



AUDIT AND MANAGEMENT SERVICES DEPARTMENT
OVERTOWN TRANSIT VILLAGE
701 NW 1ST COURT – SUITE 8-175
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July 14, 2022

Mr. Rafael G. Casals
Town Manager
Town of Cutler Bay
10720 Caribbean Boulevard, Suite 105
Cutler Bay, FL 33189

**Re: Final Audit Report – Charter County Transportation System Surtax Review –
Town of Cutler Bay**

Dear Mr. Casals:

Attached is the above-referenced Final Audit Report that was discussed with your Finance staff. 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

Memorandum



Date: July 6, 2022

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

Cathy Jackson

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

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
Town of Cutler Bay

PURPOSE AND SCOPE

We performed a review of the Town of Cutler Bay's (Town) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the three years ended September 30, 2021. The primary objective was to ensure 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 September 30, 2011. Additionally, we assessed resolution of prior audit findings referenced in our Report dated June 13, 2019 (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.

At the time of Surtax adoption, there were 31 municipalities eligible for Surtax Proceeds. Subsequently, three new municipalities were incorporated (Cities of Doral, Miami Gardens, and the Town of Cutler Bay), which executed Interlocal and/or Settlement Agreements with the County to receive a share of Surtax Proceeds consistent with other municipalities.

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 Town must apply at least 20% of the Surtax Proceeds to Transit-related projects, such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. *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 three years ended September 30, 2021, the Town received \$5.6 million in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$3 million (Table I). The requirement for municipalities to annually continue the same level of General Fund support for Transportation projects appropriated in their Fiscal Year (FY) 2002 Budget, or Maintenance of Effort, is not applicable, as the Town was not incorporated until November 2005.

**Table I
 Surtax Statistics**

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
Revenues (Schedule I):				
Surtax Proceeds	\$ 1,933,079	\$ 1,702,518	\$ 2,008,359	\$ 5,643,956
Interest Income	32,469	22,743	7,803	63,015
	<u>\$ 1,965,548</u>	<u>\$ 1,725,261</u>	<u>\$ 2,016,162</u>	<u>\$ 5,706,971</u>
Claimed Expenditures (Table II):				
Transit	\$ 385,407	\$ 333,124	\$ 509,148	\$ 1,227,679
Transportation	723,341	863,610	206,055	1,793,006
Total Claimed (Schedule I)	<u>\$ 1,108,748</u>	<u>\$ 1,196,734</u>	<u>\$ 715,203</u>	<u>\$ 3,020,685</u>
Maintenance of Effort (MOE)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unspent Surtax Proceeds (Schedule II):				
Transit	\$ 568,817	\$ 576,197	\$ 468,721	
Transportation	3,188,781	3,709,928	5,118,363	
	<u>\$ 3,757,598</u>	<u>\$ 4,286,125</u>	<u>\$ 5,587,084</u>	
Key Account Balances as of September 30th:				
<i>CITT Special Revenue Fund (Schedule I):</i>				
Cash and Cash Equivalents	<u>\$ 3,644,372</u>	<u>\$ 4,150,952</u>	<u>\$ 5,539,531</u>	
Restricted Fund Balance	<u>\$ 3,757,598</u>	<u>\$ 4,286,125</u>	<u>\$ 5,587,084</u>	

Overall, the Town satisfactorily complied with Program objectives, and unspent Surtax Proceeds have been appropriately restricted in the *CITT Special Revenue Fund*. The Town should update its Five-Year Transportation Plan to demonstrate how the \$5.6 million in unspent Surtax Proceeds will be utilized, as required per *CITT Resolution No. 09-055*.

These and other findings are more fully discussed in the remainder of this Report, along with the Town’s Responses which satisfactorily addressed our findings (Attachment I). Based on the foregoing, we now consider this audit closed. We appreciate the courtesies extended to our staff during the audit process. Please contact me, at (786) 469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds

As mentioned previously, the Town received \$5.6 million in Surtax Proceeds and claimed \$1.2 and \$1.8 million in Transit and Transportation-related expenditures, respectively, during the audit period (Table II).

**Table II
 Summary of Claimed Transit and Transportation Expenditures**

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
Transit-Related:				
Municipal Circulator Operations	\$ 324,620	\$ 324,620	\$ 324,620	\$ 973,860
<i>GO Connect</i> On-demand services	-	-	184,528	184,528
Bus Shelters	42,534	-	-	42,534
TPO Mobility Hub Plan	18,253	1,554	-	19,807
Bus Wrap Design	-	6,950	-	6,950
Eligible Transit Expenditures	<u>\$ 385,407</u>	<u>\$ 333,124</u>	<u>\$ 509,148</u>	<u>\$ 1,227,679</u>
Transportation-Related:				
Roadway Design, Resurfacing, and Drainage	\$ 217,158	\$ 668,043	\$ -	\$ 885,201
Cutler Bay Drainage Improvement - Cutler Ridge Section 3	-	86,287	126,997	213,284
SW 100 Avenue Roadway	200,715	-	-	200,715
Bike and Pedestrian Project	58,958	53,850	34,257	147,065
Saga Bay Storm Drainage & Resurfacing	116,226	-	-	116,226
Safe Routes to School (Gulfstream Elementary School)	88,968	33,546	-	122,514
Allocated Public Works Salaries and Benefits	20,100	21,884	22,271	64,255
Traffic Studies	3,110	-	22,530	25,640
Manta Drive Roadway and Drainage	18,106	-	-	18,106
Eligible Transportation Expenditure	<u>\$ 723,341</u>	<u>\$ 863,610</u>	<u>\$ 206,055</u>	<u>\$ 1,793,006</u>
Annual Ridership Statistics:				
Municipal Circulator	50,438	34,289	28,208	112,935
<i>GO Connect</i> On-demand services	-	-	11,535	11,535
	<u>50,438</u>	<u>34,289</u>	<u>39,743</u>	<u>124,470</u>

