



AUDIT AND MANAGEMENT SERVICES DEPARTMENT
OVERTOWN TRANSIT VILLAGE
701 NW 1ST COURT – SUITE 8-175
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March 29, 2022

Mr. Nicholas Marano
Village Manager
Village of Palmetto Bay
9705 East Hibiscus Street
Palmetto Bay, FL 33157

**Re: Final Audit Report – Charter County Transportation System Surtax Review –
Village of Palmetto Bay**

Dear Mr. Marano:

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

Sincerely,

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

Cathy Jackson
Director

CJ:bm

Attachment


c: Javier A. Betancourt, Executive Director, OCITT
Desmond Chin, Finance Director, Village of Palmetto Bay

Memorandum



Date: March 29, 2022

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

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

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
Village of Palmetto Bay

PURPOSE AND SCOPE

We performed a review of the Village of Palmetto Bay's (Village) 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 July 10, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated May 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 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.

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 Village 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 Village received \$3 million in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$3.3 million (Table I). The Village had no budgeted Fiscal Year (FY) 2002 General Fund transportation support or Maintenance of Effort (MOE), as the municipality was incorporated on September 10, 2002.

**Table I
 Surtax Statistics**

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
Revenue (Schedule I):				
Surtax Proceeds	\$ 1,033,532	\$ 900,837	\$ 1,104,932	\$ 3,039,301
Interest Income	17,018	17,846	4,641	39,505
	<u>\$ 1,050,550</u>	<u>\$ 918,683</u>	<u>\$ 1,109,573</u>	<u>\$ 3,078,806</u>
Claimed Expenditures:				
Transit (Table II)	\$ 231,100	\$ 292,667	\$ 289,183	\$ 812,950
Transportation (Table III)	1,055,719	853,051	537,212	2,445,982
	<u>\$ 1,286,819</u>	<u>\$ 1,145,718</u>	<u>\$ 826,395</u>	<u>\$ 3,258,932</u>
Unspent Surtax Proceeds (Schedule II):				
Transit	\$ 691,998	\$ 579,498	\$ 511,301	
Transportation	1,559,848	1,470,464	1,870,810	
	<u>\$ 2,251,846</u>	<u>\$ 2,049,962</u>	<u>\$ 2,382,111</u>	
Key Account Balances as of September 30th				
<i>CITT Special Revenue Funds (Schedule I):</i>				
Cash and Cash Equivalents	\$ 1,178,845	\$ 786,236	\$ 1,065,483	
Due from Miami-Dade County	\$ 269,993	\$ 209,641	\$ 291,587	
Fund Balance	<u>\$ 1,151,973</u>	<u>\$ 924,938</u>	<u>\$ 1,208,116</u>	

After adjusting claimed expenditures for net ineligible costs of \$61,237, the Village had unspent Proceeds of \$2.4 million as of September 30, 2021, however, *Cash and Cash Equivalents and Due from Miami-Dade County* totaled only \$1.4 million. Within 60 days, the Village should either fund the \$1 million shortfall, or work with OCITT to develop a remedial plan.

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

FINDINGS AND RECOMMENDATIONS

Use of Transit Funds

At least 20% of the Surtax Proceeds (\$607,826) must be used for Transit-related projects, for which the Village claimed \$418,577 for its on-demand *FreeBee* Shuttle and \$346,010 for its *I-Bus* Circulator System (*I-Bus*) (Table II). The *I-Bus* suspended service for one year beginning April 2020 due to COVID-19 concerns. *FreeBee* service began in 2019, when the Village received a matching grant of \$175,000 from the Florida Department of Transportation (FDOT), later amended to \$525,000, that expires June 30, 2022. The Village recorded its 50% share of *FreeBee* matching costs as Surtax expenditures.

Table II
Summary of Claimed Transit Expenditures

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
<i>FreeBee</i> Shuttle	\$ 52,359	\$ 168,322	\$ 197,896	\$ 418,577
<i>I-Bus</i> Public Works Salary and Benefits	109,353	68,923	58,498	236,774
<i>I-Bus</i> Operations and Maintenance	51,968	31,753	25,515	109,236
Administrative Costs (Limited to 5% of Surtax Proceeds)	7,610	13,623	7,274	28,507
Engineering/Architectural	9,810	10,046	-	19,856
Total Claimed (Schedules I and II)	<u>\$ 231,100</u>	<u>\$ 292,667</u>	<u>\$ 289,183</u>	<u>\$ 812,950</u>
Annual <i>FreeBee</i> Ridership	2,733	16,811	14,766	34,310
Annual <i>I-Bus</i> Ridership	18,149	9,334	1,823	29,306
Total Annual Ridership	<u>20,882</u>	<u>26,145</u>	<u>16,589</u>	<u>63,616</u>

Source: Village General Ledgers

After applying claimed expenditures, the Village had \$511,301 in unspent Transit-related funds as of September 30, 2021 (Schedule II). As mentioned previously, *CITT Resolution No. 09-055* allows rollover of the unspent monies for up to five years, provided the funds are appropriated in the Village’s Five-Year Transportation Plan.

