


Memorandum



Date: August 8, 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 – City of Sweetwater Charter County Transportation System Surtax Review

PURPOSE AND SCOPE

We performed a review of the City of Sweetwater's (Sweetwater) 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 July 10, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Audit Report dated June 5, 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 Proceeds received by the County must be distributed to municipalities incorporated as of November 5, 2002, on a pro-rata basis using population statistics (Schedule III). The Surtax Program is administered by the Citizens' Independent Transportation Trust (CITT), a group comprised of 15 members appointed by the Board of County Commissioners, County Mayor, and Miami-Dade League of Cities.

Pursuant to the *Interlocal Agreement*, Sweetwater 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 \$129,095 (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, Sweetwater must apply at least 20% of the Proceeds to Transit-related projects, such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. *CITT Resolution No. 09-055*, adopted July 30, 2009, allows for the rollover of unspent Surtax funds for up to five years, provided the municipality's Five-Year Transportation Plan demonstrates how the funds will be used. Additionally, *CITT Resolution No. 15-027*, adopted May 20, 2015, allows for carryover credits in the event amounts expended are in excess of annual Surtax allocations.

SUMMARY RESULTS

For the three years ended September 30, 2020, Sweetwater received \$2.2 million in Surtax Proceeds, including \$1.3 million released from prior withheld amounts (Table I). In FY 2011, OCITT began withholding funds due to various noncompliance matters. On November 27, 2019, after Sweetwater satisfactorily addressed the issues, the withholdings were released.

As shown in Table I, claimed expenditures totaled \$2.97 million of which the majority was spent for roadway and sidewalk improvements. After adjusting claimed expenditures for the Maintenance of Effort (MOE) and ineligible costs, Sweetwater had \$1.8 million in unspent Surtax Proceeds reserved for Transportation-related projects as of September 30, 2020 (Schedule II). *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.

**Table I
Surtax Statistics**

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
Maintenance of Effort	\$ 129,095	\$ 129,095	\$ 129,095	\$ 387,285
Surtax Proceeds:				
Surtax Proceeds Appropriation (Table V)	\$ 361,968	\$ 640,533	\$ 559,149	\$ 1,561,650
Amount Recaptured (Table V)	(90,000)	(40,366)	-	(130,366)
Amount Withheld (Table V)	(71,970)	(434,051)	-	(506,021)
Net Due	199,998	166,116	559,149	925,263
Withheld Amount Released 11/27/2019	-	-	1,291,118	1,291,118
Surtax Proceeds, as Adjusted (Schedules I & II)	\$ 199,998	\$ 166,116	\$ 1,850,267	\$ 2,216,381
Claimed Expenditures:				
Transit (Table III)	\$ 455,000	\$ 255,974	\$ 222,364	\$ 933,338
Transportation (Table VI)	820,972	648,192	563,464	2,032,628
	\$ 1,275,972	\$ 904,166	\$ 785,828	\$ 2,965,966
Unspent Surtax Proceeds/Carry-Forward Credit (Schedule II):				
Transit	\$ -	\$ (147,689)	\$ -	
Transportation	416,711	465,643	1,813,940	
	\$ 416,711	\$ 317,954	\$ 1,813,940	
Key Account Balances as of September 30 (Schedule I):				
<i>1/2 Cent Tax Special Revenue Fund:</i>				
Cash - Restricted	\$ -	\$ -	\$ 1,767,491	
Due from Miami-Dade County	\$ 33,333	\$ 166,116	\$ 129,865	
Fund Balance (Deficit)	\$ (295,544)	\$ (316,795)	\$ 1,396,081	

These and other findings, together with the City’s Responses, are detailed in the remainder of this Report and the complete Response is incorporated as Attachment I. In several instances, the City has asked us to reconsider disallowed costs. However, as outlined in our rejoinders, we cannot because the claimed expenditures were either funded with other non-General Fund sources, or the supporting documentation was inadequate. Based on the foregoing, the audit has been closed. We appreciate the courtesies extended to our staff during the audit process. If you have any questions, please contact me at (786) 469-5900.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds for Transit Projects

The *Sweetwater Trolley* operates on a fixed-route that circulates every 90 minutes from 8:00 am to 7:00 pm weekdays, and 8:30 am to 5:00 pm on weekends. Stops are made at various local businesses and shopping destinations located in Sweetwater, including certain County bus stops. FY 2020 declines in ridership were due to the COVID-19 pandemic (Table II).

Table II
Sweetwater Trolley Ridership

Service Month	FY 2018	FY 2019	FY 2020	Total
October	3,706	4,018	4,417	12,141
November	3,543	3,510	4,311	11,364
December	3,634	3,604	4,289	11,527
January	3,192	3,452	3,792	10,436
February	3,263	3,537	3,890	10,690
March	3,990	3,660	2,776	10,426
April	4,356	4,154	1,124	9,634
May	4,522	4,514	1,308	10,344
June	4,176	4,284	1,587	10,047
July	3,673	4,606	1,454	9,733
August	1,603	4,453	1,316	7,372
September	3,418	4,097	1,329	8,844
	43,076	47,889	31,593	122,558
Average Monthly Ridership	3,590	3,991	2,633	

Source: *Sweetwater Trolley Ridership Reports*

Sweetwater claimed Transit expenditures of \$933,338, which included \$875,193 paid to University City Transportation and Management Association of Sweetwater, Inc. (UTMA), a not-for-profit corporation formed in May 2015, to oversee *Sweetwater Trolley* and Florida International University (FIU) CATS Shuttle services (Table III). UTMA subcontracted with Limousines of South Florida (LSF) to operate both services.