Source: Town of Cutler Bay General Ledgers and Vendor Invoices

At least 20% of the Surtax Proceeds (\$1.1 million) must be used for Transit-related projects, and the Town claimed \$1.2 million for its Municipal Circulator, *GO Connect* on-demand services, and bus shelters. On-demand services with *GO Connect* began in December 2020, when the Town received a matching grant of \$770,000 from the Florida Department of Transportation (FDOT). The Town properly recorded only its 50% share of *GO Connect* matching costs as Surtax expenditures. As shown on Schedule II, unspent Transit Proceeds totaled \$468,721 as of September 30, 2021.

The remaining 80% (\$4.5 million) was used primarily for drainage, resurfacing, and sidewalk improvements. The Town did not fully utilize Surtax monies received, resulting in unspent Transportation Proceeds of \$5.1 million as of September 30, 2021 (Schedule II).

Recommendation

The Town should submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Surtax Proceeds, per *CITT Resolution No. 09-055*.

Auditee Response

The Town has updated its Five-Year Transportation Plan and has attached it to this response for review and consideration by the Office of the CITT (Attachment I).

Reporting Requirements

Quarterly use of Surtax Proceeds reported to OCITT varied significantly from expenditures claimed during the audit period.

Recommendation

Prospectively, the Town should submit accurate reports to OCITT.

Auditee Response

After consulting with Ms. Cinta, our Finance Director learned that this recommendation resulted primarily from the costs incurred for the “On Demand/Go Connect” program. The Town accepted a grant to participate in this program and is using Transit-Related Surtax revenues as the grant match for the program. However, the Town is not operating the service. As with its circulator bus service, the Town has entered into an Interlocal Agreement with Miami-Dade County (the “County”) for the County to operate the On Demand/Go Connect service on the Town’s behalf and then the County would bill the Town for the cost.

The On Demand/Go Connect service commenced in December 2020, however, we have yet to be invoiced by the County as the Interlocal Agreement is still pending approval by the Board of County Commissioners. We were provided with a summary of the cost incurred but not yet billed from inception through October 2021, which we in turn provided to Ms. Cinta. For our independent financial audit, the Town accrued the cost for the period December 2020 through September 2021. However, these costs, totaling \$369,056 for the period (half funded by the grant and half by our Surtax revenues), were not reflected in the quarterly reports submitted to the Office of the CITT since it has been our historical practice to only reflect on the quarterly reports amounts actually expended by the Town. These On Demand/Go Connect costs still have not been “expended” by the Town since we have not yet been billed for these costs by the County.

AMS Response

As shown in Table II, the Town appropriately claimed \$184,528 in FY 2021 for GO Connect on-demand services provided by the Miami Dade County Department of Transportation and Public Works representing 50% of the costs incurred but not billed. Under generally accepted governmental accounting principles these costs, though unbilled but accrued for, are considered expended and thus were allowed in FY 2021.

OTHER MATTERS

The Town in their Response (Attachment I) addressed items that were in the Draft Audit Report sent to them in April 2022 or discussed during subsequent meetings. To assure appropriate resolution, these matters are incorporated herein with our concluding remarks.

1. Expenditures related to a TPO grant for a Mobility Hub study/plan:

In the draft audit report, certain expenditures made by the Town in fiscal years 2019 and 2020 were classified as Transportation-Related “Traffic Studies”. The Town recorded these expenditures as Transit-Related pursuant to the nature of the underlying grant project. After clarification from Mr. Daddario as to the nature of the grant project, Ms. Cinta consulted with you, and it was agreed that these expenditures would be reclassified in the final audit report to the Transit-Related category.

AMS Response

The TPO Mobility Study expenses are now classified as Transit-related expenditures (Table II).

2. 5% Administrative Fee:

As noted by Ms. Cinta, the CITT regulations allow jurisdictions to claim 5% administrative fee to cover overhead costs of administering the CITT surtax revenue program. Historically, the Town has never actually claimed the 5% allowed fee. For the period of the audit, that resulted in an unclaimed administrative fee of \$282,198 (Table II) and, as a result, as shown in Table I, the Town’s calculated “Restricted Fund Balance” (\$5,587,084) is greater than the audit’s calculated “Unspent Surtax Proceeds” (\$5,304,886) by that amount. As discussed between Ms. Cinta and Mr. Daddario, this “difference” is not considered an audit finding or audit issue, but rather simply an unclaimed fee that is electable at the discretion of the Town. At this point in time, the Town does not wish to claim this 5% administrative fee.

AMS Response

As requested, the AMS adjustment for the 5% administrative expense fee for the three-year audit period was removed from Table II and thus, no adjustment was required to the Town's Restricted Fund Balance of \$5,587,084 (Table I and Schedule I).

