



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

October 21, 2019

Mr. Larry M. Spring, Jr.
City Manager
City of North Miami
776 N.E. 125th Street
North Miami, FL 33161

**Re: Final Audit Report – Charter County Transportation System Surtax Review –
City of North Miami**

Dear Mr. Spring:

Attached is the above-referenced Audit Report, together with the City's Response. We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact G. Nancy McKee, Assistant Director, at (786) 469-5900, should you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Cathy Jackson'.

Cathy Jackson
Director

CJ:bm

Attachment


c: Javier A. Betancourt, Executive Director, OCITT
Miguel A. Augustin, Finance Director, City of North Miami

Memorandum



Date: October 1, 2019

To: Javier A. Betancourt, Executive Director
Office of the Citizens' Independent Transportation Trust (OCITT)


From: Cathy Jackson, Director
Audit and Management Services Department (AMS)

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
City of North Miami

PURPOSE AND SCOPE

We performed a review of the City of North Miami's (City) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the three years ended September 30, 2018. 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 March 28, 2007. Additionally, we assessed resolution of prior audit findings referenced in our February 8, 2017 Audit Report (Exhibit I).

BACKGROUND

County 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 IV). 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 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 \$1.1 million (Table I). 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 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 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 amounts expended are in excess of annual Surtax allocations.

SUMMARY RESULTS

For the three years ended September 30, 2018, the City received \$7.2 million in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$13 million (Table I). After adjusting claimed expenditures for the Maintenance of Effort (MOE) and ineligible costs totaling \$792,181, the City had a carryover credit of \$488,300 that may be applied to future Surtax funding (Schedule II).

Table I
Surtax Statistics

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
Maintenance of Effort (MOE)	\$ 1,134,353	\$ 1,134,353	\$ 1,134,353	\$ 3,403,059
Revenue:				
Surtax Proceeds (Schedule I)	\$ 2,046,636	\$ 2,483,796	\$ 2,624,657	\$ 7,155,089
Claimed Expenditures:				
Transit (Table II)	\$ 705,097	\$ 687,117	\$ 742,343	\$ 2,134,557
Transportation (Schedule III)	2,973,195	3,649,128	4,183,467	10,805,790
	\$ 3,678,292	\$ 4,336,245	\$ 4,925,810	\$ 12,940,347
Unspent Amounts (Credit Carryforward) (Schedule II):				
Transit	\$ (295,770)	\$ (486,128)	\$ (488,300)	
Transportation	\$ 1,191,605	\$ 897,093	\$ -	
Key Account Balances as of September 30th (Schedule I):				
<i>Half-Cent Transportation Surtax Special Revenue Fund</i>				
Cash and Cash Equivalents	\$ 1,087,116	\$ 938,166	\$ 5,934	
Due from Miami-Dade County	\$ 814,063	\$ 837,919	\$ 891,391	
Fund Balance (Deficit)	\$ 1,411,431	\$ 1,226,723	\$ (360,350)	

These and other findings are more fully discussed in the remainder of this Report, along with the City's Responses which are incorporated herein (Attachment I). The City took exception to the disallowance of roadway tree trimming, but those costs are only allowable if they relate to landscaping on a Surtax-funded road project.

Based on the foregoing, we now consider this audit closed. We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact G. Nancy McKee, Assistant Director, at (786) 469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds

The City used its 20% share (\$1.4 million) of Surtax Proceeds for the *NOMI Express*, a free community bus service operated by Limousines of South Florida, Inc. (Table II). The buses are deployed over four fixed routes during weekdays, with average monthly passenger counts in excess of 30,000. In May 2019, the City added a fifth weekend route.

Table II
Claimed Transit Expenditures
From the Half Cent Transportation Surtax Special Revenue Fund

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
<i>NOMI Express:</i>				
Third-Party Operator Costs	\$ 548,308	\$ 552,287	\$ 565,186	\$ 1,665,781
Transit - Related Salaries and Benefits ¹	42,634	43,777	90,974	177,385
Route Planning and Optimization	-	80,000	-	80,000
Less Miami-Dade County Grant ²	-	(64,000)	-	(64,000)
Other Expenses	2,141	1,410	18,618	22,169
Subtotal	593,083	613,474	674,778	1,881,335
Metrobus/Metrorail and Tri-Rail Pass Purchases	124,549	76,349	63,645	264,543
Less Metrobus/Metrorail and Tri-Rail Pass Sales	(88,368)	(47,346)	(40,025)	(175,739)
Bus Shelter Design, Purchase, and Maintenance	75,833	44,640	43,945	164,418
	<u>\$ 705,097</u>	<u>\$ 687,117</u>	<u>\$ 742,343</u>	<u>\$ 2,134,557</u>

Source: City of North Miami Surtax Funds Expenditures - By Project Report, General Ledgers, and Comprehensive Annual Financial Reports

¹ Amounts represent personnel costs of the Transportation Manager, who spent 40% of his time performing Transit-related activities. Amount in 2018 includes the cost of the newly-hired Transit Specialist.