Recommendation

Within 60 days, the Village should submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Transit Proceeds.

Village’s Response

We concur.

Use of Transportation Funds

The Village claimed \$2.5 million in Transportation costs to substantiate use of the remaining 80% (\$2.4 million) in Surtax receipts (Table III). Approximately \$768,000 was applied towards debt service costs associated with a loan used to replace Street Signs, and bond payments billed by the County for the Quality Neighborhood Improvement Program (QNIP). The QNIP Bonds were issued to fund varying drainage, sidewalk, and street resurfacing improvements made throughout the Village. Additionally, the Village contributed \$400,000 to the SW 136th Street Bicycle Path, which was also funded by the County and the Village of Pinecrest.

Table III
Summary of Claimed Transportation Expenditures, as Adjusted

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
Engineering/Architectural	\$ 386,839	\$ 145,940	\$ 7,595	\$ 540,374
Debt Service - County QNIP Bonds	167,929	169,308	170,741	507,978
SW 136 th Street Bicycle Path	-	400,000	-	400,000
Road and Sidewalk Costs	83,370	41,891	234,555	359,816
Debt Service - Street Sign Replacement Loan	260,197	-	-	260,197
Administrative Costs (limited to 5% of Surtax Proceeds)	30,541	54,392	30,098	115,031
Traffic Signals and Signs	44,449	25,670	21,109	91,228
Traffic Calming	82,394	6,550	-	88,944
Landscape Maintenance	-	9,300	73,114	82,414
Total Claimed (Schedule I)	1,055,719	853,051	537,212	2,445,982
AMS Adjustments:				
Village-wide Landscape Maintenance	-	(2,000)	(62,920)	(64,920)
Administrative Costs Less Than (in Excess of) 5%	13,517	(22,973)	17,874	8,418
Signs, Non-traffic Related	(632)	(178)	(3,925)	(4,735)
Total Adjustments	12,885	(25,151)	(48,971)	(61,237)
Net Allowable Transportation Costs (Schedule II)	<u>\$ 1,068,604</u>	<u>\$ 827,900</u>	<u>\$ 488,241</u>	<u>\$ 2,384,745</u>

Source: Village General Ledgers

Disallowed costs were related to landscape maintenance on non-Surtax funded roadways and non-street signage. After reducing claimed costs for the disallowances, net of additional administrative costs, unspent Transportation-related Surtax funds totaled \$1.9 million as of September 30, 2021 (Schedule II). These funds may be carried forward for up to five years. As mentioned previously, the balance of *Cash and Cash Equivalents* and *Due from Miami-Dade County*, totaling \$1.4 million, is not sufficient in light of the total Unspent Surtax Proceeds of \$2.4 million.

Recommendation

Within 60 days, the Village should fund the \$1 million cash shortfall, and submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Surtax Proceeds, per *CITT Resolution No. 09-055*.

Village's Responses

- *AMS claims there is a shortfall of \$1 million in Cash and Cash Equivalents and Due from Miami-Dade. However, there is one major flaw in AMS's audit procedures. They did not reconcile their prior audits to our actual general ledger balances to consider OCITT actions regarding their recommendations from their audits. OCITT has never requested reimbursements from the Village because of AMS's recommendations. Had AMS done a reconciliation, their numbers would have tied to the Village's fiscal year ending fund balance of \$1,208,116. This balance will be depleted by the \$1,619,377 budget for fiscal year 2022.*
- *AMS is disallowing the Village's landscape expenditure in the amount of \$64,920 to the Transportation related funds. The Village did not do this on our own accord. The Village did contact OCITT for guidance if Florida Statute 334.03 and 336.025 were authoritative documents for OCITT allowed uses, and the answer was yes. In particular F.S. 334.03(23) defines Routine Maintenance as "minor repairs and associated tasks necessary to maintain a safe and efficient transportation system. The term includes: pavement patching, shoulder repair, cleaning and repair of drainage ditches, traffic signs, and structures, mowing; bridge inspection and maintenance; pavement striping; litter cleanup; and other similar activities." If this guidance was given in error, the Village is open to further discussion with OCITT to resolve this matter.*
- *AMS found that the Village used Transportation funding for signage for streets dedicated by the Village in the amount of \$4,735. The Village accepts this finding and will reimburse CITT \$4,735.*

