



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
APR 19 2017
CITT

April 18, 2017

Honorable Roberto Martell, Mayor
Town of Medley
7777 NW 72nd Avenue
Medley, Florida 33166

**Re: Audit Report – Charter County Transportation System Surtax Review –
Town of Medley**

Dear Mayor Martell:

Attached is the above-referenced Audit Report that was previously reviewed with your staff. The audit has been closed, and thus a written response is not required.

We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact Nancy McKee, Assistant Director, at (786) 469-5900, should you have any questions.

Sincerely,

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

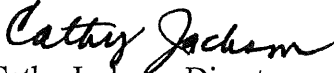
Cathy Jackson
Director

CJ:as

c: Charles D. Scurr, Executive Director, Office of the Citizens' Independent Transportation Trust
Roy Danziger, Finance Director, Town of Medley

Date: April 18, 2017

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

From: 
Cathy Jackson, Director
Audit and Management Services Department

Subject: Audit Report – Charter County Transportation System Surtax Review –
Town of Medley

PURPOSE AND SCOPE

We performed a review of the Town of Medley's use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the four years ended September 30, 2016. 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 July 10, 2007. Additionally, we assessed the resolution of prior audit findings referenced in our March 11, 2013 Audit Report (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 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 II). 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 Medley (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 Proceeds 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 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.

CITT Resolution No. 09-055, adopted July 30, 2009, allows for the rollover of unspent Surtax funds for up to five years, provided a Five-Year Transportation Plan demonstrates how the funds

will be used. Additionally, *CITT Resolution No. 15-027*, adopted May 20, 2015, allows for carryover credits in the event funds are expended in excess of annual Surtax allocations.

SUMMARY RESULTS

Overall, the Town appropriately spent \$130,067 of Surtax Proceeds on eligible expenditures during the four years ended September 30, 2016 (Table I). Other observations are presented below.

**Table I
Surtax Statistics**

Description	Fiscal Year Ended September 30,				All Years
	2013	2014	2015	2016	
Maintenance of Effort (MOE)	\$ 478,082	\$ 478,082	\$ 478,082	\$ 478,082	\$ 1,912,328
Surtax Proceeds (Schedule II)	\$ 29,889	\$ 31,913	\$ 33,823	\$ 34,442	\$ 130,067
Claimed Expenditures:					
Transit (Table III)	\$ 6,045	\$ 4,962	\$ 5,063	\$ 6,606	\$ 22,676
Transportation (Table II)	858,672	932,121	2,640,353	3,074,371	7,505,517
	\$ 864,717	\$ 937,083	\$ 2,645,416	\$ 3,080,977	\$ 7,528,193

Source: OCITT and Town of Medley General Ledgers

Use of Surtax Proceeds

The Town spent \$7.5 million in Transportation-related projects, primarily for right-of-way acquisitions for the NW 87th Avenue road-widening project. Much of the Town’s road maintenance and repair work is done by the Public Works Department (Table II).

**Table II
Transportation Expenditures**

Description	Fiscal Year Ended September 30,				All Years
	2013	2014	2015	2016	
NW 87th Avenue Expansion	\$ 14,075	\$ 229,917	\$ 1,726,502	\$ 1,942,093	\$ 3,912,587
Public Works Salaries and Benefits	428,382	600,455	765,198	761,686	2,555,721
Railroad Crossings	171,529	38,342	94,520	259,771	564,162
Road Materials and Supplies	30,723	63,407	38,891	82,206	215,227
NW 105th Way Bridge Repairs	213,963	-	-	-	213,963
NW South River Drive Maintenance and Expansion	-	-	15,242	21,115	36,357
NW 69th Avenue Safety Enhancements	-	-	-	7,500	7,500
Claimed Transportation Expenditures	858,672	932,121	2,640,353	3,074,371	7,505,517
Less - AMS Adjustments:					
Local Option Gas Tax Receipts	(78,519)	(80,765)	(84,461)	(83,723)	(327,468)
Unsupported Expenditure - NW 87th Avenue Expansion	(9,275)	-	-	-	(9,275)
	\$ 770,878	\$ 851,356	\$ 2,555,892	\$ 2,990,648	\$ 7,168,774

Source: Town of Medley General Ledgers, vendor invoices, and other supporting documentation

Amounts claimed were reduced by Local Option Gas Tax Proceeds, as staff did not specify in its internal records the funding source for each expenditure. *Prospectively, the Town should identify uses of Surtax funds on purchase orders and other supporting documentation, to differentiate such costs from those funded with other sources.*

The Town operates a Circulator two afternoons each week to transport residents of a mobile-home community to various shopping locations. The drivers are full-time building maintenance employees, and thus the Town claimed a proportionate share of the personnel costs (Table III).

