ 86,124	\$ 355,906	\$ -	\$ 253,704	\$ 662,922	\$ 3,364,329	\$ 2,400,375	\$ 3,707,323	\$ -	\$ 11,386,702

Source: Town General Ledgers

Recommendation

The Town is reminded to maintain all documents supporting claimed expenditures in accordance with the requisite record retention requirements.

Certification and Reporting Requirements

Since the last audit, compliance with reporting requirements has improved. However, none of the Certified Reports of Proceeds Expended due each November 1st have been submitted. Also, the Annual Certification Letter due November 1, 2008 and the FY 2009 Third and Fourth Quarterly Reports were not on file. Other Annual Certification Letters and Quarterly Reports were not submitted to OCITT by the applicable due dates.

Recommendation

Prospectively, the Town should submit all required reports timely to OCITT.

CJ:ai

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- Robert A. Cuevas, Jr., County Attorney
- Alina T. Hudak, Deputy Mayor
- Edward Marquez, Deputy Mayor
- Jennifer Moon, Director, Office of Management and Budget
- Charles Anderson, Commission Auditor
- Ronald J. Wasson, Town Manager, Town of Bay Harbor Islands

**Charter County Transportation System Surtax Review
Summary of Payments to Municipalities**

Municipality	Fiscal Year Ended September 30,											All Years
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
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	\$ 14,564,114	\$ 131,413,277
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	8,118,432	77,078,803
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	3,166,271	30,651,053
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	2,107,503	20,051,489
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	2,204,159	15,993,896
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	1,685,507	15,076,742
City of Miami Gardens ⁴	-	-	-	-	-	-	-	-	-	10,352,937	3,837,951	14,190,888
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	1,493,737	13,928,902
City of Aventura	495,408	759,096	818,788	933,612	947,021	946,296	887,089	912,935	977,774	1,213,562	1,280,248	10,171,829
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	1,052,533	8,818,715
Village of Palmetto Bay	459,612	704,246	745,086	824,252	823,908	807,842	734,476	740,194	789,514	794,405	841,373	8,264,908
City of Hialeah Gardens	373,801	572,763	604,331	676,565	681,956	657,921	598,273	615,769	659,652	737,631	780,808	6,959,470
Village of Pinecrest ¹	361,540	553,977	579,684	639,364	646,631	627,523	14,305	572,099	612,279	618,387	1,205,816	6,431,605
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	752,852	6,129,748
Town of Cutler Bay ^{4,5}	-	-	-	-	-	-	-	-	-	3,886,873	1,453,608	5,340,481
City of Doral ⁴	-	-	-	-	-	-	-	-	-	3,642,653	1,667,049	5,309,702
City of Opa-Locka	291,102	446,045	468,652	533,416	513,020	497,615	448,435	445,408	480,123	516,448	552,018	5,192,282
City of Miami Springs	259,738	397,985	412,534	456,196	459,353	440,937	398,334	398,681	421,632	468,600	496,146	4,610,136
City of Sweetwater ²	270,238	414,075	429,218	472,215	477,595	458,867	418,273	419,090	350,048	368,080	390,842	4,468,541
Village of Key Biscayne	202,733	310,644	333,638	369,378	379,639	368,354	333,808	339,806	358,459	418,886	443,069	3,858,414
City of South Miami	203,889	312,415	323,655	360,476	351,494	338,279	308,347	328,868	357,423	395,573	443,069	3,723,488
Miami Shores Village	197,655	302,860	313,826	346,278	348,437	335,963	301,400	313,310	340,930	345,317	368,810	3,514,786
City of Florida City	153,748	235,582	254,464	288,454	291,983	295,447	272,056	299,755	320,951	381,591	419,450	3,213,481
North Bay Village	126,762	194,231	198,770	218,913	215,921	186,169	167,474	200,385	214,742	242,190	263,374	2,228,931
City of West Miami	113,307	173,613	185,212	202,961	194,190	184,561	167,123	167,329	180,093	202,418	214,600	1,985,407
Town of Surfside	95,908	146,959	157,799	184,160	144,185	223,419	168,610	170,243	180,473	194,919	206,033	1,872,708
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	201,912	1,768,473
Village of Biscayne Park	62,045	95,070	104,750	117,666	110,586	106,676	97,167	96,222	100,460	103,670	110,094	1,104,406
Bal Harbour Village	62,707	96,085	99,550	112,832	105,834	95,526	89,285	97,016	104,292	85,278	89,667	1,038,072
Village of El Portal	47,795	73,232	76,045	84,400	84,367	82,000	73,663	73,579	77,875	78,896	83,900	835,752
Village of Virginia Gardens	44,592	68,325	70,576	77,979	78,619	76,184	68,729	67,579	71,151	80,594	85,654	789,982
Town of Medley	21,186	32,464	33,963	37,170	37,616	41,385	33,052	33,111	35,277	28,436	29,889	363,549
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	33,042	296,027
Indian Creek Village ³	625	955	931	1,093	-	-	-	-	-	-	-	3,604
	\$ 21,054,793	\$ 32,261,501	\$ 33,986,547	\$ 37,903,517	\$ 38,214,640	\$ 37,317,372	\$ 33,968,468	\$ 35,311,637	\$ 37,732,390	\$ 58,285,152	\$ 50,643,530	\$ 416,679,547

