



AUDIT AND MANAGEMENT SERVICES DEPARTMENT
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January 28, 2020

Mr. Christopher G. Chiocca
Finance Director
City of Hialeah
501 Palm Avenue, 4th Floor
Hialeah, FL 33010

**Re: Final Audit Report - Charter County Transportation System Surtax Review –
City of Hialeah**

Dear Mr. Chiocca:

Enclosed is the above-referenced Audit Report together with the City's Response. The Office of the Citizens' Independent Transportation Trust (OCITT) will be contacting you to resolve the audit findings.

We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact Gerardo (Jerry) Suarez, Audit Manager, 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: Honorable Carlos Hernandez, Mayor, City of Hialeah
Javier A. Betancourt, Executive Director, OCITT

Memorandum



Date: January 28, 2020

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 – City of Hialeah

PURPOSE AND SCOPE

We performed a review of the City of Hialeah's (Hialeah) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the five years ended September 30, 2018. 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 July 10, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Audit Report dated June 12, 2014 (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 V). 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*, Hialeah 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 \$127,049 (Table I). 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, Hialeah 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. See Schedules I, I-A and I-B for summary financial information.

SUMMARY RESULTS

For the five years ended September 30, 2018, Hialeah received \$44.3 million in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$45.7 million (Table I). After adjusting claimed expenditures for ineligible charges and the Maintenance of Effort (MOE), Hialeah had unspent Transit Surtax Proceeds of \$1.6 million and excess Transportation expenditures of \$15.2 million (Schedule III). The unspent proceeds may be rolled-over and excess expenditures applied against future Surtax Proceeds, as allowed by *CITT Resolution Nos. 09-055 and 15-027*, respectively.

Table I
Surtax Statistics

Description	Fiscal Year Ended September, 30					All Years
	2014	2015	2016	2017	2018	
Maintenance of Effort (MOE)	\$ 127,049	\$ 127,049	\$ 127,049	\$ 127,049	\$ 127,049	\$ 635,245
Revenues:						
Surtax Proceeds (Schedule III)	\$ 8,457,199	\$ 8,983,772	\$ 9,243,159	\$ 7,844,471	\$ 9,749,738	\$ 44,278,339
Claimed Expenditures:						
Transit (Table II)	\$ 1,844,887	\$ 1,822,119	\$ 1,897,743	\$ 1,945,981	\$ 2,284,033	\$ 9,794,763
Transportation (Schedule II)	6,546,744	6,455,264	6,584,055	8,456,920	7,827,697	35,870,680
	\$ 8,391,631	\$ 8,277,383	\$ 8,481,798	\$ 10,402,901	\$ 10,111,730	\$ 45,665,443
Unspent Proceeds and Carry Forward Credits (Schedule III):						
Transit	\$ 387,279	\$ 789,258	\$ 1,118,583	\$ 1,207,123	\$ 1,608,895	
Transportation	\$ (15,275,226)	\$ (14,377,890)	\$ (13,309,104)	\$ (15,334,077)	\$ (15,206,743)	
Key Account Balances as of September 30:						
CITT Surtax Circulator Special Revenue Fund (Schedule I):						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	
Receivables ¹	\$ 447,112	\$ 464,733	\$ 636,110	\$ 664,296	\$ 723,937	
Fund Balance	\$ 740,583	\$ 1,142,562	\$ 1,801,669	\$ 1,866,230	\$ 1,922,673	
CITT Surtax Transportation Debt Service Fund (Schedule I-A):						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	
Receivables ¹	\$ 1,626,975	\$ 1,752,508	\$ 2,452,737	\$ 2,508,124	\$ 2,640,881	
Fund Balance	\$ 904,998	\$ 1,636,752	\$ 2,457,842	\$ 300,478	\$ 777,500	
CITT Surtax Special Revenue Fund (Schedule I-B):						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	
Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	

¹ FY 2018 Receivables include Surtax Proceeds due from OCITT for the Circulator and Debt Service Funds in the amounts of \$660,220 and \$2,640,881, respectively.

These and other findings along with the City's Responses (Attachment I) are presented in the remainder of this Report. The corrective actions planned by the City are satisfactory, and thus the audit has been closed. Thank you for the courtesies extended to our staff during the audit process. Please contact Gerardo (Jerry) Suarez, Audit Manager, at 786-469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Uses of Transit Surtax Proceeds

As mentioned previously, at least 20% of the Surtax Proceeds, or \$8.9 million (Schedule III) must be used for Transit-related projects. Hialeah claimed \$9.8 million to operate its *Flamingo and Marlin Routes* that connect to various County bus routes (Table II). Also, Hialeah provides limited service along the Marlin Route to the City of Hialeah Gardens' residents for a fee.

Hialeah contracts with MV Contract Transportation, Inc. to provide drivers, at costs ranging from \$750,000 to \$792,000 annually. Personnel charges include salary and benefit allocations for Hialeah's mechanics and equipment serviceman. We reviewed these and other claimed costs noting they were reasonable, except for \$340,400 used to acquire a bus that was disallowed because the debt service costs associated with the purchase were similarly claimed.

Table II
Circulator Fund Claimed Transit-Related Expenditures, As Adjusted

Description	Fiscal Year (FY) Ended September 30,					Total
	2014	2015	2016	2017	2018	
Circulator Operations:						
Contractual Services for Circulator Operations	\$ 791,707	\$ 750,261	\$ 780,691	\$ 754,866	\$ 775,532	\$ 3,853,057
Personnel Charges	370,568	403,178	487,519	424,489	452,659	2,138,413
Repair and Maintenance	250,719	326,534	326,090	319,708	399,547	1,622,598
Fuel	339,017	230,325	147,799	140,509	90,009	947,659
Administrative Cost (limited to 5% of Surtax Proceeds)	66,612	80,797	92,432	78,445	97,497	415,783
Advertising and Other Services	6,735	20,177	39,278	52,519	38,066	156,775
Office Trailer Rents	3,300	3,311	3,300	5,635	3,300	18,846
Printing and Promotional Activities	12,196	1,856	155	2,979	1,441	18,627
Other	4,033	2,673	8,528	5,809	6,609	27,652
	<u>1,844,887</u>	<u>1,819,112</u>	<u>1,885,792</u>	<u>1,784,959</u>	<u>1,864,660</u>	<u>9,199,410</u>
Capital Outlay:						
Bus Purchases	-	-	-	-	340,400	340,400
Equipment Purchases	-	3,007	11,951	88,948	6,900	110,806
	-	3,007	11,951	88,948	347,300	451,206
Debt Service for \$340,400 bus (Schedule I)	-	-	-	72,074	72,073	144,147
Total Claimed Expenditures	<u>1,844,887</u>	<u>1,822,119</u>	<u>1,897,743</u>	<u>1,945,981</u>	<u>2,284,033</u>	<u>9,794,763</u>
Less Bus Purchase for which Debt Service is Claimed	-	-	-	-	(340,400)	(340,400)
Total Claimed Expenditures, As Adjusted	<u>\$ 1,844,887</u>	<u>\$ 1,822,119</u>	<u>\$ 1,897,743</u>	<u>\$ 1,945,981</u>	<u>\$ 1,943,633</u>	<u>\$ 9,454,363</u>