² Amount represents a Grant received for the NOMI Express Route Optimization Study.

Transportation-related expenditures totaling \$10.8 million (Schedule III) were submitted for the remaining 80% Surtax share (\$5.7 million). The City spent \$6.2 million for roadway and sidewalk improvements, \$2.4 million for personnel costs, and \$1.7 million for street lighting. However, we identified ineligible roadway tree trimming, personnel and other costs totaling \$792,181. After adjustments for the MOE and disallowed costs, the City fully utilized all Transportation-related Surtax monies as of September 30, 2018 (Schedule II).

Recommendation

Prospectively, the City should review OCITT guidance to ensure that claimed costs are eligible for Surtax Use.

City's Response

The City's management agrees that some of the \$792,181 costs deemed ineligible for Transit or Transportation purposes by the auditors, were in fact not properly charged to the Program. However, there are some costs deemed ineligible the City believes are properly included as program costs.

There were \$171,010 of costs related to roadway trimming deemed ineligible that the City respectfully submits are eligible. The City's position is supported by an email from County Attorney Alexander Bokor to Nestor Toledo of the Office of the Citizens' Independent Transportation Trust (OCITT) dated Tuesday, September 14, 2010. The responses were forwarded by Mr. Toledo to City of North Miami staff for reference purposes. The email posed the question whether

or not roadway right-of-way tree raising expenditures were allowed under the PTP guidelines. In Mr. Bokor's opinion response, tree raising expenditures would be permitted as long as the trees impact the right-of-way or traffic flow on a road. Landscaping under a beautification project was not permitted.

In the case of the City, the monies spent were in fact for roadway right-of-way purposes (such as for trees not to obstruct road signage, and to provide clearance for taller vehicles). For this reason, we believe the costs to be allowable.

With respect to the remaining \$621,171, the City will take steps to simplify the accounting for transit-related expenditures and transportation-related expenditures, and code costs with increased scrutiny according to OCITT guidelines.

AMS Rejoinder

Roadway tree trimming is only allowable on Surtax-funded road projects. We therefore reaffirm the accuracy of our finding.

Inaccurate Reporting of Surtax Revenue

The City reported Surtax Proceeds of \$2.1 million in its FY 2018 Audited Financial Statements, instead of the correct amount of \$2.6 million. City Staff admitted there was a \$530,383 error, which was the result of a last-minute adjusting journal entry to decrease revenues and increase unavailable revenues.

Recommendation

The Finance Department should ensure that adjusting journal entries are properly reviewed and approved by authorized personnel, before they are posted to financial accounts.

City's Response

Management concurs with the finding of the auditor. The Surtax revenue balance was adjusted inadvertently when entries were done at the end of fiscal year 2018 to ensure revenue presented in accordance with the City's 60 day period of availability for GAAP purposes. The entry prepared understated revenue at 09/30/2018. The error was discovered after the city had already issued the 9/30/2018 CAFR, and the \$530,383 amount, though significant to the Surtax Fund, was not material to the overall financial statements. Therefore, the balance will be recognized in the 09/30/2019 financial statements.

Going forward, the City will increase diligence when preparing adjusting entries to ensure such an error does not occur again.

Reporting Requirements

The City submitted two FY 2016 Quarterly Reports after their due dates.

Recommendation

The City should strive to submit timely reports, as required by the *Interlocal Agreement*.

City's Response

Management concedes two of the Quarterly Reports from 2016 were not timely submitted to the CITT under the terms of the Inter-local Agreement. Since then, all reports have been timely submitted. The City will continue to make timely submittals of its reports in accordance with the Inter-local Agreement.

