

Memorandum



Date: September 30, 2014

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

From: *Cathy Jackson*
Cathy Jackson, Director
Audit and Management Services Department

Subject: Audit Report – Charter County Transportation System Surtax Review –
City of Homestead

Office of the

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CITY

PURPOSE AND SCOPE

We performed a review of the City of Homestead's 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* (Interlocal Agreement) executed on July 10, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated March 9, 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 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 Interlocal Agreement, the City of Homestead (City) must annually continue the same level of General Fund support for Transportation projects appropriated in its Fiscal Year (FY) 2002 Budget (Maintenance of Effort), which totaled \$1.2 million (Table I). Surtax monies may be used to develop, construct, equip, maintain, operate, or expand County-wide bus systems, fixed guideway rapid transit systems, roads, and bridges, as well as secure such bonds or pay debt service. Further, the City 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. CITT Resolution 09-055, adopted July 30, 2009, allows for the rollover of unspent Surtax funds for up to five years, provided the City's Five-Year Transportation Plan demonstrates how the funds will be used.

SUMMARY RESULTS

For the five years ended September 30, 2013, the City received \$9.5 million in Surtax Proceeds, earned investment income of \$270,064, and claimed Transit and Transportation-related expenditures totaling \$8.1 million (Table I). After adjusting claimed expenditures for the Maintenance of Effort (MOE), as well as unclaimed transportation and disallowed costs, unspent Proceeds totaled \$3.5 million as of September 30, 2013, of which \$854,000 must be used for Transit Projects (Schedule II). Within 30 days, the City must submit an updated Five-Year Transportation Plan reflecting how unspent funds will be used to avoid recapture.

**Table I
 Surtax Statistics**

Description	Fiscal Year Ended September 30,					All Years
	2009	2010	2011	2012	2013	
Maintenance of Effort	\$ 1,219,161	\$ 1,219,161	\$ 1,219,161	\$ 1,219,161	\$ 1,219,161	\$ 6,095,805
Revenue						
Surtax Proceeds	\$ 1,681,886	\$ 1,747,262	\$ 1,809,949	\$ 2,053,440	\$ 2,204,159	\$ 9,496,696
Investment Income	52,831	73,997	77,681	65,555	-	270,064
	<u>\$ 1,734,717</u>	<u>\$ 1,821,259</u>	<u>\$ 1,887,630</u>	<u>\$ 2,118,995</u>	<u>\$ 2,204,159</u>	<u>\$ 9,766,760</u>
Claimed Expenditures						
Transit	\$ -	\$ 141,758	\$ 417,016	\$ 425,462	\$ 525,078	\$ 1,509,314
Transportation	626,655	693,293	1,330,798	1,877,306	2,056,667	6,584,719
	<u>\$ 626,655</u>	<u>\$ 835,051</u>	<u>\$ 1,747,814</u>	<u>\$ 2,302,768</u>	<u>\$ 2,581,745</u>	<u>\$ 8,094,033</u>
Unspent Surtax Proceeds ¹						
Transit	\$ 800,410	\$ 1,008,104	\$ 953,078	\$ 938,304	\$ 854,058	
Transportation	1,510,581	2,378,665	2,891,986	2,738,827	2,608,709	
	<u>\$ 2,310,991</u>	<u>\$ 3,386,769</u>	<u>\$ 3,845,064</u>	<u>\$ 3,677,131</u>	<u>\$ 3,462,767</u>	
County Transit System Surtax Fund ¹						
Cash and Investments	\$ 2,128,832	\$ 2,102,110	\$ 3,366,657	\$ 3,341,897	\$ 3,833,686	
Fund Balance	<u>\$ 2,522,789</u>	<u>\$ 3,508,998</u>	<u>\$ 3,648,817</u>	<u>\$ 3,465,047</u>	<u>\$ 3,087,461</u>	

Source: OCITT, City's Audited Financial Statements and General Ledgers

¹ As of September 30 in each Fiscal Year.