**Table III
Transit Expenditures**

Description	Fiscal Year Ended September 30,				All Years
	2013	2014	2015	2016	
Circulator Insurance	\$3,000	\$3,000	\$3,000	\$3,000	\$ 12,000
Trolley Repairs and Maintenance	-	1,962	1,420	2,000	5,382
Driver Payroll Allocation	3,045	-	643	1,606	5,294
	<u>\$6,045</u>	<u>\$4,962</u>	<u>\$5,063</u>	<u>\$6,606</u>	<u>\$ 22,676</u>

Source: Town of Medley General Ledgers, vendor invoices, and other supporting documentation

As mentioned previously, *CITT Resolution No. 15-027*, adopted in Fiscal Year 2015, allows for the rollover of excess expenditures to offset subsequent years' Surtax allocations. As a result, the Town has carryforward credits totaling \$6.2 million as of September 30, 2016 (Schedule I).

Reporting Matters

The Town did not accurately report Transportation-related expenditures to OCITT, and several Quarterly and Annual Certification Reports, as well as Budgets and Five-Year Transportation Plans, were submitted after their due dates. *Prospectively, the Town should be advised to submit required reports accurately and timely.*

The audit has been closed, and thus a written response is not required. Nonetheless, please contact Nancy McKee, Assistant Director, at (786) 469-5900, if you have any questions. We appreciate the courtesies and assistance extended to our staff during the audit process.

CJ:as

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- Abigail Price-Williams, County Attorney
- Edward Marquez, Deputy Mayor
- Alina T. Hudak, Deputy Mayor
- Jennifer Moon, Director, Office of Management and Budget
- Neil R. Singh, Acting Commission Auditor
- Honorable Roberto Martell, Mayor, Town of Medley

Charter County Transportation System Surtax Review - Town of Medley
Surtax Proceeds Usage Analysis

Description	Fiscal Year Ended September 30,				All Years
	2013	2014	2015	2016	
Surtax Proceeds (Schedule II)	\$ 29,889	\$ 31,913	\$ 33,823	\$ 34,442	\$ 130,067
Surtax Uses:					
Eligible Transit Expenditures (Table III)	\$ 6,045	\$ 4,962	\$ 5,063	\$ 6,606	\$ 22,676
Eligible Transportation Expenditures (Table II)	\$ 770,878	\$ 851,356	\$ 2,555,892	\$ 2,990,648	\$ 7,168,774
Less: Maintenance of Effort	(478,082)	(478,082)	(478,082)	(478,082)	(1,912,328)
Expenditures Available For Surtax Use	\$ 292,796	\$ 373,274	\$ 2,077,810	\$ 2,512,566	\$ 5,256,446
AMS Analysis:					
Transit Expenditures:					
Expenditures Available for Surtax Use	\$ 6,045	\$ 4,962	\$ 5,063	\$ 6,606	\$ 22,676
Less 20% Minimum ¹	(5,978)	(6,383)	(6,765)	(6,888)	(26,014)
Increase (Decrease) in Carryforward Credits	\$ 67	\$ (1,421)	\$ (1,702)	\$ (282)	\$ (3,338)
Analysis of Rollover:					
Beginning Credit Balance, as Restated (Schedule I-A)	\$ (124,050)	\$ (124,117)	\$ (122,696)	\$ (120,994)	\$ (124,050)
(Increase) Decrease In Carryforward Credits	(67)	1,421	1,702	282	3,338
Remaining Carryforward Credit	\$ (124,117)	\$ (122,696)	\$ (120,994)	\$ (120,712)	\$ (120,712)
Transportation-Related Expenditures:					
Expenditures Available for Surtax Use	\$ 292,796	\$ 373,274	\$ 2,077,810	\$ 2,512,566	\$ 5,256,446
Less Remaining 80% Minimum ¹	(23,911)	(25,530)	(27,058)	(27,554)	(104,053)
Increase in Carryforward Credits	\$ 268,885	\$ 347,744	\$ 2,050,752	\$ 2,485,012	\$ 5,152,393
Analysis of Rollover:					
Beginning Credit Balance, as Restated (Schedule I-A)	\$ (957,811)	\$ (1,226,696)	\$ (1,574,440)	\$ (3,625,192)	\$ (957,811)
Increase In Carryforward Credits	(268,885)	(347,744)	(2,050,752)	(2,485,012)	(5,152,393)
Remaining Carryforward Credit	\$ (1,226,696)	\$ (1,574,440)	\$ (3,625,192)	\$ (6,110,204)	\$ (6,110,204)

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.

