


Memorandum



Date: October 26, 2022

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 –
Village of Virginia Gardens

PURPOSE AND SCOPE

We performed a review of the Village of Virginia Gardens' (the Village) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the four 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 November 19, 2018 (Exhibit I).

BACKGROUND

County Ordinance (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 IV). The Surtax Program is administered by the Citizens' Independent Transportation Trust (CITT), a group comprised of 15 members appointed by the Board of County Commissioners, County Mayor, and Miami-Dade League of Cities.

Pursuant to the *Interlocal Agreement*, the Village 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 \$11,295 (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, 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 four years ended September 30, 2021, the Village received \$383,944 in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$747,127 (Table I and Schedule II). After adjusting claimed expenditures for the Maintenance of Effort (MOE) and other disallowances, the Village had \$93,896 in unspent Transit Surtax Proceeds and a Transportation carryforward credit of \$32,161 as of September 30, 2021 (Schedule III). The unspent Transit balance should be deposited into an account restricted for Surtax Proceeds within 60 days.

**Table I
 Surtax Statistics**

Description	Fiscal Year Ended September, 30				All Years
	2018	2019	2020	2021	
Maintenance of Effort (MOE)	\$ 11,295	\$ 11,295	\$ 11,295	\$ 11,295	\$ 45,180
Revenues:					
Surtax Proceeds (Schedule I)	\$ 86,566	\$ 101,385	\$ 92,724	\$ 103,269	\$ 383,944
Claimed Expenditures (Schedule II):					
Transit	\$ 19,381	\$ 23,581	\$ 18,867	\$ 18,792	\$ 80,621
Transportation	263,624	206,768	43,457	152,657	666,506
	\$ 283,005	\$ 230,349	\$ 62,324	\$ 171,449	\$ 747,127
Unspent (Carryforward) Surtax Proceeds (Schedule III):					
Transit-Related	\$ 95,660	\$ 92,356	\$ 92,034	\$ 93,896	
Transportation-Related	34,289	(93,587)	(51,570)	(32,161)	
	\$ 129,949	\$ (1,231)	\$ 40,464	\$ 61,735	
Key Account Balances as of September 30 (Schedule I):					
<i>Public Works Fund:</i>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	
Due from Miami-Dade County	\$ -	\$ 24,999	\$ 21,125	\$ 29,242	
Fund Balance	\$ 73,151	\$ 99,727	\$ 17,303	\$ 4,966	

These and other findings are more fully discussed in the remainder of this Report, along with the Village’s Responses which are incorporated herein as Attachment I. The positive actions taken or planned to address the audit findings are satisfactory and thus, this audit has been closed. We appreciate the courtesies extended to our staff during the audit process. Please contact me at (786) 469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds

As mentioned previously, at least 20% of the Surtax Proceeds (\$76,789) must be used for Transit-related projects, and the Village remitted the Transit-portion to the City of Miami Springs (the third-party operator) for its share of the *Free-Bee Shuttle* service maintenance costs. The fixed-route *Free-Bee Shuttle* service is operated Monday through Friday and includes stops at City Hall, community centers, senior centers, and schools. Ridership averaged 3,900 quarterly

until 2020 and in FY 2021 declined to 1,700. Based on our review of claimed costs, the Village had \$93,896 in unspent Transit Proceeds (Table I and Schedule III).

For the remaining 80% (\$307,155), the Village claimed \$666,506 in Transportation expenditures, primarily for roadway improvements and maintenance projects (Schedule II). After adjusting claimed expenditures for the MOE, additional eligible expenditures (\$17,041), and disallowed charges (\$229,403), the Village had a Transportation carryforward credit of \$32,161, as of September 30, 2021 (Table I and Schedule III).

Recommendation

- The Village should submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Transit Surtax Proceeds, as required by *CITT Resolution No. 09-055*.
- The Village should ensure that claimed Surtax costs are allowable, as defined in the municipal guidelines.

Village Response

- *The Village will submit an updated Transportation Plan no later than November 11, 2022.*
- *The Village will work with the Surtax cost permitted as defined in the municipal guidelines.*

Reporting Requirements

Quarterly uses of Surtax Proceeds reported to OCITT varied from expenditures claimed and several Reports were submitted after the due dates. Further, the June 30, 2018 Quarterly Report was not submitted.