Source: Hialeah General Ledgers, Vendor Invoices, and other supporting documentation

Patrons are charged fares in accordance with public transit fares established by the County and may access Hialeah's transit service, Monday to Friday from 6:00 AM to 7:30 PM, and Saturdays and Holidays from 9:00 AM to 3:30 PM. During the audit period, average annual passenger ridership and bus trips were 331,488 and 16,582, respectively (Table III).

Table III
Monthly Hialeah Circulator Ridership and Bus Trips

Month	2014	2015	2016	2017	2018
January	40,591	34,748	25,202	23,169	16,596
February	40,951	34,889	28,438	21,809	17,476
March	42,616	40,614	32,014	26,367	21,893
April	44,731	36,655	29,227	18,916	23,214
May	42,960	29,643	28,121	23,630	21,837
June	40,883	32,132	27,280	19,795	18,454
July	40,091	31,960	23,368	16,801	17,402
August	38,059	31,614	26,964	22,042	15,573
September	39,230	29,452	25,855	16,514	15,437
October	40,094	31,655	23,007	21,310	20,153
November	33,276	25,444	24,926	20,205	17,202
December	38,913	28,463	24,926	18,139	14,514
	<u>482,395</u>	<u>387,269</u>	<u>319,328</u>	<u>248,697</u>	<u>219,751</u>
Bus Trips ¹	<u>20,946</u>	<u>17,182</u>	<u>16,727</u>	<u>14,262</u>	<u>13,791</u>
Average Annual Ridership					<u>331,488</u>
Average Annual Bus Trips					<u>16,582</u>

Source: Hialeah Transit Staff and Ridership Reports

¹ Hialeah was unable to maintain its trips schedule as a result of bus breakdowns.

After adjusting claimed expenditures for disallowed charges, fare collections and cost reimbursements, Hialeah had unspent Transit-related Surtax Proceeds of \$1.6 million that may be rolled-over in accordance with *CITT Resolution No. 09-055* (Schedule III). Also, it should be noted that claimed expenditures were retroactively reduced for fare collections that inadvertently were not applied in prior years, as shown in Schedule III-A.

Recommendation

Pursuant to *CITT Resolution No. 09-055*, Hialeah should submit an updated Five-Year Transportation Plan within 90 days, specifying how the unspent Surtax Proceeds of \$1.6 million will be used. Further, additional effort is needed to ensure that only eligible amounts are charged against Surtax Proceeds.

City's Response

The City concurs with the recommendation regarding the bus purchase. The purchase was initiated in Fiscal Year 2016 and the bus was paid for in Fiscal Year 2018. This was a presentation issue in the City's Comprehensive Annual Financial Report, where the capital outlay was shown in the same year as debt service expenditures.

In addition, the City will submit an updated Five-Year transportation plan within 90 days, specifying how unspent Surtax proceeds will be used.

Uses of Transportation Surtax Proceeds

For the remaining 80%, or \$35.4 million in Surtax Proceeds (Schedule III), Hialeah claimed \$35.9 million that was used primarily to pay debt service costs of \$28.4 million (Schedules II and IV). In previous years the Bond Proceeds were used to fund major roadway improvements and infrastructure projects. In December 2015, Special Obligation Revenue Bonds, Series 2015B were issued to pay off the Florida Municipal Loan Council (FMLC) Revenue Bonds, Series 2005A (Schedule IV). Further, we noted FY 2018 Rental Revenues for the Courthouse were incorrectly recorded in the *CITT Surtax Transportation Debt Service Fund* (Schedule I-A), as well as identified ineligible charges such as Non-Surtax Related Debt Service and bond servicing costs (Schedule II).

After adjusting claimed expenditures for ineligible charges and the MOE, Hialeah had excess Transportation-related expenditures of \$15.2 million, that may be applied against future Surtax Proceeds (Schedule III). Further, as shown in Schedule III-A, all prior years' unspent and carry-forward credits were restated to reflect the effect of *CITT Resolution No. 15-027*, which allows for carry-over credits when Surtax-related expenditures exceed annual allocations.

Recommendation

Prospectively, Hialeah should ensure only eligible and supported amounts are charged against Surtax Proceeds.

City's Response

The City concurs with the recommendation and will record the rental revenues in a non CITT fund. In addition, the City will charge only eligible amounts against Surtax proceeds.

Payroll Expenditures

Hialeah uses its personnel to oversee the third-party bus contractor, as well as to repair and maintain the bus fleet. Except for the Transit Manager and full-time Receptionist, other employee salary costs are allocated, as these persons also perform duties that are unrelated to the Transit operation (Table IV). While the salary information and allocations appear reasonable, Hialeah did not furnish time records or other substantiating documents to support the charges. In fact, the October 2014 planned improvements to the Fleet Department internal time tracking system have not been implemented, as represented in the response to a prior audit finding.

Table IV
Circulator-Related Salary Allocations
(In Full-Time Equivalent Positions)

Description	Fiscal Year Ended September 30,				
	2014	2015	2016	2017	2018
Transit Manager	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00
Mechanics II (3)	2.00	2.00	2.00	2.00	2.00
Equipment Serviceman	0.50	0.50	0.50	0.50	0.50
Tire Repairman	0.50	0.25	0.25	0.25	0.25
Administrative Aide	0.30	0.15	0.15	0.15	0.15
Automotive Supervisor I	0.25	0.25	0.25	0.25	0.25
Utilityman ¹	0.25	0.25	-	-	-
	<u>5.80</u>	<u>5.40</u>	<u>5.15</u>	<u>5.15</u>	<u>5.15</u>

Source: Hialeah Budgets

¹ Budgeted position was vacant in FY's 2016 to 2018.