Charter County Transportation System Surtax Review - Town of Medley
Surtax Proceeds Usage Analysis, as Restated

Description	Fiscal Year Ended September 30,										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	All Years
Surtax Proceeds (Schedule II)	\$ 21,186	\$ 32,464	\$ 33,963	\$ 37,170	\$ 37,616	\$ 41,385	\$ 33,052	\$ 33,111	\$ 35,277	\$ 28,436	\$ 333,660
Surtax Uses:											
Eligible Transit Expenditures ¹	\$ -	\$ -	\$ 169	\$ 11,009	\$ 5,188	\$ 39,872	\$ 38,681	\$ 39,768	\$ 37,726	\$ 18,368	\$ 190,781
Eligible Transportation Expenditures ¹	\$ 399,589	\$ 501,379	\$ 563,580	\$ 666,731	\$ 750,621	\$ 611,662	\$ 674,215	\$ 723,211	\$ 547,929	\$ 488,150	\$ 5,927,067
Less: Maintenance of Effort	(478,082)	(478,082)	(478,082)	(478,082)	(478,082)	(478,082)	(478,082)	(478,082)	(478,082)	(478,082)	(4,780,820)
Expenditures Available for Surtax Use	\$ (78,493)	\$ 23,297	\$ 85,498	\$ 188,649	\$ 272,539	\$ 133,580	\$ 196,133	\$ 245,129	\$ 69,847	\$ 10,068	\$ 1,146,247
AMS Analysis:											
Transit Expenditures:											
Expenditures Available for Surtax Use	\$ -	\$ -	\$ 169	\$ 11,009	\$ 5,188	\$ 39,872	\$ 38,681	\$ 39,768	\$ 37,726	\$ 18,368	\$ 190,781
Less 20% Minimum Amount ²	(4,237)	(6,493)	(6,793)	(7,434)	(7,523)	(8,277)	(6,610)	(6,622)	(7,055)	(5,687)	(66,731)
Increase (Decrease) in Carryforward Credits	\$ (4,237)	\$ (6,493)	\$ (6,624)	\$ 3,575	\$ (2,335)	\$ 31,595	\$ 32,071	\$ 33,146	\$ 30,671	\$ 12,681	\$ 124,050
Analysis of Rollover:											
Beginning Balance	\$ -	\$ 4,237	\$ 10,730	\$ 17,354	\$ 13,779	\$ 16,114	\$ (15,481)	\$ (47,552)	\$ (80,698)	\$ (111,369)	\$ -
(Increase) Decrease in Carryforward Credits	4,237	6,493	6,624	(3,575)	2,335	(31,595)	(32,071)	(33,146)	(30,671)	(12,681)	(124,050)
Remaining Unspent (Carryforward) Amount	\$ 4,237	\$ 10,730	\$ 17,354	\$ 13,779	\$ 16,114	\$ (15,481)	\$ (47,552)	\$ (80,698)	\$ (111,369)	\$ (124,050)	\$ (124,050)
Transportation-Related Expenditures:											
Expenditures Available for Surtax Use ³	\$ -	\$ 23,297	\$ 85,498	\$ 188,649	\$ 272,539	\$ 133,580	\$ 196,133	\$ 245,129	\$ 69,847	\$ 10,068	\$ 1,224,740
Less Remaining 80% Amount ²	(16,949)	(25,971)	(27,170)	(29,736)	(30,093)	(33,108)	(26,442)	(26,489)	(28,222)	(22,749)	(266,929)
Increase (Decrease) in Carryforward Credits	\$ (16,949)	\$ (2,674)	\$ 58,328	\$ 158,913	\$ 242,446	\$ 100,472	\$ 169,691	\$ 218,640	\$ 41,625	\$ (12,681)	\$ 957,811
Analysis of Rollover:											
Beginning Balance	\$ -	\$ 16,949	\$ 19,623	\$ (38,705)	\$ (197,618)	\$ (440,064)	\$ (540,536)	\$ (710,227)	\$ (928,867)	\$ (970,492)	\$ -
(Increase) Decrease in Carryforward Credits	16,949	2,674	(58,328)	(158,913)	(242,446)	(100,472)	(169,691)	(218,640)	(41,625)	12,681	(957,811)
Remaining Unspent (Carryforward) Amount	\$ 16,949	\$ 19,623	\$ (38,705)	\$ (197,618)	\$ (440,064)	\$ (540,536)	\$ (710,227)	\$ (928,867)	\$ (970,492)	\$ (957,811)	\$ (957,811)

¹ See Table III in the February 10, 2010 Audit Report and Table II in the March 11, 2013 Audit Report for additional details.

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

³ The Town did not satisfy its MOE requirement in Fiscal Year 2003; therefore, none of the expenditures in that year were eligible for Surtax use.

