



AUDIT AND MANAGEMENT SERVICES DEPARTMENT  
OVERTOWN TRANSIT VILLAGE  
701 NW 1<sup>ST</sup> COURT – SUITE 8-175  
MIAMI, FLORIDA 33136  
TELEPHONE: 786-469-5900  
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February 12, 2021

Mr. Mario Diaz  
Village Manager  
Village of Biscayne Park  
600 NE 114<sup>th</sup> Street  
Biscayne Park, FL 33161

**Re: Audit Report – Charter County Transportation System Surtax Review –  
Village of Biscayne Park**

Dear Mr. Diaz:

Attached is the above-referenced Audit Report that was discussed with your staff. Although the Office of the Citizens' Independent Transportation Trust (OCITT) will be contacting you to resolve the audit findings, a reply is requested within 30 days.

We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact me 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  
Sharyn Henning, Accounting and Financial Consultant, Village of Biscayne Park

# Memorandum



**Date:** February 12, 2021

**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:** Audit Report – Charter County Transportation System Surtax Review –  
Village of Biscayne Park

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## PURPOSE AND SCOPE

We performed a review of the Village of Biscayne Park's (Biscayne Park) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the two years ended September 30, 2019. 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 Reports dated December 14, 2018 and January 22, 2021 (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 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 III). 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*, Biscayne Park must annually continue the same level of General Fund support for Transportation projects appropriated in its Fiscal Year (FY) 2002 Budget (Maintenance of Effort); Biscayne Park's Maintenance of Effort (MOE) amount, however, is zero. 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, Biscayne Park 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 the municipality's 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 two years ended September 30, 2019, Biscayne Park received \$279,307 in Surtax Proceeds, but claimed only \$54,925 in Transportation-related expenditures (Table I). After applying these expenditures, unspent Transit and Transportation-related Surtax Proceeds totaled \$191,808 and \$556,133, respectively, as of September 30, 2019 (Schedule II).

**Table I  
 Surtax Statistics**

Description	Fiscal Year Ended September 30,		All Years
	2018	2019	
Maintenance of Effort	\$ -	\$ -	\$ -
Revenues (Schedule I):			
Surtax Proceeds	\$ 133,815	\$ 145,492	\$ 279,307
Interest	3,092	5,437	8,529
	<u>\$ 136,907</u>	<u>\$ 150,929</u>	<u>\$ 287,836</u>
Claimed Expenditures (Schedule I):			
Transit	\$ -	\$ -	\$ -
Transportation (Table II)	24,784	30,141	54,925
	<u>\$ 24,784</u>	<u>\$ 30,141</u>	<u>\$ 54,925</u>
Unspent Surtax Proceeds (Schedule II):			
Transit-Related	\$ 162,710	\$ 191,808	
Transportation-Related	464,443	556,133	
	<u>\$ 627,153</u>	<u>\$ 747,941</u>	
Key Account Balances as of September 30 (Schedule I):			
CITT Fund:			
Cash and Cash Equivalents	<u>\$ 752,721</u>	<u>\$ 681,944</u>	
Fund Balance	<u>\$ 552,055</u>	<u>\$ 432,847</u>	

Biscayne Park recorded a prior-period adjustment of \$239,996 in FY 2019 to record a liability and reduction in Fund Balance, corresponding to unspent Surtax funds not included in Cash and Cash Equivalents as of September 30, 2017, in case OCITT demanded a return of the funds. As of September 30, 2019, the cash shortfall had declined to \$65,997. Further, due to Biscayne Park’s inability to timely spend its Surtax Proceeds, OCITT began withholding Surtax allocations in November 2019. A total of \$110,249 was withheld in FY 2020. We encourage OCITT to continue withholding Surtax funding until unused amounts are significantly reduced.

These and other findings are more fully discussed in the remainder of this Report. We appreciate the courtesies and assistance extended to our staff during the audit process. A copy has been submitted to Biscayne Park, with a written response requested within 30 days. Please contact me at 786-469-5900, if you have any questions.

**FINDINGS AND RECOMMENDATIONS**

**Use of Transit-Related Surtax Proceeds**

As previously stated, Biscayne Park must apply at least 20% of its Surtax Proceeds (\$55,861) to Transit-related projects, however, no Transit-related expenditures have been claimed since FY 2011, when its Circulator service was discontinued. As of September 30, 2019, Biscayne Park had \$191,808 in unspent Transit-related Surtax Proceeds. *CITT Resolution No. 09-055* allows for the rollover of unspent Surtax funds for up to five years, if the Five-Year Transportation Plan shows how such funds will be used. Biscayne Park’s Five-Year Transportation Plans have not included any planned Transit-related costs.