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. In 2013, OCITT returned the monies to the Village.

² Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$277,500 from the City of Sweetwater, and \$21,058 from the Town of Golden Beach, due to specific instances of noncompliance.

³ A total of \$15,178 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, which was corrected in 2013.

**Charter County Transportation System Surtax Review - Town of Bay Harbor Islands
Surtax Proceeds Usage Analysis, as Restated**

Description	Fiscal Year Ended September 30,											All Years
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Surtax Proceeds (Schedule I)	\$ 96,989	\$ 148,613	\$ 155,936	\$ 172,145	\$ 173,190	\$ 167,339	\$ 150,306	\$ 151,009	\$ 160,052	\$ 190,982	\$ 201,912	\$ 1,768,473
Surtax Uses:												
Eligible Transit Expenditures ³	\$ 78,101	\$ 76,661	\$ 75,111	\$ 76,283	\$ 74,927	\$ 74,003	\$ 78,876	\$ 81,816	\$ 82,901	\$ 75,222	\$ 87,637	\$ 861,538
Eligible Transportation Expenditures ³	\$ 129,535	\$ 678,672	\$ 229,129	\$ 520,293	\$ 152,073	\$ 415,620	\$ 602,505	\$ 597,603	\$ 597,163	\$ 601,188	\$ 534,581	\$ 5,058,362
Transit Expenditures Applied to Meet the Maintenance of Effort (MOE) ¹	78,101	-	-	-	61,575	-	-	-	-	-	-	139,676
Less MOE	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(213,648)	(2,350,128)
Expenditures Available (Unavailable) For Surtax Use	\$ (6,012)	\$ 465,024	\$ 15,481	\$ 306,645	\$ -	\$ 201,972	\$ 388,857	\$ 383,955	\$ 383,515	\$ 387,540	\$ 320,933	\$ 2,847,910
AMS Analysis:												
Transit-Related Expenditures:												
Expenditures Available for Surtax Use	\$ -	\$ 76,661	\$ 75,111	\$ 76,283	\$ 13,352	\$ 74,003	\$ 78,876	\$ 81,816	\$ 82,901	\$ 75,222	\$ 87,637	\$ 721,862
Less 20% Minimum Amount ²	(19,398)	(29,723)	(31,187)	(34,429)	(34,638)	(33,468)	(30,061)	(30,202)	(32,010)	(38,196)	(40,382)	(353,694)
Amount Available (Unavailable) for Surtax Use	(19,398)	46,938	43,924	41,854	(21,286)	40,535	48,815	51,614	50,891	37,026	47,255	368,168
Amount Applied to Reduce Unspent Transit Funds	-	(19,398)	-	-	-	(21,286)	-	-	-	-	-	(40,684)
Amount Applied to Transportation-Related Expenditures	-	-	(43,924)	-	-	(19,249)	-	-	-	-	-	(63,173)
Unapplied Excess Expenditures or (Increase) In Unspent Funds	\$ (19,398)	\$ 27,540	\$ -	\$ 41,854	\$ (21,286)	\$ -	\$ 48,815	\$ 51,614	\$ 50,891	\$ 37,026	\$ 47,255	\$ 264,311
Analysis of Unspent Rollover:												
Beginning Balance	\$ -	\$ 19,398	\$ -	\$ -	\$ -	\$ 21,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase In Unspent Amounts	19,398	-	-	-	21,286	-	-	-	-	-	-	40,684
Amount Applied to Reduce Unspent Rollover Funds	-	(19,398)	-	-	-	(21,286)	-	-	-	-	-	(40,684)
Remaining Unspent Amount	\$ 19,398	\$ -	\$ -	\$ -	\$ 21,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation-Related Expenditures:												
Expenditures Available for Surtax Use	\$ -	\$ 465,024	\$ 15,481	\$ 306,645	\$ -	\$ 201,972	\$ 388,857	\$ 383,955	\$ 383,515	\$ 387,540	\$ 320,933	\$ 2,853,922
Excess Transit Expenditures Applied	-	-	43,924	-	-	19,249	-	-	-	-	-	63,173
Less Remaining 80% Minimum ²	(77,591)	(118,890)	(124,749)	(137,716)	(138,552)	(133,871)	(120,245)	(120,807)	(128,042)	(152,786)	(161,530)	(1,414,779)
Amount Available (Unavailable) for Surtax Use	(77,591)	346,134	(65,344)	168,929	(138,552)	87,350	268,612	263,148	255,473	234,754	159,403	1,502,316
Amount Applied to Reduce Unspent Rollover Funds	-	(77,591)	-	(65,344)	-	(87,350)	(51,202)	-	-	-	-	(281,487)
Unapplied Excess Expenditures or (Increase) In Unspent Funds	\$ (77,591)	\$ 268,543	\$ (65,344)	\$ 103,585	\$ (138,552)	\$ -	\$ 217,410	\$ 263,148	\$ 255,473	\$ 234,754	\$ 159,403	\$ 1,220,829
Analysis of Unspent Rollover:												
Beginning Balance	\$ -	\$ 77,591	\$ -	\$ 65,344	\$ -	\$ 138,552	\$ 51,202	\$ -	\$ -	\$ -	\$ -	\$ -
Increase In Unspent Amounts	77,591	-	65,344	-	138,552	-	-	-	-	-	-	281,487
Amount Applied to Reduce Unspent Rollover Funds	-	(77,591)	-	(65,344)	-	(87,350)	(51,202)	-	-	-	-	(281,487)
Remaining Unspent Amount	\$ 77,591	\$ -	\$ 65,344	\$ -	\$ 138,552	\$ 51,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 September 30, 2009 Audit Report for details of claimed amounts for Fiscal Years 2003 through 2008, and Table II in the accompanying Audit Report for succeeding years.