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	2014		2015	2016
City of Miami ²	\$ 6,902,410	\$ 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	\$ 15,424,405	\$ 16,414,208	\$ 16,889,133	\$ 180,141,023
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	8,457,199	8,983,772	9,243,159	103,762,933
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	3,351,080	3,552,358	3,670,335	41,224,826
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	2,212,494	2,328,969	2,454,241	27,047,193
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	2,354,015	2,519,902	2,669,792	23,537,605
City of Miami Gardens ⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	1,781,041	1,897,394	1,955,854	20,711,031
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	1,566,354	1,659,574	1,733,203	18,888,033
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	1,385,071	1,436,028	1,494,036	14,486,964
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	1,095,293	1,172,205	1,209,319	12,295,532
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	879,379	930,008	952,951	11,027,246
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	816,410	859,975	904,713	9,540,568
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	686,122	723,235	737,876	8,578,838
City of Doral ⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Sunny Isles Beach	293,299	449,411	486,866	548,772	555,020	582,250	547,355	593,184	613,819	3,642,653	1,667,049	1,767,800	1,925,900	2,120,606	11,124,008
Town of Cutler Bay ^{4,5}	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Opalocka ²	291,102	446,045	468,652	533,416	513,020	497,615	448,435	445,408	480,123	516,448	552,018	580,600	556,122	590,323	6,419,327
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	522,095	550,032	562,418	6,244,701
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	326,534	275,281	273,778	5,344,134
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	461,282	489,679	502,197	5,311,572
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	504,946	538,730	546,219	5,313,403
Miami Shores Village	197,655	302,860	315,826	346,278	348,437	335,963	301,400	313,310	340,930	345,317	368,810	384,663	408,970	419,557	4,727,976
City of Florida City	153,748	235,582	254,464	288,454	291,983	295,447	272,056	299,755	320,951	381,591	419,450	440,732	477,906	498,385	4,630,524
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	279,848	299,797	314,789	3,123,365
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	224,057	235,786	241,053	2,686,303
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	214,832	229,428	229,428	2,543,526
Village of Biscayne Park	96,989	148,613	155,936	172,145	173,190	167,339	150,306	151,009	160,052	190,982	201,912	214,053	227,105	231,953	2,441,584
Bal Harbour Village	62,045	95,070	104,750	117,666	110,586	106,676	97,167	96,222	100,460	103,670	110,094	115,264	122,506	125,900	1,468,076
Village of El Portal ²	62,707	96,085	99,550	112,832	105,834	95,526	89,285	97,016	104,292	85,278	89,667	110,690	113,983	114,472	1,377,217
Village of Virginia Gardens	44,592	68,325	70,576	77,979	84,367	82,000	73,663	73,579	77,875	78,896	83,900	87,815	88,880	6,467	1,018,914
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	89,044	94,354	96,229	1,069,609
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	34,366	35,427	36,766	402,586
Indian Creek Village ³	625	955	931	1,093	-	-	-	-	-	-	-	-	-	-	-
	\$ 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	\$ 38,285,152	\$ 50,643,530	\$ 52,721,784	\$ 55,855,796	\$ 57,288,164	\$ 582,545,291

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 \$651,589 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, \$983,000 from the City of Sweetwater, \$21,058 from the Town of Golden Beach, \$658,577 from the City of Opalocka, \$276,000 from the City of Miami, and \$84,069 from the Village of El Portal, due to specific instances of noncompliance.

³ A total of \$25,648 has been withheld from Indian Creek Village, at their request, since Fiscal Year (FY) 2007.

⁴ Pursuant to the respective Interlocal and/or Settlement Agreements, these Municipalities, which were incorporated after November 2002, are receiving a share of the County's Surtax. Proceeds consistent with the other Municipal distributions.

⁵ As per OCITT, Municipality received \$3,000 in excess of amounts due for FY 2012, which was corrected in FY 2013.

Charter County Transportation System Surtax Review – Town of Medley
 Status of Prior Audit Findings ¹

Finding	Recommendation	Auditee Response	Current Status
<p>Surtax Expenditures</p> <p>The Town of Medley (Town) does not segregate Surtax expenditures in separate accounts, as required by the Interlocal Agreement.</p>	<p>The Town should maintain accounting records in the manner prescribed.</p>	<p>The Town has hired additional staff to ensure that all requirements are met.</p>	<p>Unresolved Claimed Transit and Transportation expenditures were recorded in the Town's General Fund without identifying the funding source. See Page 3 of the Audit Report.</p>
<p>Required Reporting</p> <p>Several Quarterly Reports were not submitted to OCITT, and other Quarterly Reports, Budgets, and Certification Letters were submitted after their due dates.</p>	<p>The Town should submit all reporting on time.</p>	<p>All reports have now been submitted, and the Town has hired additional staff to ensure that all reports are submitted in a timely fashion.</p>	<p>Unresolved See Page 3 of the Audit Report.</p>

¹ For the full text, see the March 11, 2013 Audit Report and the Auditee Response dated March 19, 2013.