Table III
Summary of Claimed Transit Expenditures, As Adjusted

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
<i>Sweetwater Trolley</i> Service (Payments to UTMA) (Table IV)	\$ 400,000	\$ 252,829	\$ 222,364	\$ 875,193
Payment to FIU - Grant Matching Funds	55,000	-	-	55,000
Other <i>Sweetwater Trolley</i> Expenditures	-	3,145	-	3,145
Total Transit Claimed Expenditures (Schedule I)	455,000	255,974	222,364	933,338
<i>AMS Adjustments:</i>				
Payments to UTMA (Table IV)	(278,656)	(56,915)	-	(335,571)
Unsupported Payment to FIU - Grant Matching Funds	(55,000)	-	-	(55,000)
	(333,656)	(56,915)	-	(390,571)
Total Transit Expenditures, As Adjusted (Schedule II)	\$ 121,344	\$ 199,059	\$ 222,364	\$ 542,767

Source: LSF Invoices, UTMA Invoices, FDOT Reimbursements to UTMA, and Sweetwater General Ledgers

Pursuant to an October 30, 2017 Joint Participation Agreement, the Florida Department of Transportation (FDOT) reimbursed UTMA for 50% of the *Trolley* and *Shuttle* services operating costs from November 2017 to December 2018. Thus, AMS adjusted the LSF billings by 50%, and disallowed any payments to UTMA in excess of the *Sweetwater Trolley* operating costs, which resulted in \$335,571 of the \$875,193 paid by Sweetwater to UTMA being disallowed (Table IV).

Table IV
Analysis of Ineligible Claimed *Sweetwater Trolley* Service Costs

Service Month	FIU CATS Shuttle			Sweetwater Trolley			Sweetwater Payments to UTMA (Table III)	Amounts Disallowed (Table III)
	LSF Invoices to UTMA	FDOT Reimbursement, Per AMS Estimate	Remaining Operating Costs	LSF Invoices to UTMA (Table II)	FDOT Reimbursement, Per AMS Estimate	Remaining Operating Costs		
	(A)	(B)	(A) - (B)	(C)	(D)	(C) - (D) = (E)		
October 2017	\$ 44,730	\$ -	\$ 44,730	\$ 19,328	\$ -	\$ 19,328	\$ 33,333	\$ 14,005
November 2017	38,657	19,329	19,328	18,132	9,066	9,066	33,333	24,267
December 2017	22,380	11,190	11,190	18,550	9,275	9,275	33,334	24,059
January 2018	34,588	17,294	17,294	18,790	9,395	9,395	33,333	23,938
February 2018	40,691	20,346	20,345	17,473	8,737	8,736	33,333	24,597
March 2018	34,588	17,294	17,294	19,328	9,664	9,664	33,334	23,670
April 2018	40,691	20,346	20,345	18,670	9,335	9,335	33,333	23,998
May 2018	36,622	18,311	18,311	18,790	9,395	9,395	33,333	23,938
June 2018	42,455	21,228	21,227	18,670	9,335	9,335	33,334	23,999
July 2018	40,355	20,178	20,177	18,670	9,335	9,335	33,333	23,998
August 2018	19,907	9,954	9,953	19,069	9,535	9,534	33,333	23,799
September 2018	38,657	19,329	19,328	17,892	8,946	8,946	33,334	24,388
FY 2018	434,321	194,799	239,522	223,362	102,018	121,344	400,000	278,656
October 2018	46,795	23,398	23,397	19,448	9,724	9,724	33,333	23,609
November 2018	42,666	21,333	21,333	18,025	9,013	9,012	33,334	24,322
December 2018	10,034	4,956	5,078	18,190	8,984	9,206	18,190	8,984
	\$ 533,816	\$ 244,486	\$ 289,330	55,663	27,721	27,942	84,857	56,915
Jan -Sept 2019				167,972	-	167,972	167,972	-
FY 2019				223,635	27,721	195,914	252,829	56,915
Oct 2019-Sept 2020				222,364	-	222,364	222,364	-
	\$ 669,361	\$ 129,739	\$ 539,622	\$ 875,193	\$ 335,571			

Source: LSF Invoices, UTMA Invoices, and Florida's CFO Website

Another \$55,000 was paid to FIU to meet the matching fund requirement for a FDOT grant used to upgrade Sweetwater's Transit vehicles (Table III). Since invoices requested to support the upgrades were not provided, the \$55,000 was disallowed.

Recommendation

Prospectively, claimed uses of Surtax Proceeds should be limited to actual *Sweetwater Trolley* costs, less amounts reimbursed by Federal or other sources.