CJ:bm

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
Abigail Price-Williams, County Attorney
Edward Marquez, Deputy Mayor
Jennifer Moon, Deputy Mayor/Director, Office of Management and Budget
Larry M. Spring, Jr., City Manager, City of North Miami

Charter County Transportation System Surtax Review - City of North Miami
Half Cent Transportation Surtax Special Revenue Fund

Balance Sheets			
Description	As of September 30,		
	2016	2017	2018
Assets:			
Cash and Cash Equivalents	\$ 1,087,116	\$ 938,166	\$ 5,934
Due from Miami-Dade County	814,063	837,919	891,391
Accounts Receivable, net of Allowances	-	-	367
	<u>\$ 1,901,179</u>	<u>\$ 1,776,085</u>	<u>\$ 897,692</u>
Liabilities and Fund Balance:			
Liabilities:			
Vouchers and Construction Contracts Payable	\$ 75,110	\$ 143,507	\$ 275,184
Accrued Payroll and Benefits	7,033	8,242	13,521
	<u>82,143</u>	<u>151,749</u>	<u>288,705</u>
Deferred Inflows of Resources:			
Unavailable Revenues	407,605	397,613	438,954
Accounting Adjustment Made in Error ¹	-	-	530,383
	<u>407,605</u>	<u>397,613</u>	<u>969,337</u>
Fund Balance:			
Restricted	1,004,973	1,226,723	-
Unassigned	406,458	-	(360,350)
	<u>1,411,431</u>	<u>1,226,723</u>	<u>(360,350)</u>
	<u>\$ 1,901,179</u>	<u>\$ 1,776,085</u>	<u>\$ 897,692</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	Fiscal Year Ended September 30,		
	2016	2017	2018
Revenues:			
Surtax Proceeds ²	\$ 2,046,636	\$ 2,483,796	\$ 2,624,657
Metrobus/Metrorail and Tri-Rail Pass Sales	88,368	47,346	40,025
Governmental Reimbursements	100,302	64,000	-
Accounting Adjustment Made in Error ¹	-	-	(530,383)
	<u>2,235,306</u>	<u>2,595,142</u>	<u>2,134,299</u>
Expenditures:			
Current	1,898,783	1,853,596	1,895,189
Capital Outlay	476,784	926,254	1,826,183
	<u>2,375,567</u>	<u>2,779,850</u>	<u>3,721,372</u>
Deficiency of Revenues over Expenditures	(140,261)	(184,708)	(1,587,073)
Net Change in Fund Balance	(140,261)	(184,708)	(1,587,073)
Fund Balance, Beginning	1,551,692	1,411,431	1,226,723
Fund Balance, Ending	<u>\$ 1,411,431</u>	<u>\$ 1,226,723</u>	<u>\$ (360,350)</u>

Source: City of North Miami General Ledgers and Audited Financial Statements

¹ City of North Miami staff made an adjusting journal entry of \$530,383 at the FY 2018 year-end, which was found to be in error.

² Amounts differ from Schedule IV due to timing differences.

These Financial Statements are not complete without the accompanying Auditors' Reports and Notes.

Charter County Transportation System Surtax Review - City of North Miami
Surtax Proceeds Usage Analysis

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
Sources of Funds:				
Surtax Proceeds (Schedule I) ¹	\$ 2,046,636	\$ 2,483,796	\$ 2,624,657	\$ 7,155,089
Surtax Uses:				
Eligible Transit Expenditures (Table II)	\$ 705,097	\$ 687,117	\$ 742,343	\$ 2,134,557
Eligible Transportation Expenditures (Schedule III)	\$ 2,681,775	\$ 3,415,902	\$ 3,915,932	\$ 10,013,609
Less MOE	(1,134,353)	(1,134,353)	(1,134,353)	(3,403,059)
Expenditures Available For Surtax Use	\$ 1,547,422	\$ 2,281,549	\$ 2,781,579	\$ 6,610,550
AMS Analysis:				
Transit-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 705,097	\$ 687,117	\$ 742,343	\$ 2,134,557
Less 20% Minimum Amount ²	(409,327)	(496,759)	(524,931)	(1,431,017)
Increase in Carryforward Credits	\$ 295,770	\$ 190,358	\$ 217,412	\$ 703,540
Analysis of Carryforward Credits:				
Beginning Balance ³	\$ -	\$ (295,770)	\$ (486,128)	\$ -
Increase in Carryforward Credits	(295,770)	(190,358)	(217,412)	(703,540)
Excess Amount Applied to Transportation	-	-	215,240	215,240
Remaining Carryforward Credits ⁴	\$ (295,770)	\$ (486,128)	\$ (488,300)	\$ (488,300)
Transportation-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 1,547,422	\$ 2,281,549	\$ 2,781,579	\$ 6,610,550
Excess Transit Expenditures Applied	-	-	215,240	215,240
Less Remaining 80% Amount ²	(1,637,309)	(1,987,037)	(2,099,726)	(5,724,072)
(Increase) Decrease In Unspent Funds	\$ (89,887)	\$ 294,512	\$ 897,093	\$ 1,101,718
Analysis of Unspent Rollover:				
Beginning Balance ³	\$ 1,101,718	\$ 1,191,605	\$ 897,093	\$ 1,101,718
Increase (Decrease) In Unspent Amounts	89,887	(294,512)	(897,093)	(1,101,718)
Remaining Unspent Amount	\$ 1,191,605	\$ 897,093	\$ -	\$ -