Recommendation

The Village should endeavor to submit timely and accurate reports.

Village Response

In the future, the Village will provide timely and accurate reports.

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
Honorable Fred Spencer Deno IV, Mayor, Village of Virginia Gardens

**Charter County Transportation System Surtax Review - Village of Virginia Gardens
Public Works Fund**

Balance Sheets				
Description	As of September 30,			
	2018	2019	2020	2021
Assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Due From Other Governments:				
Miami-Dade County	-	24,999	21,125	29,242
State of Florida	271,123	7,539	219,158	-
United States Government FEMA	42,489	42,489	-	-
	<u>313,612</u>	<u>75,027</u>	<u>240,283</u>	<u>29,242</u>
Due From Other Funds	-	108,667	-	104,017
Total Assets	<u>\$ 313,612</u>	<u>\$ 183,694</u>	<u>\$ 240,283</u>	<u>\$ 133,259</u>
Liabilities:				
Accounts Payable	\$ -	\$ 29,952	\$ 45,788	\$ 1,515
Due to Other Funds	240,461	54,015	177,192	126,778
Total Liabilities	<u>240,461</u>	<u>83,967</u>	<u>222,980</u>	<u>128,293</u>
Restricted Fund Balance	<u>73,151</u>	<u>99,727</u>	<u>17,303</u>	<u>4,966</u>
Total Liabilities and Fund Balance	<u>\$ 313,612</u>	<u>\$ 183,694</u>	<u>\$ 240,283</u>	<u>\$ 133,259</u>
Statements of Revenues, Expenditures and Changes in Fund Balance				
Description	For the Fiscal Year Ended September 30,			
	2018	2019	2020	2021
Revenues:				
Florida State Grants	\$ 125,000	\$ -	\$ 344,300	\$ 412,786
Miami-Dade County Surtax (Table I) ¹	86,566	101,385	92,724	103,269
Local Option Gas Tax	46,590	46,117	41,508	40,643
State of Florida Revenue Sharing	27,119	27,709	26,046	29,139
Miami-Dade County Grant	48,916	-	-	-
FEMA IRMA Grant	42,489	-	-	-
	<u>376,680</u>	<u>175,211</u>	<u>504,578</u>	<u>585,837</u>
Expenditures:				
Transit Surtax-Related (Schedule II)	19,381	23,581	18,867	18,792
Transportation Surtax-Related (Schedule II)	247,726	206,768	43,457	152,657
Non-Surtax Transportation	35,147	58,186	110,598	89,404
	<u>302,254</u>	<u>288,535</u>	<u>172,922</u>	<u>260,853</u>
Capital Outlay	203,270	-	430,630	387,321
	<u>505,524</u>	<u>288,535</u>	<u>603,552</u>	<u>648,174</u>
Deficiency of Revenues over Expenditures	(128,844)	(113,324)	(98,974)	(62,337)
Other Financing Sources ²	147,000	139,900	16,550	50,000
Fund Balance, Beginning of Year	<u>54,995</u>	<u>73,151</u>	<u>99,727</u>	<u>17,303</u>
Fund Balance, End of Year	<u>\$ 73,151</u>	<u>\$ 99,727</u>	<u>\$ 17,303</u>	<u>\$ 4,966</u>

Source: Village of Virginia Gardens Audited Financial Statements and General Ledgers

¹ Amounts reported by the Office of the Citizens' Independent Transportation Trust differ primarily due to variations in revenue recognition policies (Schedule IV).

² Primarily represents transfers from the General Fund.

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

**Charter County Transportation System Surtax Review - Village of Virginia Gardens
Claimed Transit and Transportation-Related Expenditures, As Adjusted**