Auditee Response

The City is revamping the entire Transit program. For one, the City is now managing Transit in-house as of early 2022 with Limousines of South Florida still being the service provider. The UTMA has been discontinued. The City recently doubled its routes through adding a second trolley to our former single-trolley set route. This not only cuts down rider waiting time by half, but also doubles our monthly LSF billings. The City is also adding new stops to its current route and

working on an Interlocal Agreement to stop at the Miami-Dade County Park and Ride. The City is also working with the County's transit app provider ("Swiftly") to add this tracking option to its service.

An employee of the Finance Department - who is an ex-Federal Agent - currently overseeing the city's Transit program will notify the Finance Director of any Program noncompliance. Our Interim Finance Director requested to be part of the meetings with the Grants department and Program managers to ensure all guidelines are being followed.

The UTMA provided services solely and exclusively related to Transit for Sweetwater residents, as well as students and staff of FIU living within Sweetwater. This initiative was undertaken by Sweetwater and FIU in light of the City of Sweetwater's strategic direction and branding as a "University City." In addition to traditional Sweetwater destinations, the development of numerous student and staff-based residential towers in Sweetwater prompted this type of initiative in order to provide augmented transit services to thousands of new residents in said towers and to facilitate safe crossing into FIU main and engineering campuses (Sweetwater Transit has always stopped and/or traversed FIU; long before UTMA). FIU CATS serves students/staff from Towers all located in Sweetwater city limits but were also opened to use by any and all Sweetwater residents during this effort. This initiative continued to serve Sweetwater's classic route and service audience, but also sought to expand services to new audiences within the city. Also notable is that a significant number of Sweetwater residents work at FIU. This UTMA initiative was taken before CITT staff and presented for CITT Board approval as well.

The City kindly requests that AMS reconsider these deobligations given that said funds were appropriately utilized for transit services provision for individuals within the City of Sweetwater. The city will forward supporting documentation to this end to your office for consideration. Attached is a list of improvements made to vehicles through the services received from the \$55,000.

AMS Rejoinder

As noted in prior AMS Audit Reports, we are unable to reconsider the City's payments to UTMA, which exceeded those amounts specifically related to the Sweetwater Trolley operations. Also, the \$55,000 disallowance cannot be reversed, unless the supporting invoices are provided to substantiate the Trolley upgrades.

Uses of Surtax Proceeds for Transportation-Related Projects

OCITT withheld \$2.1 million from Sweetwater’s Surtax Proceeds from October 2010 to June 2019 due to unresolved findings cited in prior AMS Reports (Table V). In November 2019, \$1.3 million was released due to satisfactory resolution of certain findings; however, the remaining \$766,362 was recaptured because of inappropriate spending on non-Surtax related items. (See *AMS Audit Report dated January 28, 2010*). According to OCITT policies and procedures, recaptured amounts are placed in a Fund for redistribution to the other cities.

**Table V
Analysis of Surtax Proceeds and Withholdings**

Description	Fiscal Year Ended September 30,										All Years
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Surtax Proceeds Appropriation	\$ 447,548	\$ 458,080	\$ 480,842	\$ 499,034	\$ 528,781	\$ 553,278	\$ 838,089	\$ 361,968	\$ 640,533	\$ 559,149	\$ 5,367,302
Recapture Surtax Proceeds	(97,500)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(88,496)	(90,000)	(40,366)	-	(766,362)
	350,048	368,080	390,842	409,034	438,781	463,278	749,593	271,968	600,167	559,149	4,600,940
Adjustment for Timing Difference ¹	-	-	-	-	-	-	(266,664)	266,664	-	-	-
Surtax Proceeds Distribution (Schedule III)	(350,048)	(368,080)	(390,842)	(326,534)	(275,281)	(273,778)	(133,332)	(466,662)	(166,116)	(1,850,267)	(4,600,940)
Amount Withheld (Released)	\$ -	\$ -	\$ -	\$ 82,500	\$ 163,500	\$ 189,500	\$ 349,597	\$ 71,970	\$ 434,051	\$ (1,291,118)	\$ -

Source: OCITT and the County’s *Financial Accounting Management Information System*

¹ Accrued by Sweetwater in FY 2017 and received in FY 2018.

Sweetwater claimed \$2 million in Transportation-related expenditures that was used primarily for roadway and sidewalk improvements, personnel costs, and streetlight utilities (Table VI). However, Local Option Gas Tax (LOGT) monies were used to pay \$1.27 million of the claimed amount and thus, this amount was disallowed.