These and other findings are more fully discussed in the remainder of this report, and the status of prior audit findings is summarized in Exhibit I. A copy of this report is being submitted to the City under separate cover, and a written response is requested within 60 days, in accordance with Administrative Order 3-7. We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact Nancy McKee, Assistant Director, at 786-469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds

As mentioned previously, the City received \$9.8 million, including investment income, for Surtax use and claimed \$1.5 million and \$6.6 million in Transit and Transportation expenditures, respectively (Schedule II). At least 20% of the Surtax Proceeds, or \$1.9 million, must be used for Transit-related projects. In FY 2010, the City launched a Transit Circulator Program, leasing two Trolleys until FY 2013, when they purchased four vehicles with Federal and Surtax monies to expand the Program. The Trolley runs daily along two fixed routes, with a third “National Parks” route added on weekends during the winter tourist season. Monthly ridership ranged from 8,000 to 17,000 in FY 2013, with patronage peaking during the period from October to January.

The remaining 80% designated for Transportation projects (\$7.6 million) was used primarily for street improvements and paving. In reviewing claimed costs (Schedule III), we noted the City omitted street lighting, maintenance, and other costs totaling \$6.1 million that in the past was used to satisfy its MOE requirement. However, stand-alone sidewalk project costs incurred prior to November 15, 2013 (\$443,698) and landscape maintenance expenses (\$261,221) are not eligible for Surtax funding, and thus were disallowed. After adjusting claimed expenditures for the MOE as well as unclaimed and disallowed costs, Transit and Transportation funds totaling \$854,000 and \$2.6 million, respectively, were available for carryover as of September 30, 2013.

Recommendation

Prospectively, City staff should exercise greater diligence in ensuring that all eligible costs are claimed and accurately reported.

Trolley Operator

The City outsourced its Trolley operations to a vendor that provides similar services to other municipalities. In June 2010, the City accessed the City of Doral’s Trolley contract, which precluded the need for competitive bidding. The operating agreement, which may be cancelled by either party after a 60-day notice, expires in FY 2015. Our auditors compared the hourly rates charged for Trolley operations among several municipalities, noting the City pays the second-highest rate (Schedule IV). While hourly rates may vary with volume of operations and service levels, the City should compare its Trolley contract with those of other municipalities to ensure the best price is attained.

Recommendation

Request competitive bidding for Trolley operations, or access a lower-cost contract.

Rollover of Unused Funds

The prior Audit Report cited unspent Surtax funds of \$1.7 million as of September 30, 2008. However, after retroactively applying CITT Resolution No. 09-055, which allows for rollover of unused funds for up to five years, that amount was reduced to \$1.1 million. Thereafter, unused amounts fluctuated annually based upon spending levels (Schedules II and II-A). As of September 30, 2013, Surtax Proceeds available for carryover were \$3.5 million, of which \$1.9 million must be spent in FY 2014 to avoid recapture (Table II).

**Table II
 Analysis of Rollover Funds ¹**

Unspent Amounts			Unspent Amounts Aged by Expiry Date		
September 30,	Transit	Transportation	September 30,	Transit	Transportation
2009	\$ 800,410	\$ 1,510,581	2014	\$ 646,364	\$ 1,227,304
2010	\$ 1,008,104	\$ 2,378,665	2015	207,694	868,084
2011	\$ 953,078	\$ 2,891,986	2016	-	513,321
2012	\$ 938,304	\$ 2,738,827	2017	-	-
2013	\$ 854,058	\$ 2,608,709	2018	-	-
				\$ 854,058	\$ 2,608,709

¹ Citizens' Independent Transportation Trust Resolution 09-055, adopted July 30, 2009, permits rollover of unspent funds for five years. Thus, unspent proceeds which originated in FY 2009 expire in FY 2014. Thereafter, the annual increases (Schedule II) in unspent funds expire in the succeeding years, as shown.

According to the City's most recent Five-Year Transportation Plan, unspent Transit dollars will be used to operate the expanded Trolley System, estimated to cost \$3.1 million over the next five years. Future Transportation expenditures of \$9.5 million include \$6.1 million designated for road improvements with no specific locations or projects.

Recommendation

The City should submit a more definitive Five-Year Transportation Plan, approved by its City Council, specifying how rollover monies will be used, and request an extension of the rollover amount expiring in FY 2014 if the funds cannot be fully expended. More importantly, the City should more diligently monitor unspent funds to minimize the risk of recapture.