**Recommendation**

OCITT should continue to withhold Transit-related funds until Biscayne Park reduces its unspent amount.

**Use of Transportation-Related Proceeds**

The remaining 80% of Surtax Proceeds, or \$223,446, is available for Transportation-related projects. Biscayne Park claimed \$54,925, primarily for street lighting (Table II).

**Table II  
 Summary of Claimed Transportation Expenditures**

Description	Fiscal Year Ended September 30,		All Years
	2018	2019	
Street Lighting	\$ 24,784	\$ 24,598	\$ 49,382
Installation of Speed Humps	-	3,918	3,918
Storm Drain Maintenance	-	1,625	1,625
	<u>\$ 24,784</u>	<u>\$ 30,141</u>	<u>\$ 54,925</u>

Source: Biscayne Park General Ledgers, Audited Financial Statements, and Vendor Invoices

After applying claimed expenditures, Biscayne Park had \$556,133 in unspent Transportation Surtax Proceeds as of September 30, 2019 (Schedule II). As previously stated, the unspent amounts are available for rollover in accordance with *CITT Resolution No. 09-055*.

**Recommendation**

OCITT should continue to withhold Surtax funds until Biscayne Park significantly reduces its unspent funds.

**Reporting Requirements**

Biscayne Park did not submit Quarterly Reports for FYs 2018 and 2019. Also, the Five-Year Transportation Plan and Certification Letter were not completed for FY 2019. All other required documentation was submitted late.

**Recommendation**

All missing reports should be filed within 60 days. Prospectively, Biscayne Park must be more diligent in complying with reporting requirements.

CJ:bm

Attachments

- c: Honorable Harvey A. Ruvlin, Clerk of the Courts
- Gerri Bonzon-Keenan, County Attorney
- Edward Marquez, Chief Financial Officer
- Jimmy Morales, Chief Operations Officer
- David Clodfelter, Interim Director, Office of Management and Budget
- Mario Diaz, Village Manager, Village of Biscayne Park

**Charter County Transportation System Surtax Review - Village of Biscayne Park  
CITT Fund**

Balance Sheets		
Description	As of September 30,	
	2018	2019
<b>Assets</b>		
Cash and Cash Equivalents	\$ 752,721	\$ 681,944
Accounts Receivable	45,441	35,261
Due from Other Funds	16,025	34,876
Total Assets	<u>\$ 814,187</u>	<u>\$ 752,081</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Accounts Payable and Other Current Liabilities <sup>2</sup>	\$ -	\$ 239,996
Due to Other Funds	239,755	66,388
Total Liabilities	<u>239,755</u>	<u>306,384</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable Revenue	22,377	12,850
<b>Fund Balance:</b>		
Restricted for Transportation	552,055	432,847
Total Liabilities and Fund Balance	<u>\$ 814,187</u>	<u>\$ 752,081</u>
Statements of Revenues, Expenditures and Changes in Fund Balance		
Description	For the Year Ended September 30,	
	2018	2019
<b>Revenues:</b>		
Intergovernmental (Surtax Proceeds) <sup>1</sup>	\$ 133,815	\$ 145,492
Other (Interest)	3,092	5,437
Total Revenues	<u>136,907</u>	<u>150,929</u>
<b>Expenditures:</b>		
Physical Environment	24,784	30,141
Excess of Revenues over Expenditures	112,123	120,788
Fund Balance, Beginning	439,932	552,055
Prior Period Adjustment <sup>2</sup>	-	(239,996)
Fund Balance, Ending	<u>\$ 552,055</u>	<u>\$ 432,847</u>

Source: Village of Biscayne Park Audited Financial Statements

<sup>1</sup> Amounts differ from that reported by the Office of the Citizens' Independent Transportation Trust due to variations in revenue recognition policies (Schedule III).

<sup>2</sup> Biscayne Park recorded a prior adjustment in FY 2019 for unspent Surtax funds that may be forfeited to OCITT.