**Table VI
Summary of Claimed Transportation-Related Expenditures, As Adjusted**

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
<i>1/2 Cent Tax Fund:</i>				
Utilities - Streetlights	\$ 60,465	\$ 59,744	\$ 48,134	\$ 168,343
Roadway Repair Supplies	-	744	-	744
Maintenance Vehicle Repairs	-	-	506	506
Subtotal (Schedule I)	60,465	60,488	48,640	169,593
<i>General Fund - Capital Improvement Account:</i>				
LOGT Transportation Projects - Roadway & Sidewalk Improvements	\$ 570,065	\$ 385,496	\$ 317,090	\$ 1,272,651
<i>General Fund - Public Works:</i>				
Personnel Cost - Maintenance & Others	170,305	180,313	176,981	527,599
Roadway Repairs & Maintenance	8,839	10,120	9,605	28,564
Administrative Costs	7,988	8,427	8,734	25,149
Sweeper & Other Vehicle Repairs	1,269	2,871	2,091	6,231
Fuel - Sweeper	1,420	477	323	2,220
Uniforms - Public Works	621	-	-	621
	760,507	587,704	514,824	1,863,035
	820,972	648,192	563,464	2,032,628
<i>AMS Adjustments:</i>				
Additional Administrative Costs (Limited to 5% of Surtax Proceeds)	2,012	(121)	83,779	85,670
LOGT Transportation Projects - Roadway & Sidewalk Improvements	(570,065)	(385,496)	(317,090)	(1,272,651)
Non-Surtax Related Personnel Cost	(60,456)	(66,572)	(63,983)	(191,011)
Non-Surtax Related Vehicle Repairs	-	(1,094)	(640)	(1,734)
	(628,509)	(453,283)	(297,934)	(1,379,726)
Total Eligible Transportation Expenditures (Schedule II)	\$ 192,463	\$ 194,909	\$ 265,530	\$ 652,902

Source: Sweetwater General Ledgers and Vendor Invoices

Additionally, claimed personnel costs of \$527,599 were reduced by \$191,011 because the supporting documents were not available to substantiate staff time spent on Surtax-related projects (Table VII).

**Table VII
Claimed Personnel Cost, As Adjusted**

Description	Allocation Claimed	Fiscal Year Ended September 30,			Total Claimed	Allocation Allowed	Personnel Cost Allowed	Allocation Disallowed	Personnel Cost Disallowed
		2018	2019	2020					
Street Sweeper Operator	100%	\$ 88,865	\$ 91,017	\$ 91,425	\$ 271,307	100%	\$ 271,307	0%	\$ -
Fleet Manager	25%	34,473	37,414	35,592	107,479	5%	21,496	20%	85,983
Mechanic	20%	22,711	24,075	21,813	68,599	5%	17,150	15%	51,449
Grants Coordinator	35%	18,486	21,682	22,341	62,509	5%	8,930	30%	53,579
Public Works Director	5%	5,770	6,125	5,810	17,705	5%	17,705	0%	-
		<u>\$ 170,305</u>	<u>\$ 180,313</u>	<u>\$ 176,981</u>	<u>\$ 527,599</u>		<u>\$ 336,588</u>		<u>\$ 191,011</u>

Source: Sweetwater General Ledgers, Job Descriptions, and Payroll Reports

After adjusting claimed expenditures for the MOE, disallowances and unclaimed administrative costs, Sweetwater had \$1.8 million in unspent Transportation-Related Surtax Proceeds as of September 30, 2020 (Schedule II). *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.

Recommendation

Prospectively, greater diligence should be exercised in assuring that only eligible expenditures are claimed. Also, Sweetwater should provide specific plans for unspent Surtax monies in its Five-Year Transportation Plan.

Auditee Response

During this audit, the City realized that for the period our Transportation fund was withheld, we could have budgeted and incurred expenses. We submitted projects that General Fund had during those years. As mentioned in the introduction of this letter, those projects would need to be reclassified. The City feels these expenses should be covered by CITT since they were paid by General Funds Capital Improvement account number 001.539.544847 - Street Improvement. However, if CITT will not cover these projects, we would then kindly request to use those funds to cover for our next, robust five- year plan. We are in the process of acquiring two new Trolleys (an expenditure of approximately \$471,000), and a new Sweeper. These items have been delayed due to the pandemic.

Under claimed personnel costs we noticed that \$191,011 were disallowed. We believe that the allocation percentage claimed is a fair percentage that reflects the labor from our staff. The City will encourage the use of activity logs in order to substantiate the percentages allocated. We kindly request that you take in consideration our request to revise these disallowed expenses. In the past, we used similar percentages and adjusted, as necessary. We would like to request since, in the past, we were never apprised of having to submit supporting documentation to

substantiate staff time spent on Surtax related projects, if we can submit a signed statement from each staff member describing their function related to Surtax projects.

AMS Rejoinder

As noted on page 6, LOGT monies were used to pay the \$1.27 million referenced as having been recorded in the General Fund – Capital Improvement Account. Thus, these expenditures may not be applied as an eligible use of Surtax Proceeds.

Further, the allocation percentages allowed by AMS correlate with amounts allowed in prior years. As recommended, the City must maintain activity reports or other pertinent data to substantiate staff time spent on Surtax-related projects.

Reporting Deficiencies

During the audit period, Sweetwater submitted most required Reports after stipulated deadlines.

Recommendation

Sweetwater should be more diligent in ensuring OCITT financial reporting deadlines are met.

Auditee Response

During the last couple of years, the City has gone through many changes in personnel; often unforeseen employee turnover. Fortunately, the Grants Division that reports on Transit is now fully staffed by individuals who have been trained on CITT reporting procedures. Hence, the City anticipates full compliance in reporting by our next audit. All personnel responsible for this task have been notified of this finding and will be held responsible for noncompliance.