CJ:ag

Attachments

- 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
- George Gretsas, City Manager, City of Homestead

**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
	<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>\$ 50,643,530</u>	<u>\$ 416,679,547</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. 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 - City of Homestead
Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,					All Years
	2009	2010	2011	2012	2013	
Sources of Funds:						
Surtax Proceeds (Schedule I)	\$ 1,681,886	\$ 1,747,262	\$ 1,809,949	\$ 2,053,440	\$ 2,204,159	\$ 9,496,696
Investment Income ¹	52,831	73,997	77,681	65,555	-	270,064
	<u>\$ 1,734,717</u>	<u>\$ 1,821,259</u>	<u>\$ 1,887,630</u>	<u>\$ 2,118,995</u>	<u>\$ 2,204,159</u>	<u>\$ 9,766,760</u>
Surtax Uses:						
Eligible Transit Expenditures (Schedule III)	\$ -	\$ 141,758	\$ 417,016	\$ 425,462	\$ 525,078	\$ 1,509,314
Eligible Transportation Expenditures (Schedule III)	\$ 1,738,705	\$ 1,822,884	\$ 2,231,480	\$ 3,080,627	\$ 3,112,606	\$ 11,986,302
Less MOE	(1,219,161)	(1,219,161)	(1,219,161)	(1,219,161)	(1,219,161)	(6,095,805)
Expenditures Available For Surtax Use	<u>\$ 519,544</u>	<u>\$ 603,723</u>	<u>\$ 1,012,319</u>	<u>\$ 1,861,466</u>	<u>\$ 1,893,445</u>	<u>\$ 5,890,497</u>
AMS Analysis:						
Transit-Related Expenditures:						
Expenditures Available for Surtax Use	\$ -	\$ 141,758	\$ 417,016	\$ 425,462	\$ 525,078	\$ 1,509,314
Less 20% Minimum Amount ²	(336,377)	(349,452)	(361,990)	(410,688)	(440,832)	(1,899,339)
Amount Available (Unavailable) for Surtax Use	(336,377)	(207,694)	55,026	14,774	84,246	(390,025)
Amount Applied to Reduce Unspent Transit Funds	-	-	(55,026)	(14,774)	(84,246)	(154,046)
Increase In Unspent Funds	<u>\$ (336,377)</u>	<u>\$ (207,694)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (544,071)</u>
Analysis of Unspent Rollover:						
Beginning Balance	\$ 464,033	\$ 800,410	\$ 1,008,104	\$ 953,078	\$ 938,304	\$ 464,033
Increase In Unspent Amounts	336,377	207,694	-	-	-	544,071
Amount Applied to Reduce Unspent Rollover Funds	-	-	(55,026)	(14,774)	(84,246)	(154,046)
Remaining Unspent Amount	<u>\$ 800,410</u>	<u>\$ 1,008,104</u>	<u>\$ 953,078</u>	<u>\$ 938,304</u>	<u>\$ 854,058</u>	<u>\$ 854,058</u>
Transportation-Related Expenditures:						
Expenditures Available for Surtax Use	\$ 519,544	\$ 603,723	\$ 1,012,319	\$ 1,861,466	\$ 1,893,445	\$ 5,890,497
Less Remaining 80% Amount ²	(1,345,509)	(1,397,810)	(1,447,959)	(1,642,752)	(1,763,327)	(7,597,357)
Less Investment Income	(52,831)	(73,997)	(77,681)	(65,555)	-	(270,064)
Amount Available (Unavailable) for Surtax Use	(878,796)	(868,084)	(513,321)	153,159	130,118	(1,976,924)
Amount Applied to Reduce Unspent Rollover Funds	-	-	-	(153,159)	(130,118)	(283,277)
Increase In Unspent Funds	<u>\$ (878,796)</u>	<u>\$ (868,084)</u>	<u>\$ (513,321)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,260,201)</u>
Analysis of Unspent Rollover:						
Beginning Balance	\$ 631,785	\$ 1,510,581	\$ 2,378,665	\$ 2,891,986	\$ 2,738,827	\$ 631,785
Increase In Unspent Amounts	878,796	868,084	513,321	-	-	2,260,201
Amount Applied to Reduce Unspent Rollover Funds	-	-	-	(153,159)	(130,118)	(283,277)
Remaining Unspent Amount	<u>\$ 1,510,581</u>	<u>\$ 2,378,665</u>	<u>\$ 2,891,986</u>	<u>\$ 2,738,827</u>	<u>\$ 2,608,709</u>	<u>\$ 2,608,709</u>

¹ The City had an unrealized loss on investments in Fiscal Year 2013.