Description	Fiscal Year Ended September 30,				
	2018	2019	2020	2021	Total
Transit-Related:					
Public Works Fund:					
Shuttle Bus Service - City of Miami Springs (Schedule I and Schedule III)	\$ 19,381	\$ 23,581	\$ 18,867	\$ 18,792	\$ 80,621
Transportation-Related:					
Public Works Fund:					
NW 37 Street Drainage Project	\$ 144,370	\$ -	\$ -	\$ -	\$ 144,370
Street Repair and Maintenance ²	80,270	36,132	7,500	7,137	131,039
Street and Sidewalks Repair and Maintenance	9,180	103,595	10,188	-	122,963
Street Maintenance and Improvement ¹	-	-	-	89,577	89,577
Professional Services	-	54,608	750	12,602	67,960
Utilities - Street Lights	-	7,911	14,389	17,423	39,723
Street & Sidewalk Cleaning	13,906	4,360	6,595	5,462	30,323
62 Avenue Roadway	-	-	-	20,456	20,456
Administrative Expenses	-	162	4,035	-	4,197
Total Expenditures Claimed (Schedule I)	247,726	206,768	43,457	152,657	650,608
General Fund:					
Utilities - Street Lights	15,898	-	-	-	15,898
Total Expenditures, As Claimed (Table I)	263,624	206,768	43,457	152,657	666,506
AMS Adjustments:					
Unclaimed Eligible General Fund Expenditures:					
Design Services - BCC Engineering	-	10,476	-	-	10,476
Utilities - Street Lights	-	6,565	-	-	6,565
	-	17,041	-	-	17,041
Ineligible Expenditures:					
NW 37 Street Drainage Costs Funded by State Grant	(125,000)	-	-	-	(125,000)
Street Maintenance and Improvement ¹	-	-	-	(77,387)	(77,387)
Street Repair and Maintenance ²	(19,676)	(3,530)	-	(769)	(23,975)
Street & Sidewalk Cleaning (pressure cleaning City Hall roof & gutters)	(3,041)	-	-	-	(3,041)
	(147,717)	(3,530)	-	(78,156)	(229,403)
Total Claimed Transportation Expenditures, As Adjusted (Schedule III)	\$ 115,907	\$ 220,279	\$ 43,457	\$ 74,501	\$ 454,144

Source: Village of Virginia Gardens General Ledgers, Vendor Invoices, and other supporting documentation

¹ Represents landscaping for median on 64th Avenue Project (\$74,820) that was not funded with Surtax Proceeds and other non-Surtax related services (\$2,567).

² Includes ineligible charges for tree trimming, stump grinding, and parts.

**Charter County Transportation System Surtax Review - Village of Virginia Gardens
Surtax Proceeds Usage Analysis**

Description	Fiscal Year Ended September 30,				All Years
	2018	2019	2020	2021	
Revenues:					
Surtax Proceeds (Schedule I) ¹	\$ 86,566	\$ 101,385	\$ 92,724	\$ 103,269	\$ 383,944
Surtax Uses:					
Eligible Transit Expenditures (Schedule II)	\$ 19,381	\$ 23,581	\$ 18,867	\$ 18,792	\$ 80,621
Eligible Transportation Expenditures (Schedule II)	\$ 115,907	\$ 220,279	\$ 43,457	\$ 74,501	\$ 454,144
Less Maintenance of Effort (MOE)	(11,295)	(11,295)	(11,295)	(11,295)	(45,180)
Expenditures Available for Surtax Use	\$ 104,612	\$ 208,984	\$ 32,162	\$ 63,206	\$ 408,964
AMS Analysis:					
Transit-Related Expenditures:					
Expenditures Available for Surtax Use	\$ 19,381	\$ 23,581	\$ 18,867	\$ 18,792	\$ 80,621
Less 20% Minimum Amount ²	(17,313)	(20,277)	(18,545)	(20,654)	(76,789)
(Increase) Decrease in Rollover Amounts	2,068	3,304	322	(1,862)	3,832
Analysis of Unspent Rollover:					
Beginning Balance ³	97,728	95,660	92,356	92,034	97,728
Increase (Decrease) in Unspent Amounts	(2,068)	(3,304)	(322)	1,862	(3,832)
Remaining Unspent Amount	\$ 95,660	\$ 92,356	\$ 92,034	\$ 93,896	\$ 93,896
Transportation-Related Expenditures:					
Expenditures Available for Surtax Use	\$ 104,612	\$ 208,984	\$ 32,162	\$ 63,206	\$ 408,964
Less Remaining 80% Amount ²	(69,253)	(81,108)	(74,179)	(82,615)	(307,155)
(Increase) Decrease in Rollover Amounts	35,359	127,876	(42,017)	(19,409)	101,809
Analysis of Unspent or Carryover Amount:					
Beginning Balance ³	69,648	34,289	(93,587)	(51,570)	69,648
Increase (Decrease) in Rollover Amounts	(35,359)	(127,876)	42,017	19,409	(101,809)
Remaining Unspent or Carryover Amount	\$ 34,289	\$ (93,587)	\$ (51,570)	\$ (32,161)	\$ (32,161)

¹ Amounts differ from Schedule IV 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-related projects.