Charter County Transportation System Surtax Review - Town of Bay Harbor Islands
Summary of Debt Service Requirements By Bond Issue

Description	Fiscal Year Ended September 30,										All Years
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Revenue Bonds, Series 2003B:											
Outstanding Principal	\$ 9,360,000	\$ 9,360,000	\$ 9,200,000	\$ 9,030,000	\$ 8,855,000	\$ 8,675,000	\$ 8,490,000	\$ 8,305,000	\$ 8,115,000	\$ 7,915,000	
Less Principal Payment Reduction	-	160,000	170,000	175,000	180,000	185,000	185,000	190,000	200,000	205,000	
Less Partial Refinancing	-	-	-	-	-	-	-	-	-	-	4,445,000
Outstanding Balance	\$ 9,360,000	\$ 9,200,000	\$ 9,030,000	\$ 8,855,000	\$ 8,675,000	\$ 8,490,000	\$ 8,305,000	\$ 8,115,000	\$ 7,915,000	\$ 3,675,000	
<i>Debt Service Requirements:</i>											
Principal	\$ -	\$ 160,000	\$ 170,000	\$ 175,000	\$ 180,000	\$ 185,000	\$ 185,000	\$ 190,000	\$ 200,000	\$ 205,000	\$ 1,650,000
Interest	197,655	432,278	428,978	425,528	421,798	417,505	412,603	407,163	401,188	280,919	3,825,615
	\$ 197,655	\$ 592,278	\$ 598,978	\$ 600,528	\$ 601,798	\$ 602,505	\$ 597,603	\$ 597,163	\$ 601,188	\$ 485,919	\$ 5,475,615
<i>Allowed Debt Service:</i>											
Debt Service Claimed ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 611,293	\$ 606,531	\$ 605,925	\$ 609,903	\$ 489,795	\$ 2,923,447
Less Deductions for Ineligible Costs (Bond Trustee and Bank Fees)	-	-	-	-	-	(8,788)	(8,928)	(8,762)	(8,715)	(3,876)	(39,069)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,505	\$ 597,603	\$ 597,163	\$ 601,188	\$ 485,919	\$ 2,884,378
<p>On December 17, 2003, the Town of Bay Harbor Islands (Town) executed a Loan Agreement with the Florida Municipal Loan Council (FMLC) to borrow \$9.4 million from the proceeds of the FMLC Revenue Bonds, Series 2003B, to finance road improvements, drainage, and other eligible Transportation-related projects in the Town's business district and causeway corridor. The interest rates range from 2% to 5.25%, with semi-annual payments due through December 1, 2033. On December 3, 2012, the Town advance refunded \$4.4 million of the Bonds with proceeds from the Promissory Refunding Note, Series 2012.</p>											
Promissory Refunding Note, Series 2012:											
Outstanding Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,709,000	
Less Principal Payment Reduction	-	-	-	-	-	-	-	-	-	-	
Outstanding Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,709,000	
<i>Debt Service Requirements:</i>											
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	-	48,662
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,662	\$ 48,662
<i>Allowed Debt Service</i>											
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,662	\$ 48,662