Recommendation

Prospectively, Hialeah must maintain, and furnish upon request, information supporting claimed payroll charges to avoid the risk of cost disallowance.

City's Response

The City concurs with the audit in that there has to be substantiating documents to support the charges to the Transit Fund. The City, in particular the Fleet Department, will review the details of time records in their internal tracking system in order to substantiate the charges to the Transit Fund.

Reporting Requirements

In FYs 2017 and 2018, Hialeah submitted required compliance reports after the stipulated annual due date (Table V). Moreover, uses of Surtax Proceeds reported to OCITT in the Quarterly Reports varied significantly from expenditures claimed during the audit period.

Table V
Reports and Certifications

Description	Due Date	Date Submitted	
		FY 2017	FY 2018
Budget	November 1	November 17, 2016	December 1, 2017
Five-Year Plan	November 1	November 17, 2016	December 1, 2017
Certification Letter	November 1	November 17, 2016	December 1, 2017
Municipal Questionnaire	November 1	November 17, 2016	December 1, 2017

Source: Hialeah Records

Recommendation

Hialeah should endeavor to submit timely compliance reports. Also, the Finance Department should review Quarterly Reports for accuracy prior to filing with OCITT.

City's Response

The City will ensure that all required compliance reports are submitted accurately and in a timely manner.

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
Christopher G. Chiocca, Finance Director, City of Hialeah

**Charter County Transportation System Surtax Review - City of Hialeah
CITT Surtax Circulator Special Revenue Fund**

Balance Sheets					
Description	As of September 30,				
	2014	2015	2016	2017	2018
Assets:					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net	447,112	464,733	636,110	664,296	723,937
Due from Other Funds	365,969	783,511	952,783	1,230,540	1,590,682
Restricted Cash and Cash Equivalents	-	-	340,400	340,909	-
Total Assets	<u>\$ 813,081</u>	<u>\$ 1,248,244</u>	<u>\$ 1,929,293</u>	<u>\$ 2,235,745</u>	<u>\$ 2,314,619</u>
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 72,498	\$ 68,913	\$ 72,066	\$ 69,055	\$ 66,829
Due to Other Funds	-	36,769	55,558	-	-
Total Liabilities	<u>72,498</u>	<u>105,682</u>	<u>127,624</u>	<u>69,055</u>	<u>66,829</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	300,460	325,117
Fund Balance:					
Restricted	740,583	1,132,628	1,801,669	1,708,666	1,784,974
Committed	-	9,934	-	157,564	137,699
Total Fund Balance	<u>740,583</u>	<u>1,142,562</u>	<u>1,801,669</u>	<u>1,866,230</u>	<u>1,922,673</u>
Total Liabilities and Fund Balance	<u>\$ 813,081</u>	<u>\$ 1,248,244</u>	<u>\$ 1,929,293</u>	<u>\$ 2,235,745</u>	<u>\$ 2,314,619</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance					
Description	Fiscal Year Ended September 30,				
	2014	2015	2016	2017	2018
Revenues:					
Surtax Proceeds	\$ 1,691,440	\$ 1,796,754	\$ 1,848,632	\$ 1,568,895	\$ 1,949,947
Other Revenues:					
Hialeah Gardens Transit Fee	227,500	192,500	175,591	227,500	192,500
Advertising Fees	43,920	69,795	84,238	161,116	137,038
Circulator Fees	209,377	162,957	117,276	76,502	65,661
Miscellaneous Revenue	7,835	2,092	1,331	509	258
	<u>488,632</u>	<u>427,344</u>	<u>378,436</u>	<u>465,627</u>	<u>395,457</u>
Total Revenues	<u>2,180,072</u>	<u>2,224,098</u>	<u>2,227,068</u>	<u>2,034,522</u>	<u>2,345,404</u>
Expenditures:					
General Government	1,844,887	1,819,112	1,896,410	1,808,939	1,869,588
Capital Outlay	-	3,007	11,951	88,948	347,300
Principal	-	-	-	70,176	64,939
Interest	-	-	-	1,898	7,134
Total Expenditures	<u>1,844,887</u>	<u>1,822,119</u>	<u>1,908,361</u>	<u>1,969,961</u>	<u>2,288,961</u>
Other Financing Sources:					
Debt Proceeds	-	-	340,400	-	-
Net Change in Fund Balance	<u>335,185</u>	<u>401,979</u>	<u>659,107</u>	<u>64,561</u>	<u>56,443</u>
Fund Balance, Beginning	<u>405,398</u>	<u>740,583</u>	<u>1,142,562</u>	<u>1,801,669</u>	<u>1,866,230</u>
Fund Balance, Ending	<u>\$ 740,583</u>	<u>\$ 1,142,562</u>	<u>\$ 1,801,669</u>	<u>\$ 1,866,230</u>	<u>\$ 1,922,673</u>

Source: Hialeah 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 - City of Hialeah
CITT Surtax Transportation Debt Service Fund