³ Per the November 19, 2018 Audit Report.

**Charter County Transportation System Surtax Review
Summary of Payments to Municipalities**

Municipality	Fiscal Year Ended September 30,							All Years
	2003 to 2015	2016	2017	2018	2019	2020	2021	
City of Miami ¹	\$ 163,251,890	\$ 16,889,133	\$ 16,523,990	\$ 18,187,632	\$ 19,212,362	\$ 17,998,849	\$ 22,285,992	\$ 274,349,848
City of Hialeah	94,519,774	9,243,159	9,346,775	9,873,020	10,107,558	8,933,032	10,881,914	152,905,232
City of Miami Beach	37,554,491	3,670,335	3,678,499	3,925,123	3,963,754	3,458,999	4,266,480	60,517,681
City of Miami Gardens ²	22,375,665	4,336,722	4,409,954	4,737,286	4,846,211	4,248,977	5,187,794	50,142,609
City of North Miami	24,592,952	2,454,241	2,473,804	2,665,998	2,700,412	2,348,890	2,955,552	40,191,849
City of Homestead	20,867,813	2,669,792	2,788,854	2,969,698	3,152,022	2,762,015	3,460,648	38,670,842
City of Coral Gables	18,755,177	1,955,854	1,981,236	2,091,593	2,132,315	1,893,283	2,298,517	31,107,975
City of North Miami Beach	17,154,830	1,733,203	1,746,039	1,882,765	1,945,188	1,705,603	2,164,880	28,332,508
City of Doral ²	9,003,402	2,120,606	2,232,433	2,508,437	2,747,033	2,551,901	3,196,639	24,360,451
City of Aventura	12,992,928	1,494,036	1,502,980	1,590,870	1,613,705	1,413,111	1,726,374	22,334,004
Town of Cutler Bay ²	8,525,502	1,721,858	1,769,140	1,899,220	1,935,984	1,696,665	2,061,382	19,609,751
Town of Miami Lakes ¹	11,086,213	1,209,319	1,211,635	1,288,227	1,309,407	1,163,617	1,430,953	18,699,371
Village of Palmetto Bay	10,074,295	952,951	956,304	1,013,542	1,033,365	902,837	1,104,932	16,038,226
City of Hialeah Gardens	8,635,855	904,713	922,372	986,599	1,007,122	882,753	1,072,793	14,412,207
City of Sunny Isles Beach	7,759,606	869,990	866,019	933,221	951,809	841,547	1,055,544	13,277,736
Village of Pinecrest	7,840,962	737,876	738,316	777,521	790,584	691,410	840,243	12,416,912
City of Miami Springs	5,682,283	562,418	565,087	601,223	608,639	530,692	646,273	9,196,615
City of Sweetwater ¹	5,070,356	273,778	133,332	466,662	166,116	1,850,267	1,013,554	8,974,065
City of Opa-locka ¹	6,329,004	90,323	195,000	210,000	165,000	1,112,782	469,710	8,571,819
City of South Miami	4,767,184	546,219	547,720	546,151	541,343	473,555	588,532	8,010,704
Village of Key Biscayne	4,809,375	502,197	508,734	540,692	550,288	481,895	586,580	7,979,761
City of Florida City	4,132,139	498,385	504,443	542,769	557,265	488,960	601,470	7,325,431
Miami Shores Village	4,308,419	419,557	420,697	443,831	447,113	391,399	490,481	6,921,497
North Bay Village	2,808,576	314,789	328,007	378,523	384,140	335,832	411,904	4,961,771
City of West Miami	2,445,250	241,053	241,373	279,166	307,465	291,897	355,342	4,161,546
Town of Surfside	2,314,098	229,428	228,739	234,500	248,902	221,896	273,043	3,750,606
Town of Bay Harbor Islands	2,209,631	231,953	222,682	234,375	249,414	220,923	274,132	3,643,110
Bal Harbour Village	1,262,745	114,472	111,421	114,881	125,178	109,190	132,732	1,970,619
Village of Biscayne Park ¹	1,342,176	125,900	126,220	135,905	135,965	10,084	-	1,876,250
Village of Virginia Gardens	973,380	96,229	96,903	102,910	103,132	90,977	110,807	1,574,338
Village of El Portal ^{1,3}	1,012,447	6,467	174,873	90,094	89,175	77,404	79,627	1,530,087
Town of Medley	429,285	34,442	33,529	35,277	35,617	31,486	38,448	638,084
Town of Golden Beach ¹	365,820	36,766	37,221	39,423	39,386	34,961	42,988	596,565
Indian Creek Village	3,604	-	-	-	-	-	-	3,604
	\$ 525,257,127	\$ 57,288,164	\$ 57,624,331	\$ 62,327,134	\$ 64,202,969	\$ 60,247,689	\$ 72,106,260	\$ 899,053,674