¹ Amounts differ from Schedule IV due to timing differences.

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 Per the February 8, 2017 Audit Report.

⁴ Credits may be applied to future Surtax funding per *CITT Resolution No. 15-027*.

Charter County Transportation System Surtax Review - City of North Miami
Claimed Transportation Expenditures, As Adjusted

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
<i>Half Cent Transportation Surtax Special Revenue Fund:</i>				
Roadway and Sidewalk Improvements (Schedule III-A)	\$ 951,541	\$ 1,102,594	\$ 2,217,646	\$ 4,271,781
Street Lighting and Other	532,338	561,027	566,142	1,659,507
Equipment and Other Capital Outlay (Schedule III-A)	6,875	237,763	72,403	317,041
Personnel Costs	63,951	65,666	67,664	197,281
Other (\$4,998 Ineligible)	27,399	14,341	15,146	56,886
Miami-Dade County Reimbursement ¹	(53,456)	-	-	(53,456)
State of Florida Reimbursement ²	(46,846)	-	-	(46,846)
	<u>1,481,802</u>	<u>1,981,391</u>	<u>2,939,001</u>	<u>6,402,194</u>
<i>General Fund - Public Works Department, Street Maintenance and Construction Division:</i>				
Personnel Costs	655,708	606,621	623,039	1,885,368
Roadway and Sidewalk Improvements (Schedule III-A)	630,907	862,645	407,090	1,900,642
<i>Clean Team Crew</i> - Personnel Costs and Supplies (Ineligible)	128,090	141,140	157,685	426,915
Other (\$97,316 Ineligible)	76,688	57,331	56,652	190,671
	<u>1,491,393</u>	<u>1,667,737</u>	<u>1,244,466</u>	<u>4,403,596</u>
Total Claimed Costs:	<u>2,973,195</u>	<u>3,649,128</u>	<u>4,183,467</u>	<u>10,805,790</u>
Less AMS Adjustments for Ineligible Amounts:				
<i>Clean Team Crew</i> -Personnel Costs and Supplies ³	(128,090)	(141,140)	(157,685)	(426,915)
Roadway Tree Trimming ⁴	(31,745)	(58,555)	(80,710)	(171,010)
Pension Bond Debt Service	(39,643)	(28,533)	(29,140)	(97,316)
Sans Souci Concrete Block Wall and New Trex Fence	(62,100)	-	-	(62,100)
Doggy Clean-up Stations and Frog Pond Repairs	(23,906)	-	-	(23,906)
Concrete Wall	(5,936)	-	-	(5,936)
Landscaping Equipment	-	(4,998)	-	(4,998)
	<u>(291,420)</u>	<u>(233,226)</u>	<u>(267,535)</u>	<u>(792,181)</u>
Total Eligible Expenditures, As Adjusted	<u>\$ 2,681,775</u>	<u>\$ 3,415,902</u>	<u>\$ 3,915,932</u>	<u>\$ 10,013,609</u>

Source: City of North Miami Surtax Funds Expenditures - By Project Report and General Ledgers

¹ Miami-Dade County reimbursed a portion of costs for the City's NE 125th Street Multi-Modal Study.

² State of Florida reimbursement is for NE 125th Street Crosswalks, expensed in FY 2014.

³ The *Clean Team Crew* did not clean streets, and thus these costs did not qualify as Transportation-related.

⁴ These costs were not related to Surtax-funded road projects, and therefore are not eligible for Surtax reimbursement.