Balance Sheets					
Description	As of September 30,				
	2014	2015	2016	2017	2018
Assets:					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net	1,626,975	1,752,508	2,452,737	2,508,124	2,640,881
Prepays	977,963	977,962	977,962	977,962	977,962
Total Assets	<u>\$ 2,604,938</u>	<u>\$ 2,730,470</u>	<u>\$ 3,430,699</u>	<u>\$ 3,486,086</u>	<u>\$ 3,618,843</u>
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 39,193	\$ 46,131	\$ -	\$ 19,374	\$ -
Due to Other Funds	1,660,747	1,047,587	972,857	1,964,392	1,540,875
Total Liabilities	<u>1,699,940</u>	<u>1,093,718</u>	<u>972,857</u>	<u>1,983,766</u>	<u>1,540,875</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	1,201,842	1,300,468
Fund Balance:					
Nonspendable	977,963	977,962	977,962	977,962	977,962
Restricted	-	-	1,479,880	-	-
Committed	30,368	-	-	-	-
Unassigned	(103,333)	658,790	-	(677,484)	(200,462)
Total Fund Balance	<u>904,998</u>	<u>1,636,752</u>	<u>2,457,842</u>	<u>300,478</u>	<u>777,500</u>
Total Liabilities and Fund Balance	<u>\$ 2,604,938</u>	<u>\$ 2,730,470</u>	<u>\$ 3,430,699</u>	<u>\$ 3,486,086</u>	<u>\$ 3,618,843</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance					
Description	Fiscal Year Ended September 30,				
	2014	2015	2016	2017	2018
Revenues:					
Surtax Proceeds	\$ 6,765,759	\$ 7,187,018	\$ 5,875,196	\$ 3,733,797	\$ 5,843,528
Rental Revenue Courthouse ¹	-	-	-	-	500,000
	<u>6,765,759</u>	<u>7,187,018</u>	<u>5,875,196</u>	<u>3,733,797</u>	<u>6,343,528</u>
Expenditures:					
General Government	619,147	526,883	98,948	56,980	56,932
Debt Service:					
Principal	3,334,071	3,411,776	2,947,951	3,621,268	3,727,740
Interest	2,593,526	2,516,605	2,007,207	2,212,913	2,081,834
Total Expenditures	<u>6,546,744</u>	<u>6,455,264</u>	<u>5,054,106</u>	<u>5,891,161</u>	<u>5,866,506</u>
Net Change in Fund Balance	219,015	731,754	821,090	(2,157,364)	477,022
Fund Balance, Beginning	<u>685,983</u>	<u>904,998</u>	<u>1,636,752</u>	<u>2,457,842</u>	<u>300,478</u>
Fund Balance, Ending	<u>\$ 904,998</u>	<u>\$ 1,636,752</u>	<u>\$ 2,457,842</u>	<u>\$ 300,478</u>	<u>\$ 777,500</u>

Source: Hialeah Audited Financial Statements and General Ledgers

¹ Represents County Payment for the Courthouse lease which is unrelated to the Surtax.

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

Charter County Transportation System Surtax Review - City of Hialeah
CITT Surtax - Special Revenue Fund ¹

Balance Sheets			
Description	As of September 30,		
	2016	2017	2018
Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Due from Other Funds	378,864	205,126	24,478
Total Assets	<u>\$ 378,864</u>	<u>\$ 205,126</u>	<u>\$ 24,478</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 378,864	\$ 202,974	\$ 24,478
Due to Other Funds	-	2,152	-
Total Liabilities	<u>378,864</u>	<u>205,126</u>	<u>24,478</u>
Fund Balance:			
Committed	-	527,748	19,122
Unassigned	-	(527,748)	(19,122)
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 378,864</u>	<u>\$ 205,126</u>	<u>\$ 24,478</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	Fiscal Year Ended September 30,		
	2016	2017	2018
Revenues:			
Surtax Proceeds	<u>\$ 1,519,331</u>	<u>\$ 2,541,779</u>	<u>\$ 1,956,263</u>
Expenditures:			
Streets	1,068,760	1,307,243	1,256,265
Capital Outlay	450,571	1,234,536	699,998
Total Expenditures	<u>1,519,331</u>	<u>2,541,779</u>	<u>1,956,263</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Hialeah Audited Financial Statements and General Ledgers

¹ CITT Surtax-Special Revenue Fund was established on October 1, 2015.

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

Charter County Transportation System Surtax Review - City of Hialeah
Summary of Claimed Transportation-Related Expenditures, As Adjusted

Description	Fiscal Year Ended September 30,					Total
	2014	2015	2016	2017	2018	
<i>CITT Surtax Transportation Debt Service Fund:</i>						
Debt Service for Revenue Bonds/Loans (Schedule IV):						
Revenue Bonds Series 2012A	\$ 2,475,050	\$ 2,478,410	\$ 2,477,450	\$ 2,478,730	\$ 2,478,090	\$ 12,387,730
Bank of America Promissory Note Series 2011	1,955,923	1,955,924	1,955,924	1,955,923	1,955,924	9,779,618
Revenue Bonds Series 2015B	-	-	499,733	1,378,240	1,375,560	3,253,533
Revenue Bonds Series 2005A	1,457,136	1,457,821	-	-	-	2,914,957
	<u>5,888,109</u>	<u>5,892,155</u>	<u>4,933,107</u>	<u>5,812,893</u>	<u>5,809,574</u>	<u>28,335,838</u>
Debt Service Cost for Revenue Bonds:						
Revenue Bonds Series 2012A Service Cost	23,228	20,353	22,051	21,288	19,332	106,252
Revenue Bonds Series 2005A Service Cost	16,260	15,873	-	-	-	32,133
	<u>39,488</u>	<u>36,226</u>	<u>22,051</u>	<u>21,288</u>	<u>19,332</u>	<u>138,385</u>
Utility - Electricity (Street Lights)	580,277	466,498	-	-	-	1,046,775
Administrative Cost (limited to 5% of Surtax Proceeds)	5,198	26,713	48,420	61,585	42,528	184,444
Repair and Maintenance	27,642	33,672	-	-	-	61,314
Curbing Project	-	-	61,146	-	-	61,146
Capital Outlay - Resurfacing	-	-	-	19,375	-	19,375
Professional Services	6,030	-	-	-	-	6,030
	<u>619,147</u>	<u>526,883</u>	<u>109,566</u>	<u>80,960</u>	<u>42,528</u>	<u>1,379,084</u>
Total <i>CITT Surtax Transportation Debt Service Fund</i> Expenditures, As Claimed	<u>6,546,744</u>	<u>6,455,264</u>	<u>5,064,724</u>	<u>5,915,141</u>	<u>5,871,434</u>	<u>29,853,307</u>
<i>CITT Surtax Special Revenue Fund:</i> ¹						
Utility - Electricity (Street Lights)	-	-	916,969	1,035,700	995,352	2,948,021
Construction in Progress - Drainage Project	-	-	-	177,868	-	177,868
Sidewalks Repair and Maintenance	-	-	151,791	78,675	197,732	428,198
Legal Fees - Right-of-Way Roadway and Transportation Impact Fees	-	-	-	15,000	63,181	78,181
	<u>-</u>	<u>-</u>	<u>1,068,760</u>	<u>1,307,243</u>	<u>1,256,265</u>	<u>3,632,268</u>
Capital Outlay:						
Roadway Striping	-	-	-	371,313	566,575	937,888
Roadway Resurfacing	-	-	-	836,245	-	836,245
Roadway Reconstruction	-	-	235,381	26,978	52,231	314,590
Vehicles (6 pick up vehicles)	-	-	215,190	-	-	215,190
Drainage Installation	-	-	-	-	81,192	81,192
	<u>-</u>	<u>-</u>	<u>450,571</u>	<u>1,234,536</u>	<u>699,998</u>	<u>2,385,105</u>
Total <i>CITT Surtax Special Revenue Fund</i> Expenditures, As Claimed	<u>-</u>	<u>-</u>	<u>1,519,331</u>	<u>2,541,779</u>	<u>1,956,263</u>	<u>6,017,373</u>
Total Transportation Expenditures, As Claimed	<u>6,546,744</u>	<u>6,455,264</u>	<u>6,584,055</u>	<u>8,456,920</u>	<u>7,827,697</u>	<u>35,870,680</u>
<i>AMS Adjustments - CITT Surtax Transportation Debt Service Fund:</i>						
Non Surtax-related Debt Service Series 2015B (Schedule IV)	-	-	(99,947)	-	-	(99,947)
Non Street Lights Costs	(5,291)	(2,307)	-	-	-	(7,598)
Professional Services - Non Street Lights Energy Savings Project	(6,030)	-	-	-	-	(6,030)
Revenue Bonds Series 2012A Ineligible Service Cost	(23,228)	(20,353)	(22,051)	(21,288)	(19,332)	(106,252)
Revenue Bonds Series 2005A Ineligible Service Cost	(16,260)	(15,873)	-	-	-	(32,133)
	<u>(50,809)</u>	<u>(38,533)</u>	<u>(121,998)</u>	<u>(21,288)</u>	<u>(19,332)</u>	<u>(251,960)</u>
<i>AMS Adjustments - CITT Surtax Special Revenue Fund:</i>						
Non Street Lights Costs	-	-	(9,267)	(8,033)	(8,860)	(26,160)
Total AMS Adjustments	<u>(50,809)</u>	<u>(38,533)</u>	<u>(131,265)</u>	<u>(29,321)</u>	<u>(28,192)</u>	<u>(278,120)</u>
Total Transportation Expenditures, As Adjusted	<u>\$ 6,495,935</u>	<u>\$ 6,416,731</u>	<u>\$ 6,452,790</u>	<u>\$ 8,427,599</u>	<u>\$ 7,799,505</u>	<u>\$ 35,592,560</u>