3. Interest Income:

The Town has historically allocated interest income to both the Transit-Related and Transportation-Related categories, generally following the same split percentage used to allocate the Surtax revenues to those categories. We noted in Schedule II in the draft audit report that all of the interest income was allocated to the Transportation-Related category. After discussion with Ms. Cinta, we understand that allocating all of the interest income to the Transportation-Related category is simply how the CITT auditors rollforward the unspent amounts and there are no requirements in the CITT regulations that prevent us from allocating the interest income between the two categories as we have always done. Again, this "difference" is not considered an audit finding or audit issue, but rather an "alternative practice" in rolling forward the unspent amounts. On a combined basis, our total unspent amounts match those calculated by the audit, except for the unclaimed 5% administrative fee discussed in #2 above.

At this time, the Town will continue its practice of allocating interest income between the Transit-Related and Transportation-Related categories.

AMS Response

We concur that the Town may continue its practice of allocating interest income between the Transit-Related and Transportation-Related categories.

CJ:bm

Attachments

c: Honorable Harvey A. Ruvin, Clerk of the Courts
Geri Bonzon-Keenan, County Attorney
Edward Marquez, Chief Financial Officer
Jimmy Morales, Chief Operations Officer
David L. Clodfelter, Director, Office of Management and Budget
Rafael G. Casals, Town Manager, Town of Cutler Bay

**Charter County Transportation System Surtax Review - Town of Cutler Bay
CITT Special Revenue Fund Financial Statements**

Balance Sheets			
Description	As of September 30,		
	2019	2020	2021
Assets:			
Cash and Cash Equivalents	\$ 3,644,372	\$ 4,150,952	\$ 5,539,531
Accounts Receivable, net	502,078	393,971	543,991
Total Assets	<u>\$ 4,146,450</u>	<u>\$ 4,544,923</u>	<u>\$ 6,083,522</u>
Accounts Payable and Accrued Liabilities	\$ 388,852	\$ 258,798	\$ 266,300
Unavailable Revenues	-	-	230,138
Restricted Fund Balance	3,757,598	4,286,125	5,587,084
Total Liabilities and Fund Balance	<u>\$ 4,146,450</u>	<u>\$ 4,544,923</u>	<u>\$ 6,083,522</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	Fiscal Year Ended September 30,		
	2019	2020	2021
Revenues:			
Surtax	\$ 1,933,079	\$ 1,702,518	\$ 2,008,359
Interest	32,469	22,743	7,803
Total Revenues	1,965,548	1,725,261	2,016,162
General Government Expenditures	(607,522)	(1,021,497)	(346,891)
Transfers Out	(501,226)	(175,237)	(368,312)
Total Expenditures and Transfers (Table I)	<u>(1,108,748)</u>	<u>(1,196,734)</u>	<u>(715,203)</u>
Net Change in Fund Balance	856,800	528,527	1,300,959
Restricted Fund Balance, Beginning of Year	2,900,798	3,757,598	4,286,125
Restricted Fund Balance, End of Year	<u>\$ 3,757,598</u>	<u>\$ 4,286,125</u>	<u>\$ 5,587,084</u>

Source: Town of Cutler Bay Audited Financial Statements and General Ledgers

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

**Charter County Transportation System Surtax Review - Town of Cutler Bay
Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
Revenues (Schedule I):				
Surtax Proceeds ¹	\$ 1,933,079	\$ 1,702,518	\$ 2,008,359	\$ 5,643,956
Interest Income	32,469	22,743	7,803	63,015
Total Revenues	<u>\$ 1,965,548</u>	<u>\$ 1,725,261</u>	<u>\$ 2,016,162</u>	<u>\$ 5,706,971</u>
Surtax Uses (Table II):				
Eligible Transit Expenditures	<u>\$ 385,407</u>	<u>\$ 333,124</u>	<u>\$ 509,148</u>	<u>\$ 1,227,679</u>
Eligible Transportation Expenditures	<u>\$ 723,341</u>	<u>\$ 863,610</u>	<u>\$ 206,055</u>	<u>\$ 1,793,006</u>
AMS Analysis:				
Transit-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 385,407	\$ 333,124	\$ 509,148	\$ 1,227,679
Less 20% Minimum Amount ²	(386,616)	(340,504)	(401,672)	(1,128,792)
(Increase) Decrease in Rollover Amounts	<u>\$ (1,209)</u>	<u>\$ (7,380)</u>	<u>\$ 107,476</u>	<u>\$ 98,887</u>
Analysis of Unspent Rollover:				
Beginning Balance ³	\$ 567,608	\$ 568,817	\$ 576,197	\$ 567,608
Increase (Decrease) in Unspent Amounts	1,209	7,380	(107,476)	(98,887)
Remaining Unspent Amount	<u>\$ 568,817</u>	<u>\$ 576,197</u>	<u>\$ 468,721</u>	<u>\$ 468,721</u>
Transportation-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 723,341	\$ 863,610	\$ 206,055	\$ 1,793,006
Less Remaining 80% Amount ²	(1,546,463)	(1,362,014)	(1,606,687)	(4,515,164)
Less Interest Income	(32,469)	(22,743)	(7,803)	(63,015)
Increase in Rollover Amounts	<u>\$ (855,591)</u>	<u>\$ (521,147)</u>	<u>\$ (1,408,435)</u>	<u>\$ (2,785,173)</u>
Analysis of Unspent Rollover:				
Beginning Balance ³	\$ 2,333,190	\$ 3,188,781	\$ 3,709,928	\$ 2,333,190
Increase in Rollover Amounts	855,591	521,147	1,408,435	2,785,173
Remaining Unspent Amount	<u>\$ 3,188,781</u>	<u>\$ 3,709,928</u>	<u>\$ 5,118,363</u>	<u>\$ 5,118,363</u>