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.

**Charter County Transportation System Surtax Review - City of Homestead
Surtax Proceeds Usage Analysis, as Restated**

Description	Fiscal Year Ended September 30,						All Years
	2003	2004	2005	2006	2007	2008	
Surtax Proceeds	\$ 621,791	\$ 952,745	\$ 1,051,671	\$ 1,208,129	\$ 1,275,853	\$ 1,387,011	\$ 6,497,200
Surtax Uses:							
Eligible Transit Expenditures ²	\$ -	\$ 200,000	\$ 220,419	\$ 202,311	\$ 200,000	\$ 12,677	\$ 835,407
Eligible Transportation Expenditures ²	\$ 1,002,250	\$ 1,776,587	\$ 1,684,721	\$ 2,052,982	\$ 2,340,085	\$ 2,807,405	\$ 11,664,030
Less MOE	(1,219,161)	(1,219,161)	(1,219,161)	(1,219,161)	(1,219,161)	(1,219,161)	(7,314,966)
Expenditures Available For Surtax Use	\$ (216,911)	\$ 557,426	\$ 465,560	\$ 833,821	\$ 1,120,924	\$ 1,588,244	\$ 4,349,064
AMS Analysis:							
Transit-Related Expenditures:							
Expenditures Available for Surtax Use	\$ -	\$ 200,000	\$ 220,419	\$ 202,311	\$ 200,000	\$ 12,677	\$ 835,407
Less 20% Minimum Amount ¹	(124,358)	(190,549)	(210,334)	(241,626)	(255,171)	(277,402)	(1,299,440)
Amount Available (Unavailable) for Surtax Use	(124,358)	9,451	10,085	(39,315)	(55,171)	(264,725)	(464,033)
Amount Applied to Reduce Unspent Transit Funds	-	(9,451)	(10,085)	-	-	-	(19,536)
Increase In Unspent Funds	\$ (124,358)	\$ -	\$ -	\$ (39,315)	\$ (55,171)	\$ (264,725)	\$ (483,569)
Analysis of Unspent Rollover:							
Beginning Balance	\$ -	\$ 124,358	\$ 114,907	\$ 104,822	\$ 144,137	\$ 199,308	\$ -
Increase In Unspent Amounts	124,358	-	-	39,315	55,171	264,725	483,569
Amount Applied to Reduce Unspent Rollover Funds	-	(9,451)	(10,085)	-	-	-	(19,536)
Remaining Unspent Amount	\$ 124,358	\$ 114,907	\$ 104,822	\$ 144,137	\$ 199,308	\$ 464,033	\$ 464,033
Transportation-Related Expenditures:							
Expenditures Available for Surtax Use	\$ -	\$ 557,426	\$ 465,560	\$ 833,821	\$ 1,120,924	\$ 1,588,244	\$ 4,565,975
Less Remaining 80% Amount ¹	(497,433)	(762,196)	(841,337)	(966,503)	(1,020,682)	(1,109,609)	(5,197,760)
Amount Available (Unavailable) for Surtax Use	(497,433)	(204,770)	(375,777)	(132,682)	100,242	478,635	(631,785)
Amount Applied to Reduce Unspent Rollover Funds	-	-	-	-	(100,242)	(478,635)	(578,877)
Increase In Unspent Funds	\$ (497,433)	\$ (204,770)	\$ (375,777)	\$ (132,682)	\$ -	\$ -	\$ (1,210,662)
Analysis of Unspent Rollover:							
Beginning Balance	\$ -	\$ 497,433	\$ 702,203	\$ 1,077,980	\$ 1,210,662	\$ 1,110,420	\$ -
Increase In Unspent Amounts	497,433	204,770	375,777	132,682	-	-	1,210,662
Amount Applied to Reduce Unspent Rollover Funds	-	-	-	-	(100,242)	(478,635)	(578,877)
Remaining Unspent Amount	\$ 497,433	\$ 702,203	\$ 1,077,980	\$ 1,210,662	\$ 1,110,420	\$ 631,785	\$ 631,785

¹ 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.

² See the March 9, 2009 Audit Report for details of claimed amounts.