CJ:bm

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- Gerri Bonzon-Keenan, County Attorney
- Edward Marquez, Chief Financial Officer
- Jimmy Morales, Chief Operations Officer
- David L. Clodfelter, Director, Office of Management and Budget
- Honorable Orlando Lopez, Mayor, City of Sweetwater

**Charter County Transportation System Surtax Review - City of Sweetwater
1/2 Cent Tax Special Revenue Fund**

Balance Sheets			
Description	As of September 30,		
	2018	2019	2020
Assets:			
Cash - Restricted	\$ -	\$ -	\$ 1,767,491
Accounts Receivable	33,333	166,116	129,865
Due from Other Funds	75	75	75
Total Assets	<u>\$ 33,408</u>	<u>\$ 166,191</u>	<u>\$ 1,897,431</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 35,026	\$ 23,413	\$ 41,777
Due to Other Funds	293,926	459,573	459,573
	<u>328,952</u>	<u>482,986</u>	<u>501,350</u>
Fund Balance:			
Unassigned	(295,544)	(316,795)	1,396,081
Total Liabilities and Fund Balance	<u>\$ 33,408</u>	<u>\$ 166,191</u>	<u>\$ 1,897,431</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	For the Fiscal Year Ended September 30,		
	2018	2019	2020
Revenues:			
Taxes ¹	\$ 199,998	\$ 166,116	\$ 1,850,267
Interest	-	-	4,518
	<u>199,998</u>	<u>166,116</u>	<u>1,854,785</u>
Expenditures:			
Transit (Table III)	455,000	255,974	222,364
Transportation (Table VI)	60,465	60,488	48,640
	<u>515,465</u>	<u>316,462</u>	<u>271,004</u>
Excess (Deficiency) of Revenues over Expenditures	(315,467)	(150,346)	1,583,781
Other Financing Sources:			
Operating Transfers-in ²	129,095	129,095	129,095
Net Change in Fund Balance	(186,372)	(21,251)	1,712,876
Fund Balance, Beginning	(109,172)	(295,544)	(316,795)
Fund Balance, Ending	<u>\$ (295,544)</u>	<u>\$ (316,795)</u>	<u>\$ 1,396,081</u>

Source: City of Sweetwater Audited Financial Statements

¹ The FY 2018 amount differs from that reported by OCITT due to a timing difference from FY 2017.

² Operating Transfers are from the General Fund for the annual MOE Contribution of \$129,095.

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

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

Description	Fiscal Year Ended September 30,			All Years
	2018	2019	2020	
Surtax Proceeds (Schedule I)	\$ 199,998	\$ 166,116	\$ 1,850,267	\$ 2,216,381
Interest (Schedule I)	-	-	4,518	4,518
	<u>\$ 199,998</u>	<u>\$ 166,116</u>	<u>\$ 1,854,785</u>	<u>\$ 2,220,899</u>
Surtax Uses:				
Eligible Transit Expenditures (Table III)	\$ 121,344	\$ 199,059	\$ 222,364	\$ 542,767
Eligible Transportation Expenditures (Table VI)	\$ 192,463	\$ 194,909	\$ 265,530	\$ 652,902
Less MOE (Table I)	(129,095)	(129,095)	(129,095)	(387,285)
Expenditures Available For Surtax Use	<u>\$ 63,368</u>	<u>\$ 65,814</u>	<u>\$ 136,435</u>	<u>\$ 265,617</u>
AMS Analysis:				
Transit-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 121,344	\$ 199,059	\$ 222,364	\$ 542,767
Amount Applied to Transportation-Related Exp.	(81,344)	(18,147)	-	(99,491)
Less 20% Minimum Amount ¹	(40,000)	(33,223)	(370,053)	(443,276)
Amount Available for Surtax Use	<u>\$ -</u>	<u>\$ 147,689</u>	<u>\$ (147,689)</u>	<u>\$ -</u>
Analysis of Unspent Rollover:				
Beginning Balance ²	\$ -	\$ -	\$ (147,689)	\$ -
Increase (Decrease) in Unspent Amounts	-	(147,689)	147,689	-
Remaining Unspent (Carry-Forward) Amount	<u>\$ -</u>	<u>\$ (147,689)</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation-Related Expenditures:				
Expenditures Available For Surtax Use	\$ 63,368	\$ 65,814	\$ 136,435	\$ 265,617
Excess Transit Expenditures Applied	81,344	18,147	-	99,491
Less Remaining 80% Amount ¹	(159,998)	(132,893)	(1,480,214)	(1,773,105)
Less Interest	-	-	(4,518)	(4,518)
Amount Available for Surtax Use	<u>\$ (15,286)</u>	<u>\$ (48,932)</u>	<u>\$ (1,348,297)</u>	<u>\$ (1,412,515)</u>
Analysis of Unspent Rollover:				
Beginning Balance ²	\$ 401,425	\$ 416,711	\$ 465,643	\$ 401,425
Increase in Unspent Amounts	15,286	48,932	1,348,297	1,412,515
Remaining Unspent Amount	<u>\$ 416,711</u>	<u>\$ 465,643</u>	<u>\$ 1,813,940</u>	<u>\$ 1,813,940</u>

¹ 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.

