

# Memorandum



**Date:** April 6, 2021

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

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

**Subject:** Final Audit Report – Charter County Transportation System Surtax Review –  
Town of Bay Harbor Islands

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## **PURPOSE AND SCOPE**

We performed a review of the Town of Bay Harbor Islands' (Town) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the three years ended September 30, 2020. 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 May 23, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated February 28, 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 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 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 \$213,648 (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 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 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 expended are in excess of annual Surtax allocations.

**SUMMARY RESULTS**

For the three years ended September 30, 2020, the Town appropriately spent \$713,009 of Surtax Proceeds on eligible expenditures and maintained carryover credits from prior periods (Table I). Other observations are presented below.

**Table I  
 Surtax Statistics**

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
Maintenance of Effort	\$ 213,648	\$ 213,648	\$ 213,648	\$ 640,944
Surtax Proceeds per General Ledger <sup>1</sup>	\$ 231,577	\$ 264,432	\$ 217,000	\$ 713,009
Claimed Expenditures (Table III):				
Transit	\$ 95,749	\$ 88,724	\$ 92,585	\$ 277,058
Transportation	497,838	498,223	503,313	1,499,374
	\$ 593,587	\$ 586,947	\$ 595,898	\$ 1,776,432
Carryforward Credits as of September 30 (Schedule I):				
Transit	\$ (615,769)	\$ (651,607)	\$ (700,792)	
Transportation	(2,046,832)	(2,119,861)	(2,235,926)	
	\$ (2,662,601)	\$ (2,771,468)	\$ (2,936,718)	

<sup>1</sup> Amounts do not agree with Schedule II due to timing differences.

**Use of Surtax Proceeds**

The Town provides a circulator service operated by an external party with annual ridership in excess of 10,000 (Table II). Ridership data was not available for FY 2018.

**Table II  
 Quarterly Shuttle Ridership**

Period	Fiscal Year Ended September 30,	
	2019	2020
Quarter 1	4,891	4,560
Quarter 2	4,750	2,926
Quarter 3	4,000	865
Quarter 4	3,800	2,419
	17,441	10,770

Source: Quarterly Ridership Reports

The Town claimed Transit-related expenditures totaling \$277,058 related to the circulator service (Table III). Its Transportation-related expenditures consisted of debt service related to Series 2012 and 2016 Promissory Refunding Notes totaling \$1.5 million. The Notes refunded Series 2003B Revenue Bonds that were used to finance road improvements, drainage, and other Transportation-related enhancements throughout the business district and causeway corridor.

**Table III  
 Summary of Claimed Expenditures**

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
<b>Transit Expenditures:</b>				
Contracted Transit Service	\$ 89,326	\$ 82,424	\$ 74,183	\$ 245,933
Diesel Fuel	6,423	6,300	5,414	18,137
Consulting Study re: Circulator Service	-	-	12,988	12,988
Total Transit Costs	<u>\$ 95,749</u>	<u>\$ 88,724</u>	<u>\$ 92,585</u>	<u>\$ 277,058</u>
<b>Transportation Expenditures - Debt Service:</b>				
Promissory Refunding Note - Series 2012	\$ 382,188	\$ 382,698	\$ 383,063	\$ 1,147,949
Promissory Refunding Note - Series 2016	115,650	115,525	120,250	351,425
Total Transportation Costs	<u>\$ 497,838</u>	<u>\$ 498,223</u>	<u>\$ 503,313</u>	<u>\$ 1,499,374</u>

Source: Town General Ledgers, Vendor Invoices, and other supporting documents

After deducting the Maintenance of Effort, the Town had Transit and Transportation-related credits totaling \$700,792 and \$2.2 million, respectively, as of September 30, 2020 (Schedule I). As mentioned previously, *CITT Resolution No. 15-027* allows for the rollover of excess expenditures to offset subsequent years' Surtax allocations.