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

**Charter County Transportation System Surtax Review - Village of Biscayne Park  
Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,		All Years
	2018	2019	
<b>Sources of Funds (Schedule I):</b>			
Surtax Proceeds	\$ 133,815	\$ 145,492	\$ 279,307
Interest	3,092	5,437	8,529
	<u>\$ 136,907</u>	<u>\$ 150,929</u>	<u>\$ 287,836</u>
<b>Surtax Uses:</b>			
<b>Eligible Transit-Related Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Eligible Transportation-Related Expenditures (Table II) <sup>2</sup></b>	<u>\$ 24,784</u>	<u>\$ 30,141</u>	<u>\$ 54,925</u>
<b>AMS Analysis:</b>			
<b>Transit-Related Expenditures:</b>			
Expenditures Available for Surtax Use	\$ -	\$ -	\$ -
Less 20% Minimum Amount <sup>1</sup>	<u>(26,763)</u>	<u>(29,098)</u>	<u>(55,861)</u>
Increase In Unspent Amounts	<u>\$ (26,763)</u>	<u>\$ (29,098)</u>	<u>\$ (55,861)</u>
<b>Analysis of Unspent Rollover:</b>			
Beginning Balance, As Restated <sup>3</sup>	\$ 135,947	\$ 162,710	\$ 135,947
Increase In Unspent Amounts	26,763	29,098	55,861
<b>Remaining Unspent Amount</b>	<u>\$ 162,710</u>	<u>\$ 191,808</u>	<u>\$ 191,808</u>
<b>Transportation-Related Expenditures:</b>			
Expenditures Available for Surtax Use	\$ 24,784	\$ 30,141	\$ 54,925
Less Remaining 80% Amount <sup>1</sup>	<u>(107,052)</u>	<u>(116,394)</u>	<u>(223,446)</u>
Less Interest	<u>(3,092)</u>	<u>(5,437)</u>	<u>(8,529)</u>
Increase In Unspent Amounts	<u>\$ (85,360)</u>	<u>\$ (91,690)</u>	<u>\$ (177,050)</u>
<b>Analysis of Unspent Rollover:</b>			
Beginning Balance, As Restated <sup>3</sup>	\$ 379,083	\$ 464,443	\$ 379,083
Increase In Unspent Amounts	85,360	91,690	177,050
<b>Remaining Unspent Amount</b>	<u>\$ 464,443</u>	<u>\$ 556,133</u>	<u>\$ 556,133</u>

<sup>1</sup> 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.

<sup>2</sup> The Village has no Maintenance of Effort requirements.

<sup>3</sup> Per the January 22, 2021 Final Audit Report

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

Municipality	Fiscal Year Ended September 30,					All Years
	2003 to 2015	2016	2017	2018	2019	
City of Miami <sup>1</sup>	\$ 163,251,890	\$ 16,889,133	\$ 16,523,990	\$ 18,187,632	\$ 19,212,362	\$ 234,065,007
City of Hialeah	94,519,774	9,243,159	9,346,775	9,873,020	10,107,558	133,090,286
City of Miami Beach	37,554,491	3,670,335	3,678,499	3,925,123	3,963,754	52,792,202
City of Miami Gardens <sup>2</sup>	22,375,665	4,336,722	4,409,954	4,737,286	4,846,211	40,705,838
City of North Miami	24,592,952	2,454,241	2,473,804	2,665,998	2,700,412	34,887,407
City of Homestead	20,867,813	2,669,792	2,788,854	2,969,698	3,152,022	32,448,179
City of Coral Gables	18,755,177	1,955,854	1,981,236	2,091,593	2,132,315	26,916,175
City of North Miami Beach	17,154,830	1,733,203	1,746,039	1,882,765	1,945,188	24,462,025
City of Aventura	12,992,928	1,494,036	1,502,980	1,590,870	1,613,705	19,194,519
City of Doral <sup>2</sup>	9,003,402	2,120,606	2,232,433	2,508,437	2,747,033	18,611,911
Town of Miami Lakes <sup>1</sup>	11,086,213	1,209,319	1,211,635	1,288,227	1,309,407	16,104,801
Town of Cutler Bay <sup>2</sup>	8,525,502	1,721,858	1,769,140	1,899,220	1,935,984	15,851,704
Village of Palmetto Bay	10,074,295	952,951	956,304	1,013,542	1,033,365	14,030,457
City of Hialeah Gardens	8,635,855	904,713	922,372	986,599	1,007,122	12,456,661
City of Sunny Isles Beach	7,759,606	869,990	866,019	933,221	951,809	11,380,645
Village of Pinecrest	7,840,962	737,876	738,316	777,521	790,584	10,885,259
City of Miami Springs	5,682,283	562,418	565,087	601,223	608,639	8,019,650
City of Sweetwater <sup>1</sup>	5,070,356	273,778	133,332	466,662	166,116	6,110,244
City of South Miami	4,767,184	546,219	547,720	546,151	541,343	6,948,617
City of Opa-locka <sup>1</sup>	6,329,004	90,323	195,000	210,000	165,000	6,989,327
Village of Key Biscayne	4,809,375	502,197	508,734	540,692	550,288	6,911,286
City of Florida City	4,132,139	498,385	504,443	542,769	557,265	6,235,001
Miami Shores Village	4,308,419	419,557	420,697	443,831	447,113	6,039,617
North Bay Village	2,808,576	314,789	328,007	378,523	384,140	4,214,035
City of West Miami	2,445,250	241,053	241,373	279,166	307,465	3,514,307
Town of Surfside	2,314,098	229,428	228,739	234,500	248,902	3,255,667
Town of Bay Harbor Islands	2,209,631	231,953	222,682	234,375	249,414	3,148,055
<b>Village of Biscayne Park</b>	<b>1,342,176</b>	<b>125,900</b>	<b>126,220</b>	<b>135,905</b>	<b>135,965</b>	<b>1,866,166</b>
Bal Harbour Village	1,262,745	114,472	111,421	114,881	125,178	1,728,697
Village of El Portal <sup>3</sup>	1,012,447	6,467	174,873	90,094	89,175	1,373,056
Village of Virginia Gardens	973,380	96,229	96,903	102,910	103,132	1,372,554
Town of Medley	429,285	34,442	33,529	35,277	35,617	568,150
Town of Golden Beach <sup>1</sup>	365,820	36,766	37,221	39,423	39,386	518,616
Indian Creek Village	3,604	-	-	-	-	3,604
	<u>\$ 525,257,127</u>	<u>\$ 57,288,164</u>	<u>\$ 57,624,331</u>	<u>\$ 62,327,134</u>	<u>\$ 64,202,969</u>	<u>\$ 766,699,725</u>