Charter County Transportation System Surtax - City of Homestead
Listing of Claimed Surtax Expenditures, as Adjusted
For the Five Years Ended September 30, 2013

Description	Fiscal Year Ended September 30,					All Years
	2009	2010	2011	2012	2013	
Claimed Transit Expenditures:						
Trolley Operations and Maintenance	\$ -	\$ 61,194	\$ 315,165	\$ 315,544	\$ 313,633	\$ 1,005,536
Trolley Rental Costs	-	30,000	60,000	60,000	60,000	210,000
Diesel Fuel	-	7,464	41,451	43,730	43,406	136,051
Trolley Acquisition Cost	-	-	-	-	107,664	107,664
Trolley Signage and Supplies	-	43,100	400	6,188	375	50,063
	<u>\$ -</u>	<u>\$ 141,758</u>	<u>\$ 417,016</u>	<u>\$ 425,462</u>	<u>\$ 525,078</u>	<u>\$ 1,509,314</u>
Transportation Expenditures:						
Asphalt and Paving - Mowry Drive	\$ -	\$ -	\$ -	\$ 512,642	\$ 1,304,623	\$ 1,817,265
Asphalt and Paving - Citywide ¹	154,929	314,932	533,336	58,390	28,308	1,089,895
Public Works Salaries and Fringe Benefits	158,683	186,685	218,793	204,062	197,495	965,718
Civil Engineering and Consulting Fees	5,545	650	103,890	639,072	167,125	916,282
Landscaping for Street Improvements	-	-	294,229	129,886	57,978	482,093
Light Pole and Streetlight Installation	-	179,461	34,096	189,299	-	402,856
Street Sweepers	176,105	-	-	-	94,845	270,950
Landscaping and Tools ²	-	-	31,740	113,473	116,008	261,221
Trucks and Trailers	-	-	79,052	-	81,060	160,112
Backhoe	119,930	(2,400)	-	-	-	117,530
General Liability Insurance	11,463	13,965	11,122	14,682	7,444	58,676
Property Appraisals - Street Widening Project	-	-	24,540	15,800	-	40,340
Bid Advertisements	-	-	-	-	1,781	1,781
Total Claimed Expenditures	<u>626,655</u>	<u>693,293</u>	<u>1,330,798</u>	<u>1,877,306</u>	<u>2,056,667</u>	<u>6,584,719</u>
Disallowed Amounts:						
Stand-alone Sidewalk Costs ¹	-	(71,473)	(372,225)	-	-	(443,698)
Landscaping and Tools ²	-	-	(31,740)	(113,473)	(116,008)	(261,221)
	<u>-</u>	<u>(71,473)</u>	<u>(403,965)</u>	<u>(113,473)</u>	<u>(116,008)</u>	<u>(704,919)</u>
Unclaimed Other Transportation Expenditures:						
Street Lighting Utilities	513,425	643,265	757,959	698,757	691,108	3,304,514
Street Maintenance Salaries and Fringe Benefits	231,839	231,285	267,075	203,507	210,213	1,143,919
Repair and Support Costs	141,144	145,884	160,417	166,679	180,624	794,748
Street Maintenance and Construction	225,642	180,379	77,060	172,731	88,032	743,844
Civil Engineering and Consulting Fees	-	251	42,136	75,120	1,970	119,477
	<u>1,112,050</u>	<u>1,201,064</u>	<u>1,304,647</u>	<u>1,316,794</u>	<u>1,171,947</u>	<u>6,106,502</u>
Claimed Transportation Expenditures, as Adjusted	<u>\$ 1,738,705</u>	<u>\$ 1,822,884</u>	<u>\$ 2,231,480</u>	<u>\$ 3,080,627</u>	<u>\$ 3,112,606</u>	<u>\$ 11,986,302</u>

Source: City of Homestead General Ledgers and Accounting Records

¹ Includes stand-alone sidewalk costs which are not eligible until November 15, 2013, per Citizens' Independent Transportation Trust Resolution 13-054.

² Costs are not eligible for Surtax use, as they include landscape maintenance and hedge trimming equipment.