Source: Hialeah General Ledgers, Vendor Invoices, and other supporting documentation.

¹ *CITT Surtax Special Revenue Fund* was established on October 1, 2015

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

Description	Fiscal Year Ended September 30,					All Years
	2014	2015	2016	2017	2018	
Revenues:						
Surtax Proceeds ¹						
<i>CITT Surtax Transportation Debt Service Fund</i> (Schedule I-A)	\$ 6,765,759	\$ 7,187,018	\$ 5,875,196	\$ 3,733,797	\$ 5,843,528	\$ 29,405,298
<i>CITT Surtax Circulator Special Revenue Fund</i> (Schedule I)	1,691,440	1,796,754	1,848,632	1,568,895	1,949,947	8,855,668
<i>CITT Surtax Special Revenue Fund</i> (Schedule I-B)	-	-	1,519,331	2,541,779	1,956,263	6,017,373
	<u>\$ 8,457,199</u>	<u>\$ 8,983,772</u>	<u>\$ 9,243,159</u>	<u>\$ 7,844,471</u>	<u>\$ 9,749,738</u>	<u>\$ 44,278,339</u>
Surtax Uses:						
Eligible Transit Expenditures (Table II)	<u>\$ 1,844,887</u>	<u>\$ 1,822,119</u>	<u>\$ 1,897,743</u>	<u>\$ 1,945,981</u>	<u>\$ 1,943,633</u>	<u>\$ 9,454,363</u>
Eligible Transportation Expenditures (Schedule II)	<u>\$ 6,495,935</u>	<u>\$ 6,416,731</u>	<u>\$ 6,452,790</u>	<u>\$ 8,427,599</u>	<u>\$ 7,799,505</u>	<u>\$ 35,592,560</u>
Less Maintenance of Effort (MOE) (Table I)	<u>(127,049)</u>	<u>(127,049)</u>	<u>(127,049)</u>	<u>(127,049)</u>	<u>(127,049)</u>	<u>(635,245)</u>
Expenditures Available For Surtax Use	<u>\$ 6,368,886</u>	<u>\$ 6,289,682</u>	<u>\$ 6,325,741</u>	<u>\$ 8,300,550</u>	<u>\$ 7,672,456</u>	<u>\$ 34,957,315</u>
AMS Analysis:						
Transit-Related Expenditures:						
Expenditures Available for Surtax Use	\$ 1,844,887	\$ 1,822,119	\$ 1,897,743	\$ 1,945,981	\$ 1,943,633	\$ 9,454,363
Less 20% Minimum Amount ²	(1,691,440)	(1,796,754)	(1,848,632)	(1,568,894)	(1,949,948)	(8,855,668)
Less Circulator and Other Revenues (Schedule I)	(488,632)	(427,344)	(378,436)	(465,627)	(395,457)	(2,155,496)
Increase In Unspent Funds	<u>\$ (335,185)</u>	<u>\$ (401,979)</u>	<u>\$ (329,325)</u>	<u>\$ (88,540)</u>	<u>\$ (401,772)</u>	<u>\$ (1,556,801)</u>
Analysis of Unspent Amount:						
Beginning Balance (Schedule III-A)	\$ 52,094	\$ 387,279	\$ 789,258	\$ 1,118,583	\$ 1,207,123	\$ 52,094
Increase In Unspent Amounts	335,185	401,979	329,325	88,540	401,772	1,556,801
Remaining Unspent Amount	<u>\$ 387,279</u>	<u>\$ 789,258</u>	<u>\$ 1,118,583</u>	<u>\$ 1,207,123</u>	<u>\$ 1,608,895</u>	<u>\$ 1,608,895</u>
Transportation-Related Expenditures:						
Expenditures Available for Surtax Use	\$ 6,368,886	\$ 6,289,682	\$ 6,325,741	\$ 8,300,550	\$ 7,672,456	\$ 34,957,315
Less Remaining 80% Amount ²	(6,765,759)	(7,187,018)	(7,394,527)	(6,275,577)	(7,799,790)	(35,422,671)
Increase (Decrease) In Carryforward Credit	<u>\$ (396,873)</u>	<u>\$ (897,336)</u>	<u>\$ (1,068,786)</u>	<u>\$ 2,024,973</u>	<u>\$ (127,334)</u>	<u>\$ (465,356)</u>
Analysis of Carryforward Credit:						
Beginning Balance (Schedule III-A)	\$ (15,672,099)	\$ (15,275,226)	\$ (14,377,890)	\$ (13,309,104)	\$ (15,334,077)	\$ (15,672,099)
(Increase) Decrease In Carryforward Credit	396,873	897,336	1,068,786	(2,024,973)	127,334	465,356
Remaining Carryforward Credit	<u>\$ (15,275,226)</u>	<u>\$ (14,377,890)</u>	<u>\$ (13,309,104)</u>	<u>\$ (15,334,077)</u>	<u>\$ (15,206,743)</u>	<u>\$ (15,206,743)</u>

¹ Amounts differ from those on Schedule V 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.