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

<sup>1</sup> Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$2.1 million from the City of Sweetwater, \$21,058 from the Town of Golden Beach, \$2.3 million from the City of Opa-locka, and \$3.3 million from the City of Miami, due to specific instances of noncompliance. Partial amounts were released of \$1.3 million to Sweetwater on 11/27/2019 and \$901,927 to Opa-locka on 3/9/2020 due to improvement in their financial situation.

<sup>2</sup> 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.

<sup>3</sup> Amount in FY 2016 is net of \$84,069 withheld due to instances of noncompliance, which was returned in FY 2017 by OCITT.



**Charter County Transportation System Surtax Review  
Village of Biscayne Park  
Status of Prior Audit Findings <sup>1</sup>**

Finding	Recommendation	Auditee Response	Current Status
<b>Use of Surtax Proceeds</b>			
<p>The Village of Biscayne Park (Village) had \$140,802 and \$725,806 in unspent Transit and Transportation-related Surtax Proceeds, respectively, as of September 30, 2017. However, Audited Financial Statements reflected \$626,612 in Cash and Cash Equivalents in the <i>CITT Fund</i>, a shortfall of \$239,996.</p>	<p>Within 90 days, the Village should resolve the cash deficiency and submit an updated Five-Year Transportation Plan reflecting how unspent Surtax Proceeds will be used.</p>	<p>The Village claimed additional expenditures which were audited by AMS. Unspent Transit and Transportation funds were reduced to \$135,947 and \$379,083, respectively.</p>	<p><b>Unresolved</b> As of September 30, 2019, Biscayne Park had \$191,808 and \$556,133 in unspent Transit and Transportation-related Surtax Proceeds, respectively. The balance in Cash and Cash Equivalents totaled \$681,944, a shortfall of \$65,997. <i>See pages 2 – 3 of the Audit Report.</i></p>
<b>Internal Control and Financial Reporting Deficiencies</b>			
<p>Due to poor record maintenance practices, the Village could only substantiate \$112,299 of the \$479,727 reported in the <i>CITT Fund</i>. Moreover, staff was unable to provide our auditors with copies of certain required Quarterly and Annual compliance reports.</p> <p>Further, the Village did not complete its FY 2016 and 2017 audits within prescribed statutory deadlines.</p>	<p>Prospectively, the Village should be more diligent in ensuring accuracy in its financial practices and meeting third-party financial reporting deadlines. Also, records must be retained to support the use of Surtax Proceeds.</p>	<p>The Village outsourced its accounting and financial reporting functions. Financial statements for fiscal years 2018 and 2019 were both filed within statutory deadlines.</p> <p>The Village is working diligently on all required compliance reports.</p>	<p><b>Partially Resolved</b> Audited financial statements were filed within deadlines but required reporting under the <i>Interlocal Agreement</i> has not improved. <i>See page 4 of the Audit Report.</i></p>

<sup>1</sup> See the December 14, 2018 Audit Report, August 31, 2020 Response, and January 22, 2021 Final Audit Report for the full text.