**Certification and Other Reporting Requirements**

The Town submitted required compliance reports to OCITT; however, most were late. Additionally, there was no Town Response to our February 28, 2019 Audit Report. *Prospectively, reports should be timely submitted to OCITT.*

A written response is not required and thus, the audit has been closed. Please contact G. 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: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
- Maria Lasday, Town Manager, Town of Bay Harbor Islands

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

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
<b>Surtax Proceeds per General Ledger</b> <sup>1</sup>	\$ 231,577	\$ 264,432	\$ 217,000	\$ 713,009
<b>Surtax Uses:</b>				
<b>Eligible Transit Expenditures</b> (Table III)	\$ 95,749	\$ 88,724	\$ 92,585	\$ 277,058
<b>Eligible Transportation Expenditures</b> (Table III)	\$ 497,838	\$ 498,223	\$ 503,313	\$ 1,499,374
Less Maintenance of Effort (Table I)	(213,648)	(213,648)	(213,648)	(640,944)
Expenditures Available For Surtax Use	\$ 284,190	\$ 284,575	\$ 289,665	\$ 858,430
<b>AMS Analysis:</b>				
<b>Transit-Related Expenditures:</b>				
Expenditures Available for Surtax Use	\$ 95,749	\$ 88,724	\$ 92,585	\$ 277,058
Less 20% Minimum <sup>2</sup>	(46,315)	(52,886)	(43,400)	(142,601)
Excess Expenditures	49,434	35,838	49,185	134,457
<b>Analysis of Rollover:</b>				
Beginning Balance <sup>3</sup>	(566,335)	(615,769)	(651,607)	(566,335)
Excess Expenditures	(49,434)	(35,838)	(49,185)	(134,457)
Remaining Carryforward Credit	\$ (615,769)	\$ (651,607)	\$ (700,792)	\$ (700,792)
<b>Transportation-Related Expenditures:</b>				
Expenditures Available for Surtax Use	\$ 284,190	\$ 284,575	\$ 289,665	\$ 858,430
Less Remaining 80% <sup>2</sup>	(185,262)	(211,546)	(173,600)	(570,408)
Excess Expenditures	98,928	73,029	116,065	288,022
<b>Analysis of Rollover:</b>				
Beginning Balance <sup>3</sup>	(1,947,904)	(2,046,832)	(2,119,861)	(1,947,904)
Excess Expenditures	(98,928)	(73,029)	(116,065)	(288,022)
Remaining Carryforward Credit	\$ (2,046,832)	\$ (2,119,861)	\$ (2,235,926)	\$ (2,235,926)

<sup>1</sup> Amounts do not agree with Schedule II due to timing differences.