² Per the June 5, 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 ¹	\$ 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 ²	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 ²	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 ²	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 ¹	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 Pinecrest	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 ¹	6,329,004	90,323	195,000	210,000	165,000	1,112,782	8,102,109
City of Sweetwater ¹	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
Town of Bay Harbor Islands	2,209,631	231,953	222,682	234,375	249,414	220,923	3,368,978
Village of Biscayne Park ⁴	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 ³	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 ¹	365,820	36,766	37,221	39,423	39,386	34,961	553,577
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	\$ 826,947,414

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

¹ Amounts are net of withholdings and/or recaptured funds 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.

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.

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

**Charter County Transportation System Surtax Review
City of Sweetwater
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Use of Surtax Proceeds for Transit Projects			
<p>Pursuant to an Agreement with UTMA, in FY 2017, Sweetwater transferred ownership of two Trolleys and four Shuttle Buses and paid \$300,000 to UTMA over the nine-month period ended September 30, 2017. Meanwhile, UTMA paid only \$149,072 to Limousines of South Florida (LSF) to operate the <i>Sweetwater Trolley</i>. Further, UTMA was reimbursed \$58,861 by the Florida Department of Transportation pursuant to a Joint Participation Agreement. After adjusting claimed expenditures for excess amounts paid UTMA, Sweetwater had spent all Transit Surtax Proceeds as of September 30, 2017.</p>	<p>Prospectively, claimed uses of Surtax Proceeds should be limited to actual <i>Sweetwater Trolley</i> costs, less amounts reimbursed by Federal or other sources. Also, Sweetwater should seek OCITT’s opinion regarding the legality of transferring ownership of vehicles acquired with Surtax Proceeds to UTMA.</p>	<p>On October 7, 2016, the OCITT Executive Director forwarded a memorandum to the CITT Board to adopt a Resolution authorizing the City of Sweetwater to utilize Charter County Transportation Surtax Funds for allowable expenses in partnership with FIU and UTMA for operation of an areawide community transit system. In addition, the memorandum approved the transfer of Trolleys to UTMA until the termination of UTMA operations.</p> <p>The City agrees to work with OCITT to make sure that allowable expenses are submitted.</p> <p>In accordance with the approved Resolution, UTMA will transfer all equipment purchased with Surtax Funds upon termination of the UTMA Agreement.</p>	<p><u>Unresolved</u> \$390,571 of ineligible Transit-related expenditures were disallowed during the current audit period. <i>See pages 3 to 5 of the Audit Report.</i></p>
Uses of Surtax Proceeds for Transportation-Related Projects			
<p>Sweetwater had \$401,425 in unspent Transportation Surtax Proceeds as of September 30, 2017.</p>	<ul style="list-style-type: none"> • Sweetwater is encouraged to provide specific plans for future uses of the unspent Surtax monies in its Five-Year Transportation Plan. • OCITT should reassess the need for continued withholding of Surtax Proceeds in light of the resolution of prior audit findings. 	<p>The City anticipates remedying this finding within the next audit and is in the stages of finalizing its Five-Year Transportation Plan.</p>	<p><u>Partially Resolved</u></p> <ul style="list-style-type: none"> • Unspent Transportation funds increased to \$1.8 million. • Since July 2019, OCITT has been distributing full monthly Surtax Proceeds to Sweetwater. <i>See pages 6 to 8 of the Audit Report.</i>
Compliance and Other Financial Reporting Deficiencies			
<p>Sweetwater submitted Annual Certification Letters and other required Compliance Reports to OCITT, albeit most were late.</p>	<p>Prospectively, Sweetwater should be more diligent in ensuring financial reporting deadlines are met.</p>	<p>The City will ensure this finding is cured immediately. All personnel responsible for this task have been notified of this finding and will be held responsible for noncompliance.</p>	<p><u>Unresolved</u> Most of the current period’s required reporting was submitted late. <i>See page 8 of the Audit Report.</i></p>

¹ See the Audit Report dated June 5, 2019, for the full text.



City of Sweetwater

July 19, 2022

Ms. Cathy Jackson
Audit and Management Services Director
701N.W. 1st Court - Suite 8-175
Miami, Florida 33136

RE: Audit Report – City of Sweetwater Charter County Transportation System Surtax Review
Fiscal Year Ended September 30, 2020

Dear Ms. Jackson:

The City's Transportation System has gone through many changes leading to full compliance during recent years. This ranges from restructuring the Transit program to changes in management.

The city would like to respectfully consider reconsideration of deobligations related to "Transportation" expenses namely sidewalk and roadway repairs to roads and sidewalks). During Fiscal Year 2017 the City interpreted that since the moneys for Transportation were deemed "withheld," that the City was not to charge to CITT any expenses related to Transportation. Consequently, from FY2017 to FY2020, the City just incurred expenses for payments to provision of Transit (to the "UTMA," which oversaw transit in the city at the time) and for the City's street lights. All expenses related to Transportation were therefore covered by General Funds. During the present audit, the City was informed by the County that we could have expensed all Transportation-related expenses. At this time, we identify major projects of street improvements, sidewalk repairs, and personnel expenses that we could transfer to our Transportation program and submitted them as part of the expenses. These expenses paid thru the City's General Fund and transferred to CITT are to be credited back to the General Fund. Accordingly, the city would like to kindly know why said expenses were disallowed.