On December 3, 2012, the Town borrowed \$4.7 million from a financial institution and used the proceeds to refund a portion of its Revenue Bonds, Series 2003B (\$4.4 million). The Note bears interest at 2.09%, with semi-annual payments due through December 1, 2027.
Source: Loan Agreement, Promissory Refunding Note Report, Town of Bay Harbor Islands General Ledgers, and Audited Financial Statements

¹ Debt Service Payments on the 2003B Bonds were not allowed prior to Fiscal Year 2009 as the majority of the proceeds remained unspent as of September 30, 2008.

**Charter County Transportation System Surtax Review – Town of Bay Harbor Islands
Status of Prior Audit Findings**

Finding ¹	Recommendation ¹	Auditee Response ¹	Current Status
General Fund Support			
The Town of Bay Harbor Islands (Town) reported \$807,600 as its Maintenance of Effort (MOE), yet our review disclosed budgeted General Fund Transit and Transportation expenditures of \$213,648 in FY 2002.	Require the Town certify the corrected MOE within 30 days.	We request that the Circulator Bus Service be excluded from MOE calculations in order to allow us to use Surtax receipts to fund that service.	Resolved The MOE was revised and the \$213,648 applied annually to eligible expenditures.
Use of Surtax Proceeds			
Management claimed debt service payments for the 2003B Series Revenue Bonds that were issued to fund various drainage improvements, street lighting, landscaping, and other infrastructure projects. However, \$8.3 million of the proceeds remained unused as of September 30, 2008. Thus, we only allowed the \$1.3 million expended for Transportation-related improvements rather than the claimed debt service. After adjusting claimed expenditures for the MOE and other disallowances, the Town was unable to expend \$414,128 on qualifying projects.	Recapture the \$414,128 or allow for rollover, in accordance with revised guidelines recently approved by Members of the Citizens' Independent Transportation Trust (CITT).	Both the debt service and the construction expenditure amounts far exceed the Transportation portion of the Surtax receipts.	Resolved Pursuant to CITT Resolution No. 09-055, retroactively applied to FY 2003, the previously reported unspent amounts were fully expended as of September 30, 2009 (Schedule II).
Certification and Reporting Requirements			
The Town's Five-Year Transportation Plans detailed its use of Transit Surtax Proceeds, however only the FY 2003 Plan could be located. Moreover, the FY 2003 and 2008 Certification Letters were not submitted.	Prospectively, the Town should submit reports to the Office of the Citizens' Independent Transportation Trust in the prescribed form.	There was no Auditee Response.	Partially Resolved Annual Certification Letters and Five-Year Transportation Plans are being correctly submitted. However, certain other reports are not being submitted as required. <i>See page 4 of the Audit Report.</i>
Signage			
The Interlocal Agreement requires the posting of a conspicuous sign at the job site, structure, or vehicle, if funded in whole, or in part, by Surtax Proceeds. We found no evidence of posting on existing construction sites or Town Circulator buses.	The Town should be instructed to comply with signage requirements.	There was no Auditee Response.	Resolved The Town's Circulator now displays the appropriate signage.

¹ For the full text, see the Audit Report dated September 30, 2009.