Charter County Transportation System Surtax Review - City of North Miami
Detail of Major Transportation Expenditures

Description	Fiscal Year Ended September 30,			All Years
	2016	2017	2018	
Half Cent Transportation Surtax Special Revenue Fund:				
Roadway and Sidewalk Improvements:				
Street Patching and Repairs	\$ 250,907	\$ 212,787	\$ 268,204	\$ 731,898
Sidewalk Projects	245,691	-	458,203	703,894
NE 130th Street Improvements	-	-	685,925	685,925
Street Resurfacing	204,298	339,171	6,531	550,000
NE 133rd Street Roadway Improvements	-	-	478,087	478,087
Traffic Circles at NE 12th and NW 11th Aves	-	218,919	24,778	243,697
Sidewalk Repairs	79,150	84,804	46,436	210,390
Roadway Tree Trimming (Ineligible)	31,745	58,555	80,710	171,010
NE 133rd and NW 130th St Street Design	-	49,854	46,164	96,018
NE 4th Ave Improvements	-	83,393	1,286	84,679
NE 125th St Streetscape Design	-	39,594	28,290	67,884
NE 125th St Multi-Modal Study	66,860	-	-	66,860
Signage/Traffic Calming Materials	1,081	15,517	35,397	51,995
Traffic Calming Design	37,340	-	-	37,340
Install 25 MPH Signs	34,469	-	-	34,469
Traffic Circle NE 4th Ave/127th Street	-	-	14,989	14,989
Traffic Circle NE 14th Ave/131st St Street Design	-	-	14,700	14,700
Traffic Circle Ne 10th Ave/131st St Street Design	-	-	14,700	14,700
Traffic Circle NE 10th Ave/123rd St	-	-	13,246	13,246
Total (Schedule III)	<u>\$ 951,541</u>	<u>\$ 1,102,594</u>	<u>\$ 2,217,646</u>	<u>\$ 4,271,781</u>
Equipment and Other Capital Outlay:				
Electronic Speed Feedback Signs	\$ -	\$ 153,422	\$ 67,575	\$ 220,997
Caterpillar Skid Steer Loader	-	81,495	-	81,495
Other	6,875	2,846	4,828	14,549
Total (Schedule III)	<u>\$ 6,875</u>	<u>\$ 237,763</u>	<u>\$ 72,403</u>	<u>\$ 317,041</u>
General Fund - Public Works Department, Street Maintenance and Construction Division:				
Roadway and Sidewalk Improvements:				
Equipment Rental	\$ 327,170	\$ 334,626	\$ 236,320	\$ 898,116
Street, Alley, and Sidewalk Improvements (\$68,036 Ineligible)	130,078	343,127	92,465	565,670
Contractual Services	71,326	127,072	1,968	200,366
Drainage Improvements	2,410	16,778	39,338	58,526
Risk Management - General Liability	29,874	12,385	6,817	49,076
Special Department Supplies	17,782	15,077	12,900	45,759
Other (\$23,906 Ineligible)	52,267	13,580	17,282	83,129
Total (Schedule III)	<u>\$ 630,907</u>	<u>\$ 862,645</u>	<u>\$ 407,090</u>	<u>\$ 1,900,642</u>

Source: City of North Miami Surtax Funds Expenditures - By Project Report and General Ledgers