¹ Amounts do not agree with Schedule III 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 June 13, 2019 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	2020	2021	
City of Miami ¹	\$ 163,251,890	\$ 16,889,133	\$ 16,523,990	\$ 18,187,632	\$ 19,212,362	\$ 17,998,849	\$ 22,285,992	\$ 274,349,848
City of Hialeah	94,519,774	9,243,159	9,346,775	9,873,020	10,107,558	8,933,032	10,881,914	152,905,232
City of Miami Beach	37,554,491	3,670,335	3,678,499	3,925,123	3,963,754	3,458,999	4,266,480	60,517,681
City of Miami Gardens ²	22,375,665	4,336,722	4,409,954	4,737,286	4,846,211	4,248,977	5,187,794	50,142,609
City of North Miami	24,592,952	2,454,241	2,473,804	2,665,998	2,700,412	2,348,890	2,955,552	40,191,849
City of Homestead	20,867,813	2,669,792	2,788,854	2,969,698	3,152,022	2,762,015	3,460,648	38,670,842
City of Coral Gables	18,755,177	1,955,854	1,981,236	2,091,593	2,132,315	1,893,283	2,298,517	31,107,975
City of North Miami Beach	17,154,830	1,733,203	1,746,039	1,882,765	1,945,188	1,705,603	2,164,880	28,332,508
City of Doral ²	9,003,402	2,120,606	2,232,433	2,508,437	2,747,033	2,551,901	3,196,639	24,360,451
City of Aventura	12,992,928	1,494,036	1,502,980	1,590,870	1,613,705	1,413,111	1,726,374	22,334,004
Town of Cutler Bay ²	8,525,502	1,721,858	1,769,140	1,899,220	1,935,984	1,696,665	2,061,382	19,609,751
Town of Miami Lakes ¹	11,086,213	1,209,319	1,211,635	1,288,227	1,309,407	1,163,617	1,430,953	18,699,371
Village of Palmetto Bay	10,074,295	952,951	956,304	1,013,542	1,033,365	902,837	1,104,932	16,038,226
City of Hialeah Gardens	8,635,855	904,713	922,372	986,599	1,007,122	882,753	1,072,793	14,412,207
City of Sunny Isles Beach	7,759,606	869,990	866,019	933,221	951,809	841,547	1,055,544	13,277,736
Village of Pinecrest	7,840,962	737,876	738,316	777,521	790,584	691,410	840,243	12,416,912
City of Miami Springs	5,682,283	562,418	565,087	601,223	608,639	530,692	646,273	9,196,615
City of Sweetwater ¹	5,070,356	273,778	133,332	466,662	166,116	1,850,267	1,013,554	8,974,065
City of Opa-locka ¹	6,329,004	90,323	195,000	210,000	165,000	1,112,782	469,710	8,571,819
City of South Miami	4,767,184	546,219	547,720	546,151	541,343	473,555	588,532	8,010,704
Village of Key Biscayne	4,809,375	502,197	508,734	540,692	550,288	481,895	586,580	7,979,761
City of Florida City	4,132,139	498,385	504,443	542,769	557,265	488,960	601,470	7,325,431
Miami Shores Village	4,308,419	419,557	420,697	443,831	447,113	391,399	490,481	6,921,497
North Bay Village	2,808,576	314,789	328,007	378,523	384,140	335,832	411,904	4,961,771
City of West Miami	2,445,250	241,053	241,373	279,166	307,465	291,897	355,342	4,161,546
Town of Surfside	2,314,098	229,428	228,739	234,500	248,902	221,896	273,043	3,750,606
Town of Bay Harbor Islands	2,209,631	231,953	222,682	234,375	249,414	220,923	274,132	3,643,110
Bal Harbour Village	1,262,745	114,472	111,421	114,881	125,178	109,190	132,732	1,970,619
Village of Biscayne Park ¹	1,342,176	125,900	126,220	135,905	135,965	10,084	-	1,876,250
Village of Virginia Gardens	973,380	96,229	96,903	102,910	103,132	90,977	110,807	1,574,338
Village of El Portal ^{1,3}	1,012,447	6,467	174,873	90,094	89,175	77,404	79,627	1,530,087
Town of Medley	429,285	34,442	33,529	35,277	35,617	31,486	38,448	638,084
Town of Golden Beach ¹	365,820	36,766	37,221	39,423	39,386	34,961	42,988	596,565
Indian Creek Village	3,604	-	-	-	-	-	-	3,604
	\$ 525,257,127	\$ 57,288,164	\$ 57,624,331	\$ 62,327,134	\$ 64,202,969	\$ 60,247,689	\$ 72,106,260	\$ 899,053,674

Source: Office of the Citizens' Independent Transportation Trust (OCITT) and County General Ledgers