Charter County Transportation System Surtax Review - City of Hialeah
Surtax Proceeds Usage Analysis, as Restated ¹

Description	Fiscal Year Ended September 30,											All Years
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Revenues:												
Surtax Proceeds ²	\$ 4,382,718	\$ 6,715,483	\$ 7,014,990	\$ 7,730,686	\$ 7,656,151	\$ 7,336,976	\$ 6,672,306	\$ 6,709,589	\$ 7,117,975	\$ 7,623,497	\$ 8,118,432	\$ 77,078,803
Surtax Uses:												
Eligible Transit Expenditures ²	\$ 904,869	\$ 1,354,380	\$ 1,102,019	\$ 1,892,551	\$ 2,086,073	\$ 1,985,195	\$ 1,912,506	\$ 1,759,164	\$ 1,280,514	\$ 1,527,745	\$ 1,642,746	\$ 17,447,762
Eligible Transportation Expenditures ²	\$ 6,398,671	\$ 6,042,131	\$ 9,777,000	\$ 9,294,369	\$ 10,081,118	\$ 8,363,877	\$ 5,715,295	\$ 5,422,791	\$ 4,809,844	\$ 5,757,089	\$ 7,070,496	\$ 78,732,681
Less Maintenance of Effort (MOE)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(127,049)	(1,397,539)
Expenditures Available For Surtax Use	\$ 6,271,622	\$ 5,915,082	\$ 9,649,951	\$ 9,167,320	\$ 9,954,069	\$ 8,236,828	\$ 5,588,246	\$ 5,295,742	\$ 4,682,795	\$ 5,630,040	\$ 6,943,447	\$ 77,335,142
AMS Analysis:												
Transit-Related Expenditures:												
Expenditures Available for Surtax Use	\$ 904,869	\$ 1,354,380	\$ 1,102,019	\$ 1,892,551	\$ 2,086,073	\$ 1,985,195	\$ 1,912,506	\$ 1,759,164	\$ 1,280,514	\$ 1,527,745	\$ 1,642,746	\$ 17,447,762
Less Circulator Fees	(111,011)	(156,810)	(216,992)	(257,177)	(217,917)	(199,427)	(199,731)	(154,213)	(147,776)	(176,079)	(246,963)	(2,084,096)
Less 20% Minimum Amount ³	(876,544)	(1,343,097)	(1,402,998)	(1,546,137)	(1,531,230)	(1,467,395)	(1,334,461)	(1,341,918)	(1,423,595)	(1,524,699)	(1,623,686)	(15,415,760)
(Increase) Decrease In Unspent Funds	\$ (82,686)	\$ (145,527)	\$ (517,971)	\$ 89,237	\$ 336,926	\$ 318,373	\$ 378,314	\$ 263,033	\$ (290,857)	\$ (173,033)	\$ (227,903)	\$ (52,094)
Analysis of Unspent (Carryforward) Amount:												
Beginning Balance	\$ -	\$ 82,686	\$ 228,213	\$ 746,184	\$ 656,947	\$ 320,021	\$ 1,648	\$ (376,666)	\$ (639,699)	\$ (348,842)	\$ (175,809)	\$ -
Increase (Decrease) In Unspent Amounts	82,686	145,527	517,971	(89,237)	(336,926)	(318,373)	(378,314)	(263,033)	290,857	173,033	227,903	52,094
Remaining Unspent Amount (Carryforward Credit)	\$ 82,686	\$ 228,213	\$ 746,184	\$ 656,947	\$ 320,021	\$ 1,648	\$ (376,666)	\$ (639,699)	\$ (348,842)	\$ (175,809)	\$ 52,094	\$ 52,094
Transportation-Related Expenditures:												
Expenditures Available for Surtax Use	\$ 6,271,622	\$ 5,915,082	\$ 9,649,951	\$ 9,167,320	\$ 9,954,069	\$ 8,236,828	\$ 5,588,246	\$ 5,295,742	\$ 4,682,795	\$ 5,630,040	\$ 6,943,447	\$ 77,335,142
Less Remaining 80% Amount ³	(3,506,174)	(5,372,386)	(5,611,992)	(6,184,549)	(6,124,921)	(5,869,581)	(5,337,845)	(5,367,671)	(5,694,380)	(6,098,798)	(6,494,746)	(61,663,043)
Increase (Decrease) In Carryforward Credit	\$ 2,765,448	\$ 542,696	\$ 4,037,959	\$ 2,982,771	\$ 3,829,148	\$ 2,367,247	\$ 250,401	\$ (71,929)	\$ (1,011,585)	\$ (468,758)	\$ 448,701	\$ 15,672,099
Analysis of Carryforward Credit:												
Beginning Balance	\$ -	\$ (2,765,448)	\$ (3,308,144)	\$ (7,346,103)	\$ (10,328,874)	\$ (14,158,022)	\$ (16,525,269)	\$ (16,775,670)	\$ (16,703,741)	\$ (15,692,156)	\$ (15,223,398)	\$ -
(Increase) Decrease In Carryforward Credit	(2,765,448)	(542,696)	(4,037,959)	(2,982,771)	(3,829,148)	(2,367,247)	(250,401)	71,929	1,011,585	468,758	(448,701)	(15,672,099)
Remaining Carryforward Credit	\$ (2,765,448)	\$ (3,308,144)	\$ (7,346,103)	\$ (10,328,874)	\$ (14,158,022)	\$ (16,525,269)	\$ (16,775,670)	\$ (16,703,741)	\$ (15,692,156)	\$ (15,223,398)	\$ (15,672,099)	\$ (15,672,099)

¹ Amounts have been restated to reflect the impact of *CITT Resolution No. 15-027*, which allows for carry-over credits when Surtax-related expenditures exceed annual allocations. Additionally, Circulator Fee Revenues have been applied to reduce available Transit-related expenditures.