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

Municipality	Fiscal Year Ended September 30,							All Years
	2003 to 2012	2013	2014	2015	2016	2017	2018	
City of Miami ¹	\$ 116,849,163	\$ 14,564,114	\$ 15,424,405	\$ 16,414,208	\$ 16,889,133	\$ 16,523,990	\$ 18,187,632	\$ 214,852,645
City of Hialeah	68,960,371	8,118,432	8,457,199	8,983,772	9,243,159	9,346,775	9,873,020	122,982,728
City of Miami Beach	27,484,782	3,166,271	3,351,080	3,552,358	3,670,335	3,678,499	3,925,123	48,828,448
City of Miami Gardens ²	10,352,937	3,837,951	3,985,238	4,199,539	4,336,722	4,409,954	4,737,286	35,859,627
City of North Miami	17,943,986	2,107,503	2,212,494	2,328,969	2,454,241	2,473,804	2,665,998	32,186,995
City of Homestead	13,789,737	2,204,159	2,354,015	2,519,902	2,669,792	2,788,854	2,969,698	29,296,157
City of Coral Gables	13,391,235	1,685,507	1,781,041	1,897,394	1,955,854	1,981,236	2,091,593	24,783,860
City of North Miami Beach	12,435,165	1,493,737	1,566,354	1,659,574	1,733,203	1,746,039	1,882,765	22,516,837
City of Aventura	8,891,581	1,280,248	1,385,071	1,436,028	1,494,036	1,502,980	1,590,870	17,580,814
City of Doral ²	3,642,653	1,667,049	1,767,800	1,925,900	2,120,606	2,232,433	2,508,437	15,864,878
Town of Miami Lakes ¹	7,766,182	1,052,533	1,095,293	1,172,205	1,209,319	1,211,635	1,288,227	14,795,394
Town of Cutler Bay ²	3,886,873	1,453,608	1,541,361	1,643,660	1,721,858	1,769,140	1,899,220	13,915,720
Village of Palmetto Bay	7,423,535	841,373	879,379	930,008	952,951	956,304	1,013,542	12,997,092
City of Hialeah Gardens	6,178,662	780,808	816,410	859,975	904,713	922,372	986,599	11,449,539
City of Sunny Isles Beach	5,376,896	752,852	795,768	834,090	869,990	866,019	933,221	10,428,836
Village of Pinecrest ³	5,225,789	1,205,816	686,122	723,235	737,876	738,316	777,521	10,094,675
City of Miami Springs	4,113,990	496,146	522,095	550,052	562,418	565,087	601,223	7,411,011
City of Opa-locka ⁵	4,640,264	552,018	580,600	556,122	90,323	195,000	210,000	6,824,327
City of South Miami	3,280,419	443,069	504,946	538,750	546,219	547,720	546,151	6,407,274
Village of Key Biscayne	3,415,345	443,069	461,282	489,679	502,197	508,734	540,692	6,360,998
City of Sweetwater ¹	4,077,699	390,842	326,534	275,281	273,778	133,332	466,662	5,944,128
City of Florida City	2,794,031	419,450	440,752	477,906	498,385	504,443	542,769	5,677,736
Miami Shores Village	3,145,976	368,810	384,663	408,970	419,557	420,697	443,831	5,592,504
North Bay Village	1,965,557	263,374	279,848	299,797	314,789	328,007	378,523	3,829,895
City of West Miami	1,770,807	214,600	224,057	235,786	241,053	241,373	279,166	3,206,842
Town of Surfside	1,666,675	206,033	214,832	226,558	229,428	228,739	234,500	3,006,765
Town of Bay Harbor Islands	1,566,561	201,912	214,053	227,105	231,953	222,682	234,375	2,898,641
Village of Biscayne Park	994,312	110,094	115,264	122,506	125,900	126,220	135,905	1,730,201
Bal Harbour Village	948,405	89,667	110,690	113,983	114,472	111,421	114,881	1,603,519
Village of El Portal ⁴	751,852	83,900	87,815	88,880	6,467	174,873	90,094	1,283,881
Village of Virginia Gardens	704,328	85,654	89,044	94,354	96,229	96,903	102,910	1,269,422
Town of Medley	333,660	29,889	31,913	33,823	34,442	33,529	35,277	532,533
Town of Golden Beach ¹	262,985	33,042	34,366	35,427	36,766	37,221	39,423	479,230
Indian Creek Village	3,604	-	-	-	-	-	-	3,604
	<u>\$ 366,036,017</u>	<u>\$ 50,643,530</u>	<u>\$ 52,721,784</u>	<u>\$ 55,855,796</u>	<u>\$ 57,288,164</u>	<u>\$ 57,624,331</u>	<u>\$ 62,327,134</u>	<u>\$ 702,496,756</u>

Source: Office of the Citizens' Independent Transportation Trust (OCITT) and the County's Financial Accounting Management Information System

¹ Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$1.6 million from the City of Sweetwater, \$21,058 from the Town of Golden Beach, and \$2.5 million from the City of Miami, due to specific instances of noncompliance.

² 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.

³ In FY 2009, \$551,589 was returned by the Village of Pinecrest for their unspent Transit portion of funding as of September 30, 2007. In FY 2013, OCITT returned the monies to the Village.

⁴ Amount in FY 2016 is net of \$84,069 withheld due to instances of noncompliance, which was returned in FY 2017 by OCITT.