We have reviewed the Audit Report done by members of your staff. The following are the city's responses to the findings and commendations note:

1. *Use of Surtax Proceeds for Transit Projects* – This item will be resolve for our next audit. The City is revamping the entire Transit program for the City strictly for the City’s trolley with city’s set route as discussed with CITT and AMS staff. For one, the City is now managing Transit in-house as of early 2022 with Limousines of South Florida still being the service provider. The UTMA has been discontinued. The City recently doubled its routes through adding a second trolley to our former single-trolley set route. This not only cuts down rider waiting time by half, but also doubles amounts of monthly billing. The City is also adding new stops to its current route and working on an Interlocal Agreement to stop at the Miami-Dade County Park and Ride. The City is also working with the County’s transit app provider (Swiftly”) to add this tracking option to its service. An employee of the Finance Department – who is an ex-Federal Agent - currently overseeing the city’s Transit program and will ensure to notify the Finance Director of any deviance of the Program. Our Interim Finance Director requested to be part of the meetings with the Grants department and Program managers to ensure all guidelines are being followed.

The UTMA provided services solely and exclusively related to Transit for Sweetwater residents, as well as students and staff of FIU living within Sweetwater. This initiative was undertaken by Sweetwater and FIU in light of the City of Sweetwater’s strategic direction and branding as a “University City.” In addition to traditional Sweetwater destinations, the development of numerous student and staff-based residential towers in Sweetwater prompted this type of initiative In order to provide augmented transit services to thousands of new residents in said towers and to facilitate safe crossing into FIU main and engineering campuses (Sweetwater Transit has always stopped and/or traversed FIU; long before UTMA). Therefore, in the city of University amalgamated their transit services (FIU CATS serves of students/staff from Towers all located in Sweetwater city limits but were also opened to use by any and all Sweetwater residents during this effort). This initiative continued to serve Sweetwater’s classic route and service audience, but also sought to expand services to new audiences within the city. Also notable is that a significant number of Sweetwater residents work in FIU. This UTMA initiative was taken before CITT staff and presented for CITT Board approval as well.

The city kindly requests that AMS reconsider these deobligations given that said funds were appropriately utilized for transit services provision for individuals within the City of Sweetwater. The city will forward supporting documentation to this end to your office for consideration. Attached is a list of improvements made to vehicles through the services received from the \$55,000.

2. *Use of Surtax Proceeds for Transportation-Related Projects* - During this audit, the City realized that for the period our Transportation fund was withheld, we could have budgeted and incurred expenses. We submitted projects that General Fund had during those years. As mentioned in the introduction of this letter, those projects would need to be reclassified. The City feel these expenses should be cover by CITT since they were paid by General

Funds Capital Improvement account number 001.539.544847 – Street Improvement. (please find attached report for consideration). However, if CITT will not cover these projects, we would then kindly request to use those funds to cover for our next, robust five-year plan. We are in the process of acquiring two new Trolleys (an expenditure of approx. \$471,000), and a new Sweeper, these items have been delayed due to the pandemic.

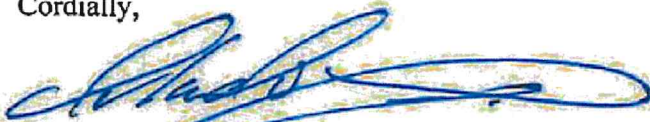
Under claimed personnel costs we noticed that \$191,011 were disallowed. We believe that the allocation percentage claimed is a fair percentage that reflects the labor from our staff. The City will encourage the use of activity logs in order to substantiate the percentages allocated. We kindly request that you take in consideration our request to revise these disallowed expenses. In the past, we used similar percentages and adjusted, as necessary. We request to do the same now, as reasonable use of employees is necessary for running a Transit Program. We would like to request since, in the past, we were never apprised of having to submit supporting documentation to substantiate staff time spent on Surtax related projects, if we can submit a signed statement from each staff member describing their function related to Surtax projects.

3. Compliance and Other Financial Reporting Deficiencies – During the last couple of years, the City has gone through many changes in personnel; often unforeseen employee turnover. Fortunately, the Grants Division that reports on Transit is now fully staffed by individuals who have been trained on CITT reporting procedures. Hence, the City anticipates full compliance in reporting by our next audit. All personnel responsible for this task have been notified of this finding and will be held responsible for noncompliance.

The City is in the process of updating our Five-Year Transportation Plan and it will be submitted to your office once completed. Also, the City kindly requests meetings with CITT and AMS staff on a regular basis to share information regarding Transit programming to proactively eliminate audit findings and ensuring expenses are in accordance with the plan.


Please feel free to contact our office with any questions or comments. You have my fullest cooperation and commitment to eliminating each of these findings.