¹ Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$766,362 from the City of Sweetwater, \$21,058 from the Town of Golden Beach, \$2.2 million from the City of Opa-locka, \$3.3 million from the City of Miami, \$255,236 from the Village of Biscayne Park, and \$17,970 from the Village of El Portal 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 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 – Town of Cutler Bay
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Use of Surtax Proceeds			
<p>The Town of Cutler Bay (Town) was unable to use \$568,000 of Transit and \$2.3 million of Transportation Proceeds during the three years ended September 30, 2018.</p>	<p>The Town should submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Surtax Proceeds.</p>	<p>The Town issued a revised Five-Year Transportation Plan. They planned to use unspent Transit funds by FY 2020 and unspent Transportation funds by FY 2023.</p>	<p><u>Unresolved</u> As of September 30, 2021, unspent Transit and Transportation Proceeds totaled \$468,721 and \$5.1 million, respectively. <i>See Page 3 of the Audit Report.</i></p>
Reporting Requirements			
<p>Quarterly uses of Surtax Proceeds reported to OCITT varied significantly from expenditures claimed during the audit period.</p>	<p>Prospectively, the Town should submit accurate reports to OCITT.</p>	<p>No response.</p>	<p><u>Unresolved</u> Similar variances were noted during the current audit. <i>See Page 4 of the Audit Report.</i></p>

¹ For the full text, see the June 13, 2019 Audit Report and the Town’s Response dated July 23, 2019.



OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM
Town Manager

June 6, 2022

Ms. Cathy Jackson
Director
Audit and Management Services Department
Overtown Transit Village
701 N.W. 1 Court, Suite 8-175
Miami, FL 33136

Re: Comments on Draft Audit Report – Charter County Transportation System Surtax Review

Dear Ms. Jackson,

Thank you for allowing us the opportunity to provide you with our comments related to your draft audit report for your recently completed audit of the Town of Cutler Bay's (the "Town") expenditure of CITT Surtax revenues for fiscal years 2019, 2020, and 2021. We would first like to take the opportunity to let you know we appreciated the professionalism of Ms. Terina ("Teri") Cinta, the auditor assigned to the Town's review. Teri was a pleasure to work with during the course of the audit.

Some of the comments we were going to make about the draft audit report have been addressed in consultation between our Finance Director, Robert Daddario, and Ms. Cinta (who, in turn, consulted with you). While none of the following were considered audit "findings", "issues" or "recommendations" related to the audit, I will list them briefly just to put them "on the record":

1. Expenditures related to a TPO grant for a Mobility Hub study/plan:

In the draft audit report, certain expenditures made by the Town in fiscal years 2019 and 2020 were classified as Transportation-Related "Traffic Studies". The Town recorded these expenditures as Transit- Related pursuant to the nature of the underlying grant project. After clarification from Mr. Daddario as to the nature of the grant project, Ms. Cinta consulted with you, and it was agreed that these expenditures would be reclassified in the final audit report to the Transit-Related category.

2. 5% Administrative Fee:

As noted by Ms. Cinta, the CITT regulations allow jurisdictions to claim a 5% administrative fee to cover overhead costs of administering the CITT surtax revenue program. Historically, the Town has never actually claimed the 5% allowed fee. For the period of the audit, that resulted in an unclaimed administrative fee of \$282,198 (Table II) and, as a result, as shown in Table I, the Town's calculated "Restricted Fund Balance" (\$5,587,084) is greater than the audit's calculated "Unspent Surtax Proceeds" (\$5,304,886) by that amount.





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

As discussed between Ms. Cinta and Mr. Daddario, this "difference" is not considered an audit finding or audit issue, but rather simply an unclaimed fee that is electable at the discretion of the Town. At this point in time, the Town does not wish to claim this 5% administrative fee.

3. Interest Income:

The Town has historically allocated interest income to both the Transit-Related and Transportation-Related categories, generally following the same split percentage used to allocate the Surtax revenues to those categories. We noted in Schedule II in the draft audit report that all of the interest income was allocated to the Transportation-Related category. After discussion with Ms. Cinta, we understand that allocating all of the interest income to the Transportation-Related category is simply how the CITT auditors rollforward the unspent amounts and there are no requirements in the CITT regulations that prevents us from allocating the interest income between the two categories as we have always done. Again, this "difference" is not considered an audit finding or audit issue, but rather an "alternative practice" in rolling forward the unspent amounts. On a combined basis, our total unspent amounts match those calculated by the audit, except for the unclaimed 5% administrative fee discussed in #2 above.

At this time, the Town will continue its practice of allocating interest income between the Transit-Related and Transportation-Related categories.

The draft audit report contained two recommendations that we will now address.

Recommendation #1:

Recommendation:

The Town should submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Surtax Proceeds, per *CITT Resolution 09-055*.

Response:

The Town has updated its Five-Year Transportation Plan and has attached it to this response for review and consideration by the Office of the CITT.

Recommendation #2:

Recommendation:

Quarterly uses of Surtax Proceeds reported to OCITT varied significantly from expenditures claimed during the audit period. Prospectively, the Town should submit accurate reports to OCITT.





OFFICE OF THE TOWN MANAGER

Rafael G. Casals, ICMA-CM, CFM

Town Manager

Response:

After consulting with Ms. Cinta, our Finance Director learned that this recommendation resulted primarily from the costs incurred for the "On Demand/Go Connect" program. The Town accepted a grant to participate in this program and is using Transit-Related Surtax revenues as the grant match for the program. However, the Town is not operating the service. As with its circulator bus service, the Town has entered into an Interlocal Agreement with Miami-Dade County (the "County") for the County to operate the On Demand/Go Connect service on the Town's behalf and then the County would bill the Town for the cost.