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

¹ Amounts are net of withholdings and/or recapture 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 Virginia Gardens (the Village)
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Use of Surtax Proceeds			
<p>The Village:</p> <ul style="list-style-type: none"> maintained no ridership data to determine effectiveness of shuttle service. commingled Surtax Proceeds with the General Fund. had \$167,376 in unspent Transit and Transportation-related Surtax Proceeds as of September 30, 2017. Audited Financial Statements reflect no available Cash within the <i>Public Works Fund</i>. 	<p>The Village should:</p> <ul style="list-style-type: none"> maintain ridership data for its <i>Free-Bee Shuttle</i> service to better evaluate its effectiveness. establish a separate bank account, and/or discrete fund to track Surtax Proceeds and usage within 90 days. submit an updated Five-Year Transportation Plan reflecting planned uses of unspent Surtax Proceeds no later than March 1, 2019. 	<p>The Village:</p> <ul style="list-style-type: none"> will request copies of the monthly ridership data from Miami Springs. met with Wells Fargo representatives to open a designated CITT account by January 2019. will submit an updated Transportation Plan no later than March 1, 2019. 	<p><u>Partially Resolved</u> The Village:</p> <ul style="list-style-type: none"> submitted ridership data in the Quarterly Reports to OCITT. established a separate bank account at Wells Fargo. had \$93,896 in unspent Transit Surtax Proceeds as of September 30, 2021. <i>See Pages 2 and 3 of the Audit Report.</i>
Reporting Requirements			
<p>The Village submitted required compliance reports, albeit some were late. Further, expenditures presented in Quarterly Reports did not always agree with the General Ledger. We also noted that the amount included as Surtax Revenues in the FY 2017 General Ledger and Audited Financial Statements was overstated by approximately \$16,000.</p>	<p>The Village should endeavor to submit timely and accurate reports. In addition, Village Finance Staff should ensure annual Surtax Revenue amounts are properly adjusted for actual receipts and accruals.</p>	<p>We concur.</p>	<p><u>Partially Resolved</u> The Village submitted most of the required compliance reports, however many were late. <i>See Page 3 of the Audit Report.</i></p> <p>Surtax Revenues in the General Ledger reconciled to the Audited Financial Statements.</p>

¹ For the full text, see the November 19, 2018, Audit Report and the Village Response dated December 13, 2018.



Village of Virginia Gardens
6498 NW 38th Terrace
Virginia Gardens, FL 33166
www.viriniagardens-fl.gov
Phone: 305-871-6104 Fax: 305-871-1120

Attachment I

October 26, 2022

Re: Charter County Transportation System Surtax Review–Village of Virginia Gardens

Below please find our responses to the CITT audit recommendations.

- **The Village should ensure that claimed Surtax costs are allowable as defined in municipal guidelines.**
 - The Village of Virginia Gardens will work with the Surtax cost permitted as defined in municipal guidelines.

- **Require the Village submit an updated Five-Year Transportation plan reflecting planned uses of unspent Surtax Proceeds, as required by CITT *resolution No. 09-055***
 - The Village will submit and updated Transportation Plan no later than November 11,2022 or sooner. In the future the Village will provide timely and accurate reports.

Sincerely,



Mayor Fred “Spencer” Deno IV