<sup>2</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>3</sup> Per the February 28, 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	
City of Miami <sup>1</sup>	163,251,890	16,889,133	16,523,990	18,187,632	19,212,362	17,998,849	252,063,856
City of Hialeah	94,519,774	9,243,159	9,346,775	9,873,020	10,107,558	8,933,032	142,023,318
City of Miami Beach	37,554,491	3,670,335	3,678,499	3,925,123	3,963,754	3,458,999	56,251,201
City of Miami Gardens <sup>2</sup>	22,375,665	4,336,722	4,409,954	4,737,286	4,846,211	4,248,977	44,954,815
City of North Miami	24,592,952	2,454,241	2,473,804	2,665,998	2,700,412	2,348,890	37,236,297
City of Homestead	20,867,813	2,669,792	2,788,854	2,969,698	3,152,022	2,762,015	35,210,194
City of Coral Gables	18,755,177	1,955,854	1,981,236	2,091,593	2,132,315	1,893,283	28,809,458
City of North Miami Beach	17,154,830	1,733,203	1,746,039	1,882,765	1,945,188	1,705,603	26,167,628
City of Doral <sup>2</sup>	9,003,402	2,120,606	2,232,433	2,508,437	2,747,033	2,551,901	21,163,812
City of Aventura	12,992,928	1,494,036	1,502,980	1,590,870	1,613,705	1,413,111	20,607,630
Town of Cutler Bay <sup>2</sup>	8,525,502	1,721,858	1,769,140	1,899,220	1,935,984	1,696,665	17,548,369
Town of Miami Lakes <sup>1</sup>	11,086,213	1,209,319	1,211,635	1,288,227	1,309,407	1,163,617	17,268,418
Village of Palmetto Bay	10,074,295	952,951	956,304	1,013,542	1,033,365	902,837	14,933,294
City of Hialeah Gardens	8,635,855	904,713	922,372	986,599	1,007,122	882,753	13,339,414
City of Sunny Isles Beach	7,759,606	869,990	866,019	933,221	951,809	841,547	12,222,192
Village of Pincrest	7,840,962	737,876	738,316	777,521	790,584	691,410	11,576,669
City of Miami Springs	5,682,283	562,418	565,087	601,223	608,639	530,692	8,550,342
City of Opa-locka <sup>1</sup>	6,329,004	90,323	195,000	210,000	165,000	1,112,782	8,102,109
City of Sweetwater <sup>1</sup>	5,070,356	273,778	133,332	466,662	166,116	1,850,267	7,960,511
City of South Miami	4,767,184	546,219	547,720	546,151	541,343	473,555	7,422,172
Village of Key Biscayne	4,809,375	502,197	508,734	540,692	550,288	481,895	7,393,181
City of Florida City	4,132,139	498,385	504,443	542,769	557,265	488,960	6,723,961
Miami Shores Village	4,308,419	419,557	420,697	443,831	447,113	391,399	6,431,016
North Bay Village	2,808,576	314,789	328,007	378,523	384,140	335,832	4,549,867
City of West Miami	2,445,250	241,053	241,373	279,166	307,465	291,897	3,806,204
Town of Surfside	2,314,098	229,428	228,739	234,500	248,902	221,896	3,477,563
<b>Town of Bay Harbor Islands</b>	<b>2,209,631</b>	<b>231,953</b>	<b>222,682</b>	<b>234,375</b>	<b>249,414</b>	<b>220,923</b>	<b>3,368,978</b>
Village of Biscayne Park <sup>4</sup>	1,342,176	125,900	126,220	135,905	135,965	10,084	1,876,250
Bal Harbour Village	1,262,745	114,472	111,421	114,881	125,178	109,190	1,837,887
Village of Virginia Gardens	973,380	96,229	96,903	102,910	103,132	90,977	1,463,531
Village of El Portal <sup>3</sup>	1,012,447	6,467	174,873	90,094	89,175	77,404	1,450,460
Town of Medley	429,285	34,442	33,529	35,277	35,617	31,486	599,636
Town of Golden Beach <sup>1</sup>	365,820	36,766	37,221	39,423	39,386	34,961	553,577
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>\$ 60,247,689</u>	<u>\$ 826,947,414</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, \$766,362 from the City of Sweetwater, \$21,058 from the Town of Golden Beach, \$1.9 million from the City of Opa-locka, and \$3.3 million from the City of Miami, due to specific instances of noncompliance.

<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.

<sup>4</sup> Amount in FY 2020 is net of \$110,249 withheld due to instances of noncompliance.

**Charter County Transportation System Surtax Review – Town of Bay Harbor Islands (Town)  
Status of Prior Audit Findings <sup>1</sup>**

Finding	Recommendation	Auditee Response	Current Status
<b>Uses of Surtax Proceeds</b>			
The Town used Surtax Proceeds for ineligible transit-related projects and debt issuance costs.	The Town should ensure only eligible and supported amounts are used against Surtax Proceeds.		<u>Resolved</u>
<b>Certification and Other Reporting Requirements</b>			
All required reports were submitted, however, most were late. Also, Surtax Revenues were understated in FY 2017 by \$31,269.	Prospectively, the Town should submit reports timely and accurately to OCITT. In addition, annual Surtax Revenue amounts should be recorded in accordance with generally accepted government accounting principles.		<u>Partially Resolved</u> Revenue has been properly recorded; however, required OCITT reports were still submitted after the deadlines. <i>See Page 3 of the Audit Report.</i>

<sup>1</sup> For the full text, see the Audit Report dated February 28, 2019. There was no auditee response.