The On Demand/Go Connect service commenced in December 2020, however, we have yet to be invoiced by the County as the Interlocal Agreement is still pending approval by the Board of County Commissioners. We were provided with a summary of the cost incurred but not yet billed from inception through October 2021, which we in turn provided to Ms. Cinta. For our independent financial audit, the Town accrued the cost for the period December 2020 through September 2021. However, these costs, totaling \$369,056 for the period (half funded by the grant and half by our Surtax revenues), were not reflected in the quarterly reports submitted to the Office of the CITT since it has been our historical practice to only reflect on the quarterly reports amounts actually expended by the Town. These On Demand/Go Connect costs still have not been "expended" by the Town since we have not yet been billed for these costs by the County.

Thank you again for giving us the opportunity to comment on the draft report before final issuance. If you would like to discuss any of the matters brought up in more detail, me and my staff would be happy to participate in a conference (or Zoom) call with you and the Office of CITT staff.

If you should have any questions or concerns, feel free to contact me at (305) 234-4262 or rcasals@cutlerbay-fl.gov

Sincerely,

Rafael G. Casals, ICMA-CM, CFM
Town Manager

Cc: Robert Daddario, Finance Director

Enclosure: PTP/Transportation Five-Year Municipal Transportation Improvement Program & Quarterly Reporting Form



**PTP/TRANSPORTATION
FIVE-YEAR MUNICIPAL TRANSPORTATION IMPROVEMENT PROGRAM
& QUARTERLY REPORTING**

Instructions: Please complete un-shaded portions of this spreadsheet.
Unhide rows at end of spreadsheet as needed.

MUNICIPALITY:	Town of Cutler Bay
CONTACT NAME:	Rafael G. Casals / Town Manager
E-MAIL:	Rcasals@cutlerbay-fl.gov
REPORT DATE:	October 27, 2021

FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
Current PTP Allocation	Current PTP Allocation	Current PTP Allocation	Current PTP Allocation	Current PTP Allocation
Prior Yr Unexpended \$	Prior Yr Unexpended \$	Prior Yr Unexpended \$	Prior Yr Unexpended \$	Prior Yr Unexpended \$
Total Start \$	Total Start \$	Total Start \$	Total Start \$	Total Start \$

MCI#

Project Name and Description	Project Location	Estimated Start/End Date	Total Project Cost (1)	Phase (2)	FY 2021-2022			FY 2022-2023			FY 2023-2024			FY 2024-2025			FY 2025-2026					
					Funding Source	Amount		Funding Source	Amount		Funding Source	Amount		Funding Source	Amount		Funding Source	Amount				
Cutler Ridge Section 3 Roadway and Drainage Improvement Project	PTIEP 200k STORM 250k Montega Bay Drive, Nicaragua Drive, Pan American	Start m/myy	\$1,264,874	CST	PTP			PTP			PTP			PTP			PTP					
		01/19			CST	1,266,099																
		End m/myy	\$1,726,008		OTH (CEI)	106,874																
		02/22	\$110,001		OTH (DESIGN)	110,001																
Total					1,504,874	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,504,874		
Residential Roadway Resurfacing (Phase VII)	Town-wide (as per Master Plan)	Start m/myy	\$491,310	CST	PTP			PTP			PTP			PTP			PTP					
		02/22			CST	427,336																
		End m/myy	\$427,336		OTH (CEI)	18,453																
		05/22	\$18,453		OTH (DESIGN)	0																
Total					445,791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	445,791		
Residential Roadway Resurfacing (Phase VIII)	Town-wide (as per Master Plan)	Start m/myy	\$1,400,000	PE	PTP			PTP			PTP			PTP			PTP					
		10/22			CST	1,300,000																
		End m/myy	\$1,300,000		OTH (CEI)	50,000																
		9/23	\$50,000		OTH (DESIGN)	0																
Total					50,000	1,350,000	0	0	0	0	0	0	0	0	0	0	0	0	0	1,400,000		
Residential Roadway Resurfacing (Phase IX)	Town-wide (as per Master Plan)	Start m/myy	\$950,000	PE	PTP			PTP			PTP			PTP			PTP					
		10/23			CST	900,000																
		End m/myy	\$900,000		OTH (CEI)	25,000																
		9/24	\$24,999.99		OTH (DESIGN)	25,000																
Total					0	25,000	0	925,000	0	0	0	0	0	0	0	0	0	0	0	950,000		
Residential Roadway Resurfacing (Phase X)	Town-wide (as per Master Plan)	Start m/myy	\$950,000	PE	PTP			PTP			PTP			PTP			PTP					
		10/24			CST	900,000																
		End m/myy	\$900,000		OTH (CEI)	25,000																
		9/25	\$24,999.99		OTH (DESIGN)	25,000																
Total					0	25,000	0	925,000	0	0	0	0	0	0	0	0	0	0	0	950,000		
Residential Roadway Resurfacing (Phase XI)	Town-wide (as per Master Plan)	Start m/myy	\$950,000	PE	PTP			PTP			PTP			PTP			PTP					
		10/25			CST	900,000																
		End m/myy	\$900,000		OTH (CEI)	25,000																
		9/26	\$24,999.99		OTH (DESIGN)	25,000																
Total					0	25,000	0	925,000	0	0	0	0	0	0	0	0	0	0	0	950,000		
Whispering Pines Parks Swale Improvement Project	Richland Drive, SW 88th Court, SW 188 Street	Start m/myy	\$379,000	CST	PTP			PTP			PTP			PTP			PTP					
		10/22			CST	329,000																
		End m/myy	\$329,000		OTH (CEI)	45,000																
		10/23	\$5,000		OTH (DESIGN)	5,000																
Total					0	379,000	0	0	0	0	0	0	0	0	0	0	0	0	0	379,000		