Cordially,





Orlando Lopez
Mayor
City of Sweetwater
Office: 305-485-4533
olopez@cityofsweetwater.fl.gov


Work Plan


Vehicles	Work Completed
<p>MPV-1: 2010 Ford E-350 Super Duty, VIN # 1FDEE3FP5ADA09702, FIU CATS vehicle #5012</p> <p>Passenger Capacity: 14 Mileage: 64916 ADA Compliant: No Current Location: FIU Main Campus</p> 	<ul style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • USB charging outlets installed and operational • Bio-Diesel Conversion • TV Monitor (Part of ITPA) installed • ITPA equipment cabling • Preventative & Scheduled Maintenance and Associated Repairs


Vehicles	Work Completed
<p>MPV-2 (Possibly MPV-4):</p> <p>Purchase Vehicle – RFP to be issued in January 2018.</p> <p>Estimated Arrival Time: 5 Month Current Location: N/A</p>	<ul style="list-style-type: none">• Request for Proposal Document Completed and Approved by FDOT; will be advertised shortly


Vehicles	Work Completed
<p>MPV-3: 2007 Ford E-350 Super Duty, VIN # 1FDWE35P17DA43117, FIU CATS vehicle #5011</p> <p>Passenger Capacity: 12 Mileage: 67854 ADA Compliant: Yes / Wheelchair Lift Current Location: FIU Main Campus</p> 	<ul style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • Bio-Diesel Conversion • USB charging outlets installed and operational • Replacement of 2 bad batteries • Brakes and A/C repairs • Preventative & Scheduled Maintenance and Associated Repairs • TV Monitor (Part of ITPA) installed • ITPA equipment cabling


Vehicles	Work Completed
<p>SW-1: 2008 Food Van, VIN # 1FD4E45P98DA35667, Sweetwater vehicle #5667</p> <p>Passenger Capacity: 18 Mileage: 135341 ADA Compliant: Yes / Wheelchair Lift Current Location: FIU Main Campus</p> 	<ul style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • Bio-Diesel Conversion • USB charging outlets installed and operational • Engine replaced with Remanufactured Engine due to cracked head • Transmission repaired • Preventative & Scheduled Maintenance and Associated Repairs • TV Monitor (Part of ITPA) installed • ITPA equipment cabling


Vehicles	Work Completed
<p>SW-2: 1998 Ford Van, VIN # 1FDXE40F3WHA07140, Sweetwater vehicle # 7140</p> <p>Passenger Capacity: 14 Mileage: 261842 ADA Compliant: No Current Location: at AutotekMiami</p> 	<ul style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • Bio-Diesel Conversion • Leaks and associated part repairs • Engine replaced with Remanufactured Engine due to various engine block damage and oil leaks • Preventative & Scheduled Maintenance and Associated Repairs

Vehicles	Work Completed
<p>SW-3: 2005 Ford Van, VIN # 1FDXE45P95HB08828, Sweetwater vehicle #8828</p> <p>Passenger Capacity: 20 Mileage: 159924 ADA Compliant: Yes / Wheelchair Lift Current Location: at Autonation</p> 	<ul style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • Bio-Diesel Conversion • Engine replaced with Remanufactured Engine due to various engine block damage and oil leaks • USB charging outlets installed and operational • Seating enhancement • Preventative & Scheduled Maintenance and Associated Repairs • TV Monitor (Part of ITPA) installed • ITPA equipment cabling

Vehicles	Work Completed
<p data-bbox="239 302 890 418">SW-4: 1995 GMC THOM, VIN # 1GDKH32K6S3501103, Sweetwater Vehicle # 1103</p> <p data-bbox="239 459 564 492">Passenger Capacity: 22</p> <p data-bbox="239 495 453 527">Mileage: 42401</p> <p data-bbox="239 531 506 563">ADA Compliant: No</p> <p data-bbox="239 566 617 599">Current Location: FIU MME</p> 	<ul data-bbox="974 302 1843 475" style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • USB charging outlets installed and operational • Preventative & Scheduled Maintenance and Associated Repairs • ITPA equipment cabling

Vehicles	Work Completed
<p>SW-5: 2012 FRHT, Trolley, VIN # 4UZADED4CCBS4056, Sweetwater Vehicle # 4056</p> <p>Passenger Capacity: 34 Mileage: 56000 ADA Compliant: Yes / Wheelchair Lift Current Location: FIU Main Campus</p> 	<ul style="list-style-type: none"> • Initial vehicle inspection • Secondary battery installed and operational • Bio-Diesel Conversion • USB charging outlets installed and operational • Roof Mounted Thin Film Solar Panels installed and operational • Seating Improvements for comfort • Preventative & Scheduled Maintenance and Associated Repairs • TV Monitor (Part of ITPA) installed • ITPA equipment cabling

Vehicles	Work Completed
<p data-bbox="233 305 919 423">SW-6: 2012 FRHT, Trolley, VIN # 4UZADEDT8CCBS4061, Sweetwater Vehicle # 4061</p> <p data-bbox="233 464 919 602">Passenger Capacity: 34 Mileage: 73625 ADA Compliant: Yes / Wheelchair Lift Current Location: In Service by LOSF</p> 	<ul data-bbox="982 305 1346 337" style="list-style-type: none">• Initial vehicle inspection

Vehicles	Work Completed
<p>SW-7: Small rubber tire hybrid-electric trolley</p> <p>Passenger Capacity: 10 Mileage: - ADA Compliant: No Current Location: FIU MME</p>  <p><small>George Breyno</small></p>	<ul style="list-style-type: none"> • Floor replacement • ADA compliant disabled personnel accessible door attachment • Thin Film Solar Panels • Electric propulsion system developed, installed and operational • ITPA Equipment