**Comparison of Trolley Hourly Operating Rates
With the Same Contractor**

Municipality	Services Provided by Vendor			Annual Billed Hours	Contract Effective	Hourly Rate	Comments
	Operation, Maintenance, and Insurance	Fuel	Trolley				
City of Doral	✓	✓		5,600	05/14/14	\$ 59.84	Sole proposer. Two-year term, with three one-year renewal options.
City of Homestead	✓			6,000	06/08/10	52.34	Accessed Doral's former contract, which expires 6/8/15, with a 60-day cancellation clause.
Village of Pinecrest	✓	✓	✓	4,000	11/08/11	48.00	Accessed Miami Shores contract.
City of Aventura	✓	✓	✓	15,200	02/03/09	44.66	Lowest of two bids. Three-year term, with one three-year renewal option.
City of North Miami	✓	✓	✓	14,600	11/19/07	44.60	Contract expired 11/18/13, but service continued on a month-to-month basis. New contract rate expected to be \$47.20.
City of Opa-Locka	✓	✓	✓	3,400	02/01/11	44.60	Accessed North Miami's contract. Contract expired 1/31/13, but service continued on a month-to-month basis.
Town of Bay Harbor Islands	✓		✓	2,000	08/14/12	39.96	Year two of three-year agreement. Rate increases to \$40.76 on 10/1/14.
Town of Surfside	✓		✓	2,000	11/13/12	38.59	Three-year term, with two one-year renewal options. Accessed Bay Harbor Islands' contract.
Town of Miami Lakes	✓			4,700	03/13/12	37.00	At start of contract, \$42.92 with Trolley rental, then \$37 after Town purchased its own vehicles. Three-year term, with two one-year renewal options.
City of Coral Gables	✓			14,500	05/08/12	34.41	Lowest of three bids. Three-year term, with two one-year renewal options. Rates are adjusted annually with the Consumer Price Index, up to a maximum of 5%.
City of Miami	✓			130,000	01/12/12	27.97	Five-year term, with five one-year renewal options. Rate increases of 2.5% annually, years three through ten. Four competitive bids received.

Source: Municipality Websites and Contracts

**Charter County Transportation System Surtax Review – City of Homestead
Status of Prior Audit Findings**

Finding ¹	Recommendation ¹	Auditee Response ¹	Current Status
General Fund Support			
The City of Homestead (City) reported its Fiscal Year (FY) 2002 Maintenance of Effort (MOE) as \$821,000. However, our auditors identified other Transportation projects which increased the MOE to \$1,219,161.	Require the City to support and certify an MOE amount of at least \$1.2 million within 30 days or withhold future disbursements.	The City objected, as MOE should not be based on an estimate of budgeted costs, but rather on actual FY 2002 expenditures.	Resolved The City certified the revised MOE of \$1,219,161.
Use of Surtax Proceeds			
The City was unable to spend \$484,000 of its required 20% Transit amount of Surtax Proceeds and \$1.2 million of its 80% transportation amount.	The Office of the Citizens' Independent Transportation Trust (OCITT) should recapture or withhold \$1.7 million from subsequent remittances.	Unspent proceeds are affected by the amount of MOE, which the City disputes. Additionally, the City believed that OCITT would soon allow rollover of unused funds.	Resolved Citizens' Independent Transportation Trust (CITT) Resolution No. 09-055, adopted July 30, 2009, permitted rollover of unspent monies.
Interest Earned on Surtax Proceeds			
The City earned \$104,102 in interest on unspent Surtax Proceeds during the audit period. The Interlocal Agreement does not require annual reporting of interest earned; therefore, OCITT cannot ensure that interest earnings are spent on Surtax projects.	OCITT should require annual reporting of interest earned from unspent Surtax Proceeds, and should require that such funds be utilized for eligible Transit and Transportation projects.	The Interlocal Agreement does not require the City to allocate, record, or report any interest attributable to Surtax Proceeds. The City will not report said amounts unless and until the Interlocal Agreement is amended.	Resolved The City recorded \$270,000 in interest earnings during the five years ended September 30, 2013 and restricted its use to eligible Surtax projects. <i>See Page 2 of the Audit Report.</i>
Certification and Reporting Requirements			
The City could not provide our auditors with reports of qualifying OCITT expenditures, nor required certification reports.	The City should submit all required reports to OCITT as specified in the Interlocal Agreement, or OCITT should consider withholding funding.	The City disagreed that the reports were required by the Interlocal Agreement, and believed that all reporting requirements were met.	Resolved The City submitted all required Reports from FYs 2003 through 2013.

¹ For the full text, see the Audit Report dated March 9, 2009.