² See the September 1, 2009 and June 12, 2014 Audit Reports for Surtax Proceeds and eligible expenditures for Fiscal Years (FY) 2003 through 2008, and FYs 2009 through 2013, respectively.

³ At least 20% of the Surtax Proceeds must be used on Transit-related projects, such as circulator buses, and the remaining funds (80%) are earmarked for eligible Transportation projects.

Charter County Transportation System Surtax Review - City of Hialeah
Summary of Debt Service Requirements by Bond Issue

Description	Fiscal Year Ended September 30,					Total
	2014	2015	2016	2017	2018	
Bank of America Promissory Note Series 2011 (Refinanced 1999 Bond Issue in August 2011):						
Outstanding Principal	\$ 13,532,577	\$ 11,416,748	\$ 9,247,050	\$ 7,022,111	\$ 4,740,526	
Less Principal Payment	<u>2,115,829</u>	<u>2,169,698</u>	<u>2,224,939</u>	<u>2,281,585</u>	<u>2,339,675</u>	
Outstanding Balance	<u>\$ 11,416,748</u>	<u>\$ 9,247,050</u>	<u>\$ 7,022,111</u>	<u>\$ 4,740,526</u>	<u>\$ 2,400,851</u>	
<i>Debt Service Requirements:</i>						
Principal	\$ 2,115,829	\$ 2,169,698	\$ 2,224,939	\$ 2,281,585	\$ 2,339,675	\$ 11,131,726
Interest	<u>329,076</u>	<u>275,206</u>	<u>219,966</u>	<u>163,319</u>	<u>105,230</u>	<u>1,092,797</u>
	<u>\$ 2,444,905</u>	<u>\$ 2,444,904</u>	<u>\$ 2,444,905</u>	<u>\$ 2,444,904</u>	<u>\$ 2,444,905</u>	<u>\$ 12,224,523</u>
<i>Claimed Debt Service:</i> ¹	<u>\$ 1,955,923</u>	<u>\$ 1,955,924</u>	<u>\$ 1,955,924</u>	<u>\$ 1,955,923</u>	<u>\$ 1,955,924</u>	<u>\$ 9,779,618</u>
On August 20, 2011, Hialeah entered into a \$16.6 million Loan Agreement with Bank of America to refinance the outstanding loan from the FMLC Revenue Bonds, Series 1999. The Loan matures on April 1, 2019. Semi-annual debt service payments commenced on April 1, 2012, with interest fixed at 2.53%.						
Revenue Bonds Series 2012A (Refinanced 2003A Bond Issue in November 2012):						
Outstanding Principal	\$ 41,490,000	\$ 40,130,000	\$ 38,725,000	\$ 37,265,000	\$ 35,745,000	
Less Principal Payment	<u>1,360,000</u>	<u>1,405,000</u>	<u>1,460,000</u>	<u>1,520,000</u>	<u>1,580,000</u>	
Outstanding Balance	<u>\$ 40,130,000</u>	<u>\$ 38,725,000</u>	<u>\$ 37,265,000</u>	<u>\$ 35,745,000</u>	<u>\$ 34,165,000</u>	
<i>Debt Service Requirements:</i>						
Principal	\$ 1,360,000	\$ 1,405,000	\$ 1,460,000	\$ 1,520,000	\$ 1,580,000	\$ 7,325,000
Interest	<u>1,733,813</u>	<u>1,693,013</u>	<u>1,636,813</u>	<u>1,578,413</u>	<u>1,517,613</u>	<u>8,159,665</u>
	<u>\$ 3,093,813</u>	<u>\$ 3,098,013</u>	<u>\$ 3,096,813</u>	<u>\$ 3,098,413</u>	<u>\$ 3,097,613</u>	<u>\$ 15,484,665</u>
<i>Claimed Debt Service:</i> ¹	<u>\$ 2,475,050</u>	<u>\$ 2,478,410</u>	<u>\$ 2,477,450</u>	<u>\$ 2,478,730</u>	<u>\$ 2,478,090</u>	<u>\$ 12,387,730</u>
On November 8, 2012, Hialeah entered into a Loan Agreement with the FMLC to refinance the outstanding loan from the Revenue Bonds, Series 2003A. Semi-annual debt service payments commenced on May 1, 2013 through May 1, 2033, and bear interest at rates ranging from 2% to 5%.						
Revenue Bonds Series 2005A:						
Outstanding Principal	\$ 24,550,000	\$ 23,885,000	\$ 23,195,000	\$ -	\$ -	
Less Principal Payment	<u>665,000</u>	<u>690,000</u>	<u>23,195,000</u>	<u>-</u>	<u>-</u>	
Outstanding Balance	<u>\$ 23,885,000</u>	<u>\$ 23,195,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<i>Debt Service Requirements:</i>						
Principal	\$ 665,000	\$ 690,000	\$ -	\$ -	\$ -	\$ 1,355,000
Interest	<u>1,156,420</u>	<u>1,132,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,288,696</u>
	<u>\$ 1,821,420</u>	<u>\$ 1,822,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,643,696</u>
<i>Claimed Debt Service:</i> ¹	<u>\$ 1,457,136</u>	<u>\$ 1,457,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,914,957</u>
On February 15, 2005, Hialeah executed a Loan Agreement with the FMLC to borrow \$29.1 million from the proceeds of the FMLC Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. Semi-annual payments commenced on August 1, 2005 through February 1, 2035, with interest at rates ranging from 3% to 5%.						
Revenue Bonds Series 2015B (Refinanced 2005A Bond Issue in December 2015):						
Outstanding Principal			\$ 21,145,000	\$ 21,145,000	\$ 20,420,000	
Less Principal Payment			<u>-</u>	<u>725,000</u>	<u>740,000</u>	
Outstanding Balance			<u>\$ 21,145,000</u>	<u>\$ 20,420,000</u>	<u>\$ 19,680,000</u>	
<i>Debt Service Requirements:</i>						
Principal			\$ -	\$ 725,000	\$ 740,000	\$ 1,465,000
Interest			<u>499,733</u>	<u>997,800</u>	<u>979,450</u>	<u>2,476,983</u>
			<u>\$ 499,733</u>	<u>\$ 1,722,800</u>	<u>\$ 1,719,450</u>	<u>\$ 3,941,983</u>
<i>Claimed Debt Service:</i> ¹			\$ 499,733	\$ 1,378,240	\$ 1,375,560	\$ 3,253,533
<i>AMS Adjustments:</i>						
Debt Service that exceeded 80% allocation			<u>(99,947)</u>	<u>-</u>	<u>-</u>	<u>(99,947)</u>
<i>Adjusted Debt Service</i> ¹			<u>\$ 399,786</u>	<u>\$ 1,378,240</u>	<u>\$ 1,375,560</u>	<u>\$ 3,153,586</u>
On December 2, 2015, Hialeah issued the Series 2015B Revenue Bonds in the amount of \$21,145,000 to pay the outstanding amount of the FMLC Revenue Bonds, Series 2005A. Annual principal payments commenced on December 1, 2017 through December 1, 2035 and semi-annual interest payments commenced on June 1, 2016 at rates ranging from 2% to 5%.						