Franjo Road JPA Project (Town's Portion of PTP)	SW 184 Street to Old Cutler Road	Start m/myy	14,227,994	PE	PTP		PTP		PTP		PTP		PTP		0	
		9/00			CST	0	CST	1,543,997	CST	1,543,997						3,087,994
		End m/myy	10,087,994		OTH (CE)	0	OTH (CE)	575,000	OTH (CE)	575,000						1,150,000
		9/24	31,150,000		OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0						0
		Total	0	Total	2,118,997	Total	2,118,997	Total	2,118,997	Total	0	Total	0	Total	4,237,994	
Ingraham Avenue Road	Ingraham Avenue Road From SW 212 Street to SW 213 Street	Start m/myy	1292,227	CST	PTP		PTP		PTP		PTP		PTP		0	
		TBD	1292,227.13		CST	0	CST	252,227	CST	252,227					252,227	
		End m/myy	140,000		OTH (CE)	0	OTH (CE)	40,000	OTH (CE)	40,000					40,000	
		TBD	OTH (Design) Completed		OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0					0	
		Total	0	Total	0	Total	292,227	Total	292,227	Total	0	Total	0	Total	292,227	
Traffic Calming Speed Tables Phase 1	Town-Wide (As per Master Plan)	Start m/myy	154,900	PC	PTP		PTP		PTP		PTP		PTP		0	
		11/21	122,500		CST	22,500	CST	0	CST	0					22,500	
		End m/myy	116,200		OTH (CE)	16,200	OTH (CE)	0	OTH (CE)	0					16,200	
		TBD	OTH (Design)		16,200	OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0				16,200	
		Total	54,900	Total	0	Total	0	Total	0	Total	0	Total	0	Total	54,900	
SW 200th Street and SW 103rd Avenue Traffic Circle	SW 200th Street and SW 103rd Avenue	Start m/myy	269,000	PE	PTP		PTP		PTP		PTP		PTP		0	
		TBD	200,000		CST	0	CST	200,000	CST	200,000					200,000	
		End m/myy	35,000		OTH (CE)	0	OTH (CE)	35,000	OTH (CE)	35,000					35,000	
		TBD	OTH (Design)		34,000	OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0				34,000	
		Total	0	Total	269,000	Total	0	Total	0	Total	0	Total	0	Total	269,000	
SW 82 Avenue Roadway Improvements and Traffic Circle (LAP Project)	LAP 800k SW 82 Avenue From SW 184 Street to Old Cutler Road	Start m/myy	406,753.50	PE	PTP		PTP		PTP		PTP		PTP		0	
		11/21	200,000		CST	0	CST	200,000	CST	200,000					200,000	
		End m/myy	110,000		OTH (CE)	0	OTH (CE)	110,000	OTH (CE)	110,000					110,000	
		TBD	OTH (Design)		96,753	OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0				96,753	
		Total	96,753	Total	310,000	Total	0	Total	0	Total	0	Total	0	Total	406,753	
Caribbean Boulevard Complete Streets GAP 3 (LAP Project)	LAP 1000k Caribbean Boulevard From SW 184 Street to SW 87th Avenue	Start m/myy	1,005,650	PE	PTP		PTP		PTP		PTP		PTP		0	
		11/21	850,000		CST	0	CST	850,000	CST	850,000					850,000	
		End m/myy	157,950		OTH (CE)	0	OTH (CE)	157,700	OTH (CE)	157,700					157,700	
		TBD	OTH (Design)		157,950	OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0				157,950	
		Total	157,950	Total	0	Total	847,700	Total	847,700	Total	0	Total	0	Total	1,005,650	
Saga Bay 1.7 Sub-Basin Water Quality Improvement Project	Grant 600k Saga Bay Sub-Basin 1.7	Start m/myy	310,397	CST	PTP		PTP		PTP		PTP		PTP		0	
		01/22	238,397		CST	0	CST	238,397	CST	238,397					238,397	
		End m/myy	71,995		OTH (CE)	0	OTH (CE)	71,995	OTH (CE)	71,995					71,995	
		08/22	OTH (Design)		0	OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0				0	
		Total	310,392	Total	0	Total	0	Total	0	Total	0	Total	0	Total	310,392	
Saga Bay 1.5 Sub-Basin Water Quality Improvement Project	Grant 250k Saga Bay Sub-Basin 1.5	Start m/myy	898,000	CST	PTP		PTP		PTP		PTP		PTP		0	
		01/22	798,000		CST	0	CST	798,000	CST	798,000					798,000	
		End m/myy	100,000		OTH (CE)	0	OTH (CE)	100,000	OTH (CE)	100,000					100,000	
		08/22	OTH (Design)		0	OTH (DESIGN)	0	OTH (DESIGN)	0	OTH (DESIGN)	0				0	
		Total	0	Total	898,000	Total	0	Total	0	Total	0	Total	0	Total	898,000	