AMS Rejoinders

- *Although OCITT has not requested reimbursement of Unspent Surtax Proceeds, they do allow the rollover of such funds per CITT Resolution No. 09-055. The cash shortfall relates primarily to disallowed debt service of \$1.7 million from prior years, where the Village did not use borrowed funds in a timely manner yet still claimed debt service related to the excess borrowings. As such, we reaffirm our finding related to Unspent Surtax Proceeds exceeding the balance of Cash and Cash Equivalents by \$1 million.*

- *Florida Statutes No. 334.03 and 336.025 are guidelines used by OCITT in determining eligible Surtax expenditures, however, they also include non-allowable activities such as mowing and litter cleanup. The height of median and swale grass has no impact on transportation, and therefore, as has been the case since the first Surtax audit in FY 2003, mowing is not an allowable use of Surtax funds. We therefore reaffirm our disallowance of Village-wide Landscape Maintenance.*

Reporting Requirements

Quarterly uses of Surtax Proceeds reported to OCITT varied significantly from expenditures claimed during FY 2019, and several Reports were submitted after the due dates.

Recommendation

The Village Finance Department should review Quarterly Reports for timeliness and accuracy prior to filing with OCITT.

Village's Response

We concur.

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
Nicholas Marano, Village Manager, Village of Palmetto Bay

**Charter County Transportation System Surtax Review - Village of Palmetto Bay
Transit and Transportation Special Revenue Funds - Financial Statements**

Balance Sheets			
Description	As of September 30,		
	2019	2020	2021
Assets:			
Cash and Cash Equivalents	\$ 1,178,845	\$ 786,236	\$ 1,065,483
Due from Miami-Dade County	269,993	209,641	291,587
Due from Other Funds	-	-	19,630
Total Assets	\$ 1,448,838	\$ 995,877	\$ 1,376,700
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 179,831	\$ 48,080	\$ 118,691
Due to Other Funds	117,034	22,859	49,893
Total Liabilities	296,865	70,939	168,584
Restricted Fund Balance	1,151,973	924,938	1,208,116
Total Liabilities and Fund Balance	\$ 1,448,838	\$ 995,877	\$ 1,376,700
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	Fiscal Year Ended September 30,		
	2019	2020	2021
Revenues:			
Surtax	\$ 1,033,532	\$ 900,837	\$ 1,104,932
Interest	17,018	17,846	4,641
Transfer from General Fund ¹	81,285	-	-
Total Revenues	1,131,835	918,683	1,109,573
Expenditures:			
Transit (Table II)	231,100	292,667	289,183
Transportation:			
Engineering/Architectural	386,839	145,940	7,595
SW 136th Street Bicycle Path	-	400,000	-
Road and Sidewalk Costs	83,370	41,891	234,555
Administrative Expenses	30,541	54,392	30,098
Traffic Signals and Signs	44,449	25,670	21,109
Traffic Calming	82,394	6,550	-
Landscape Maintenance	-	9,300	73,114
Debt Service:			
Quality Neighborhood Improvement Program Bonds	167,929	169,308	170,741
Street Sign Replacement Loan	260,197	-	-
Total Transportation (Table III)	1,055,719	853,051	537,212
Total Expenditures	1,286,819	1,145,718	826,395
Excess (Deficiency) of Revenues over Expenditures	(154,984)	(227,035)	283,178
Fund Balance, beginning of year	1,306,957	1,151,973	924,938
Fund Balance, end of year	\$ 1,151,973	\$ 924,938	\$ 1,208,116

Source: Village of Palmetto Bay General Ledgers

¹ Transfer was made to reimburse the Transportation Fund for prior year disallowed expenditures.

**Charter County Transportation System Surtax Review - Village of Palmetto Bay
Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,			All Years
	2019	2020	2021	
Receipts (Schedule I):				
Surtax Proceeds ¹	\$ 1,033,365	\$ 900,837	\$ 1,104,932	\$ 3,039,134
Interest Income	17,018	17,846	4,641	39,505
	<u>\$ 1,050,383</u>	<u>\$ 918,683</u>	<u>\$ 1,109,573</u>	<u>\$ 3,078,639</u>
Surtax Uses:				
Eligible Transit Expenditures (Table II)	\$ 231,100	\$ 292,667	\$ 289,183	\$ 812,950
Eligible Transportation Expenditures (Table III)	\$ 1,068,604	\$ 827,900	\$ 488,241	\$ 2,384,745
AMS Analysis:				
Transit-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 231,100	\$ 292,667	\$ 289,183	\$ 812,950
Less 20% Minimum Amount ²	(206,673)	(180,167)	(220,986)	(607,826)
Decrease in Unspent Amounts	\$ 24,427	\$ 112,500	\$ 68,197	\$ 205,124
Analysis of Unspent Rollover:				
Beginning Balance ³	\$ 716,425	\$ 691,998	\$ 579,498	\$ 716,425
Decrease in Unspent Amounts	(24,427)	(112,500)	(68,197)	(205,124)
Remaining Unspent Amount	<u>\$ 691,998</u>	<u>\$ 579,498</u>	<u>\$ 511,301</u>	<u>\$ 511,301</u>
Transportation-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 1,068,604	\$ 827,900	\$ 488,241	\$ 2,384,745
Less Remaining 80% Amount ²	(826,692)	(720,670)	(883,946)	(2,431,308)
Less Interest Income	(17,018)	(17,846)	(4,641)	(39,505)
(Increase) Decrease in Unspent Amounts	\$ 224,894	\$ 89,384	\$ (400,346)	\$ (86,068)
Analysis of Unspent Rollover:				
Beginning Balance ³	\$ 1,784,742	\$ 1,559,848	\$ 1,470,464	\$ 1,784,742
Increase (Decrease) in Unspent Amounts	(224,894)	(89,384)	400,346	86,068
Remaining Unspent Amount	<u>\$ 1,559,848</u>	<u>\$ 1,470,464</u>	<u>\$ 1,870,810</u>	<u>\$ 1,870,810</u>