Source: Loan Agreements, City of Hialeah General Ledgers, and Audited Financial Statements

¹ Debt Service Requirements were split into two fund accounts, whereby 80% of the principal and interest payments were claimed each Fiscal Year as uses of Surtax Proceeds. Refinanced debt included Transportation, and other projects such as construction of the Courthouse.

**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 ⁴	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 ⁵	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
	\$ 366,036,017	\$ 50,643,530	\$ 52,721,784	\$ 55,855,796	\$ 57,288,164	\$ 57,624,331	\$ 62,327,134	\$ 702,496,756

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

⁵ 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 – City of Hialeah
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Use of Transit Funds			
Claimed Transit-related expenditures of \$9.5 million were mainly used for the Circulator System and acquisition of two new buses. After adjusting for ineligible costs of \$1.4 million that included services to Hialeah Gardens and a grant for one of the bus purchases, unspent monies were \$120,975 as of September 30, 2013.	Hialeah should submit an updated Five-Year Transportation Plan reflecting how the unspent Surtax Proceeds restricted to Transit projects will be used, as required by <i>CITT Resolution No. 09-055</i> .	A Five-Year Plan was submitted. In addition, Hialeah contends that the Audit Report unspent funds exceed its Fund Balances by \$29,544, and that the breakdown should be \$685,983 and \$405,398 for the individual Transportation and Transit Funds.	<u>Resolved</u>
Use of Transportation Funds			
Claimed \$28.9 million Transportation expenditures were mainly used to pay debt service. After adjusting for the \$127,049 annual Maintenance of Effort and \$156,725 ineligible costs that included excess administrative charges, unspent monies were \$1.03 million as of September 30, 2013.	Hialeah should submit an updated Five-Year Transportation Plan reflecting how the unspent Surtax Proceeds will be used, as required by <i>CITT Resolution No. 09-055</i> .	A Five-Year Plan was submitted.	<u>Resolved</u>
Payroll Expenditures			
Certain personnel costs are allocated, as these employees also perform duties that are unrelated to the Transit operation. While the allocations appear reasonable, Hialeah did not furnish salary information, time records, or other supporting documents.	Prospectively, Hialeah must maintain information supporting claimed payroll charges to avoid the risk of cost disallowance.	The Fleet Department has instituted more clear documentation in their internal tracking system and will keep additional records substantiating the support of charges to the Transit Fund.	<u>Unresolved</u> While the salary allocations appear reasonable, Hialeah did not furnish time records or other substantiating documents to support the charges. In fact, the October 2014 planned improvements to the Fleet Department internal tracking system have not been implemented (<i>see pages 5 - 6</i>).
Reporting Requirements			
None of the Certified Reports of Proceeds Expended, commencing November 1, 2008 and each year thereafter, have been submitted. First and Second Quarterly Reports due for FY 2009 were also not on file with OCITT.	Prospectively, Hialeah should submit required reports to OCITT timely, and in the form prescribed by the <i>Interlocal Agreement</i> and/or OCITT.	Hialeah confirmed that the reports in question are on file with OCITT. Hialeah will ensure that all required reports are submitted on a timely manner.	<u>Partially Resolved</u> In FYs 2017 and 2018, Budgets, Five-Year Plans, Certification Letters and Municipal Questionnaires were submitted after the stipulated due date (<i>see pages 6 -7</i>).

¹ See the Audit Report dated June 12, 2014 and Hialeah Response dated October 30, 2014 for the full text.

Carlos Hernandez
Mayor

Paul B. Hernandez
Council President

Oscar De la Rosa
Council Vice-President



Council Members
Katharine Cue-Fuente
Jacqueline Garcia-Roves
Monica Perez
Jesus Tundidor
Carl Zogby

City of Hialeah

January 27, 2020

Ms. Cathy Jackson, Director
Miami Dade County
Audit and Management Services Department
701 NW 1st Court – Suite 8-175
Miami, Florida 33136

RE: Audit Findings and Recommendations Responses – Charter County Transportation System Surtax Review

Dear Ms. Jackson:

Enclosed are the City's responses to your letter dated December 6, 2019. We appreciate the professionalism, courtesies and patience of your staff while working on this audit. I have attached a written response to your request and will submit an electronic copy to your staff.

RESPONSES

Use of Transit Surtax Proceeds

The City concurs with the recommendation regarding the bus purchase. The purchase was initiated in fiscal year 2016 and the bus was paid for in fiscal year 2018. This was a presentation issue in the City's Comprehensive Annual Financial Report, where the capital outlay was shown in the same year as debt service expenditures.

In addition, the City will submit an updated five-year transportation plan within 90 days, specifying how unspent Surtax proceeds will be used.

Use of Transportation Surtax Proceeds

The City concurs with the recommendation and will record the rental revenues in a non CITT fund. In addition, the City will charge only eligible amounts against Surtax proceeds.

Payroll Expenditures

The City concurs with the audit in that there has to be substantiating documents to support the charges to the Transit Fund. The City, in particular the Fleet Department, will review the details of time records in their internal tracking system in order to substantiate the charges to the Transit Fund.

Reporting Requirements

The City will ensure that all required compliance reports are submitted accurately and in a timely manner.

Sincerely,



Christopher G. Chiocca
Finance Director