(1) FOR CAPITAL PROJECTS ONLY

(2) PHASE CODES:

PE: Feasibility Study
P: Planning
OD: Right of Way Acquisition
D: Design
C: Construction
OB: Design/Build

FY 2021-2022		FY 2022-2023		FY 2023-2024		FY 2024-2025		FY 2025-2026	
TOTAL Projected Expenditure	1 2,117,912	TOTAL Projected Expenditure	1 2,118,997	TOTAL Projected Expenditure	1 4,208,824	TOTAL Projected Expenditure	1 950,000	TOTAL Projected Expenditure	1 925,000

PTP Projected Start	1	PTP Projected Start	1	PTP Projected Start	1	PTP Projected Start	1	PTP Projected Start	1
Less PTP Projected Expenditures	1	Less PTP Projected Expenditures	1	Less PTP Projected Expenditures	1	Less PTP Projected Expenditures	1	Less PTP Projected Expenditures	1
= PTP Projected Unexpended	1	= PTP Projected Unexpended	1	= PTP Projected Unexpended	1	= PTP Projected Unexpended	1	= PTP Projected Unexpended	1

PTP/TRANSIT
FIVE-YEAR MUNICIPAL TRANSIT IMPROVEMENT PROGRAM
& QUARTERLY REPORTING

Instructions: Please complete unshaded portions of this spreadsheet
 Unshaded rows at end of spreadsheet as needed

MUNICIPALITY:	Town of Cutler Bay
CONTACT NAME:	Rafael G. Casals
TITLE / POSITION:	Town Manager
TELEPHONE:	(305) 234-4262
E-MAIL:	rcasals@cutlerbay-fl.gov
REPORT DATE:	October 27, 2021

	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
Current PTP Allocation					
Prior Yr Unexpended		\$ (274,000)	\$ (1,404,000)	\$ (2,234,000)	\$ (2,614,000)
Total Start	\$	\$ (274,000)	\$ (1,404,000)	\$ (2,234,000)	\$ (2,614,000)

MOE

Project Name and Description	Project Location	Estimated Start/End Date	Total Project Cost (T)	Phase (P)	Funding Source			Phase (P)	Funding Source			Phase (P)	Funding Source			Phase (P)	Funding Source			Total					
					Source	Amount	Source		Amount	Source	Amount		Source	Amount	Source		Amount								
Cutler Bay Municipal Circulator Service (Operated by MDTA) Current contract expires in 2021	Town-Wide Monday through Saturday	Start 10/1/2014	\$324,000 Six (6) Days Per Week	ON	PTP	324,000			PTP	400,000			PTP	400,000			PTP	400,000		1,924,000					
		End																							
		on-going																							
		Total			324,000		400,000			400,000			400,000		400,000			400,000			400,000		1,924,000		
Cutler Bay Municipal Circulator Service (Operated by MDTA) (New Contract)	Additional Four (4) Hours (Monday - Friday 2 Hours in the AM and 2 hours in the PM)	Start 10/1/2022	\$180,000 For Additional Hours of Service	OTH	PTP		180,000		PTP		180,000		PTP		180,000		PTP		180,000	720,000					
		End																							
		on-going																							
		Total				180,000			180,000		180,000			180,000			180,000		180,000			180,000		720,000	
South Dade Transit Way Implementation Plan	South Dade Transit Way in Town Limits	Start 7/16	\$90,000 Town Parking	SP	PTP				PTP				PTP				PTP			0					
		End 1/23																							
		on-going																							
		Total				0			0		0			0			0		0			0		0	
Bus Shelter/Bench Replacement Project Phase 2 Eight (8) new shelters w/ Town design	Existing Stops SW 87th Avenue Corridor	Start	\$401,000 OO: \$326,000 OTH (OE): \$24,000.00 OTH (DESIGN): \$40,000	FG	PTP		336,000		PTP				PTP				PTP			336,000					
		End				25,000																			
		on-going				40,000																			
		Total			401,000		0			0			0		0			0			0		0		401,000
Smart Demonstration Project - Freebie On-Demand Service (FDOT Grant)	Town-Wide 192.5k Town Match 192.5k	Start	\$250,000 Five (5) Days Per Week	FG	PTP	250,000			PTP	250,000			PTP	250,000			PTP	250,000		750,000					
		End																							
		on-going																							
		Total			250,000		250,000			250,000			250,000		250,000			250,000			250,000		250,000		750,000
		Start																							
		End																							
		on-going																							
		Total																							

(1) FOR CAPITAL PROJECTS ONLY
 (2) PHASE CODES:

FS: Feasibility Study
P: Planning
OO: Order of Way Acquisition
D: Design
C: Construction
OE: Design/Build

	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
TOTAL Projected Expenditure	\$ 401,000	\$ 59,000	\$ 600,000	\$ 582,000	\$ 540,000
PTP Projected Start	\$	\$ 400,000	\$ 1,400,000	\$ 2,200,000	\$ 2,614,000
Less PTP Projected Expenditures	\$ 374,000	\$ 59,000	\$ 600,000	\$ 582,000	\$ 540,000
= PTP Projected Unexpended	\$ 27,000	\$ 1,404,000	\$ 1,234,000	\$ 1,218,000	\$ 1,344,000