¹ Amounts do not agree with Schedules I and 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 May 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	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
	<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>\$ 72,106,260</u>	<u>\$ 899,053,674</u>

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 – Village of Palmetto Bay
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Use of Transit Funds			
The Village had \$716,425 in unspent Transit Funds as of September 30, 2018.	The Village should submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Transit Proceeds.	The Village agrees with audited amounts.	<u>Partially Resolved</u> Unspent Transit Proceeds were reduced to \$511,301. <i>See page 3 of the Audit Report.</i>
Use of Transportation Funds			
Approximately \$319,000 of Street Sign Replacement debt service was disallowed due to long-term unused debt proceeds. After reducing claimed costs for the disallowed debt service, the Village had unspent Transportation Funds of \$1.8 million as of September 30, 2018.	The Village should submit a revised Five-Year Transportation Plan reflecting how rollover funds will be used.	The Village disagreed with the reduction of allowable debt service due to unused proceeds, but included plans to spend the remaining funds within five years.	<u>Unresolved</u> The Village had approximately \$1.9 million in unspent Transportation Proceeds. <i>See page 4 of the Audit Report.</i>
Reporting Requirements			
Quarterly uses of Surtax Proceeds reported to OCITT varied significantly from claimed expenditures.	The Village Finance Department should review Quarterly Reports for accuracy.		<u>Unresolved</u> <i>See page 6 of the Audit Report.</i>

¹ See the Audit Report dated May 28, 2019 and the Village Response dated May 15, 2019 for the full text.



VILLAGE OF PALMETTO BAY

March 21, 2022

Mr. Javier Betancourt
Executive Director
Office of the Citizen's Independent Transportation Trust (OCITT)
111 NW 1st St., Suite 1010
Miami, FL 33128

RE: 2019-2021 Audit Response

Dear Mr. Betancourt:

The Village of Palmetto Bay (The Village) would like to thank the Miami-Dade Audit and Management Services Department (AMS) for the role they play in ensuring your work of managing these funds are spent appropriately.

The Village has reconciled AMS's numbers as presented, but would like to respond to their three findings:

1: AMS claims there is a shortfall of \$1 million in Cash and Cash Equivalents and Due from Miami-Dade. However, there is one major flaw in AMS's audit procedures. They did not reconcile their prior audits to our actual general ledger balances to consider OCITT actions regarding their recommendations from their audits. OCITT has never requested reimbursements from the Village because of AMS's recommendations (prior years audit responses attached). Had AMS done a reconciliation, their numbers they would have tied to the Village's fiscal year ending fund balance of \$1,208,116. This balance will be depleted by the \$1,619,377 budget for fiscal year 2022.

2: AMS is disallowing the Village's landscape expenditure in the amount of \$64,920 to the Transportation related funds. The Village did not do this on our own accord. The Village did contact OCITT for guidance if Florida Statute 334.03 and 336.025 were authoritative documents for OCITT allowed uses, and the answer was yes (attached is an email as to the guidance we received). In particular F.S. 334.03(23) defines Routine Maintenance as "minor repairs and associated tasks necessary to maintain a safe and efficient transportation system. The term includes: pavement patching, shoulder repair, cleaning and

repair of drainage ditches, traffic signs, and structures, **mowing**; bridge inspection and maintenance; pavement striping; litter cleanup; and other similar activities." If this guidance was given in error, the Village is open to further discussion with OCITT to resolve this matter.

3: AMS found that the Village used Transportation funding for signage for streets dedicated by the Village in the amount of \$4,735. The Village accepts this finding and will reimburse CITT \$4,735.

Thank you for your continued cooperation between the OCITT and The Village on improving transportation through out the Village and County.

Respectfully,



Nicholas Marano
Village Manager