⁵ A total of \$1.7 million is being withheld from the City of Opa-locka, due to instances of noncompliance.

Charter County Transportation System Surtax – City of North Miami (City)
Status of Prior Audit Findings¹

Finding	Recommendation	Auditee Response	Current Status
Transportation-Related Expenditures			
The City claimed \$1.4 million of ineligible Transportation expenditures and was unable to spend \$1.1 million in Transportation-related Surtax Proceeds.	<p>The City should review OCITT guidance to ensure that claimed costs are eligible for Surtax Use.</p> <p>Submit a revised Five-Year Transportation Plan to demonstrate how the \$1.1 million in unspent Transportation Surtax will be used.</p>	<p>The City will monitor Surtax expenditures to ensure full compliance with all OCITT cost eligibility guidance.</p> <p>A Five-Year Capital Improvement Plan was prepared for FY 2017, which includes using all the \$1.1 million in previously unspent Surtax funds.</p>	Resolved
Certification and Reporting Requirements			
The City submitted all required Reports; however, certain annual and quarterly reports were submitted late and did not agree to the General Ledgers.	The City should strive to submit timely and accurate Reports, and even consider providing updated or revised Quarterly Expenditure Reports after any significant adjustments.	The City concurs and has taken internal measures to ensure timely and accurate transmittal of required Reports related to the Surtax program.	Mostly Resolved All required Reports were submitted, but two Reports were late. <i>See page 5 of the Audit Report.</i>

¹ See the Audit Report dated February 8, 2017 and the Response dated March 6, 2017 for the full text.



September 3, 2019

Ms. Cathy Jackson, Director
Miami-Dade Audit and Management Services Department
701 NW 1st Court
Miami, FL 33136

Re: Audit Report – Charter County Transportation System Surtax Review – City of North Miami

Dear Ms. Jackson:

Below are the City of North Miami's responses to the findings presented in the Audit Report that accompanied your August 16, 2019 letter.

Finding 1: Use of Surtax Proceeds

The City's management agrees that some of the \$792,181 costs deemed ineligible for transit or transportation purposes by the auditors, were in fact not properly charged to the Program. However, there are some costs deemed ineligible the City believes are properly included as program costs.

There were \$171,010 of costs related to roadway trimming deemed ineligible that the City respectfully submits are eligible. The City's position is supported by an email from County Attorney Alexander Bokor to Nestor Toledo of the Office of the Citizens' Independent Transportation Trust (OCITT) dated Tuesday, September 14, 2010. The responses were forwarded by Mr. Torres to City of North Miami staff for reference purposes. The email posed the question whether or not roadway right-of-way tree raising expenditures were allowed under the PTP guidelines. In Mr. Bokor's opinion response, tree raising expenditures would be permitted as long as the trees impact the right-of-way or traffic flow on a road. Landscaping under a beautification project was not permitted.

In the case of the City, the monies spent were in fact for roadway right-of-way purposes (such as for trees not to obstruct road signage, and to provide clearance for taller vehicles). For this reason, we believe the costs to be allowable.

With respect to the remaining \$621,171, the City will take steps to simplify the accounting for transit-related expenditures and transportation-related expenditures, and code costs with increased scrutiny according to OCITT guidelines.

Finding 2: Inaccurate Reporting of Surtax Revenue

Management concurs with the finding of the auditor. The Surtax revenue balance was adjusted inadvertently when entries were done at the end of fiscal year 2018 to ensure revenue presented in accordance with the city's 60 period of availability for GAAP purposes. The entry prepared understated revenue at 09/30/2019. The error was discovered after the city had already issued the 9/30/2018 CAFR,

and the \$530,383 amount, though significant to the Surtax Fund, was not material to the overall financial statements. Therefore the balance will be recognized in the 09/30/2019 financial statements.

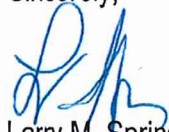
Going forward, the City will increase diligence when preparing adjusting entries to ensure such an error does not occur again.

Finding 3: Reporting Requirements

Management concedes two of the Quarterly Reports from 2016 were not timely submitted to the CITT under the terms of the Inter-local Agreement. Since then, all reports have been timely submitted. The City will continue to make timely submittals of its reports in accordance with the Inter-local Agreement.

We appreciate the feedback provided by your office's professional auditors, and will move to implement their recommendations.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Spring, Jr.", is positioned above the printed name.

Larry M. Spring, Jr.
City Manager