


Memorandum



Date: April 6, 2021

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

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

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
City of West Miami

PURPOSE AND SCOPE

We performed a review of the City of West Miami's (West Miami) use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the three years ended September 30, 2019. The primary objective was to ensure that Surtax Proceeds were used in compliance with the *Interlocal Agreement for Distribution of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County (Interlocal Agreement)* executed on July 1, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated November 20, 2017 (Exhibit I).

BACKGROUND

County Ordinance No. 02-116, enacted on July 9, 2002, imposed a one-half of one percent Surtax on eligible sales transactions for use on Transportation-related projects. However, at least 20% of the Surtax Proceeds received by the County must be distributed to municipalities incorporated as of November 5, 2002, on a pro-rata basis using population statistics (Schedule 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*, West Miami 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 \$61,000 (Table I). Surtax Proceeds may be used to develop, construct, equip, maintain, operate, or expand County-wide bus systems, fixed guideway rapid transit systems, roads, and bridges, as well as secure such bonds or pay debt service. Further, West Miami 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 West Miami'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 exceed annual Surtax allocations. See Schedule I for summary financial information.

SUMMARY RESULTS

During the audit period, West Miami received \$798,946 in Surtax Proceeds and claimed Transit and Transportation-related expenditures totaling \$807,586 (Table I). After adjusting claimed expenditures for the Maintenance of Effort (MOE), grant reimbursements, and ineligible expenses, West Miami had \$472,114 in unspent Transportation Surtax Proceeds of which \$73,355 was pending receipt from OCITT as of September 30, 2019.

Table I
Surtax Statistics

Description	Fiscal Year Ended September 30,			All Years
	2017	2018	2019	
Maintenance of Effort	\$ 61,000	\$ 61,000	\$ 61,000	\$ 183,000
Surtax Proceeds (Schedule I) ¹	\$ 241,373	\$ 279,166	\$ 278,407	\$ 798,946
Claimed Expenditures				
Transit (Table III)	\$ 94,830	\$ 93,777	\$ 95,635	\$ 284,242
Transportation (Table IV)	75,655	196,552	251,137	523,344
	\$ 170,485	\$ 290,329	\$ 346,772	\$ 807,586
Unspent Surtax Proceeds (Schedule II) ²				
Transportation	\$ 508,850	\$ 499,501	\$ 472,114	
Transportation Surtax Fund (Schedule I) ²				
Cash - Restricted	\$ 116,507	\$ 291,927	\$ 407,352	
Fund Balance	\$ 268,429	\$ 357,816	\$ 458,435	

¹ Surtax Proceeds do not agree with Schedule III due to timing differences.

² As of September 30th.

These and other findings are more fully discussed in the remainder of this document, along with West Miami’s Response (Attachment I). We are pleased with the actions taken to address our findings, and thus, the audit is closed. We appreciate the courtesies and cooperation extended to our Staff during the audit process. Please contact Gerardo (Jerry) Suarez, Audit Manager, at 786-469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Use of Surtax Proceeds

West Miami claimed \$284,242 in Transit-related expenditures to operate its *West Miami Hour Loop (Circulator)*. The *Circulator* offers free public transportation to and from local businesses, nearby shopping malls, and connection with County bus-stops, with non-school ridership averaging 1,442 annually (Table II). Service is available Monday through Friday from 8:00 a.m. to 12:00 p.m., and 1:00 to 4:00 pm.

The *Circulator* is used exclusively from 3:00 to 4:00 p.m. to transport children from Sylvania Heights Elementary School to the City’s Recreation Center for an after-school program requiring three-round trips. CITT Guidelines do not allow such exclusive services. Starting in FY 2018, West Miami recorded adjustments of 1/7th, or 14% of the operating costs (excluding bus purchase payments). However, these credits were based on appropriated costs and not actual amounts.

Table II
Circulator Ridership

Description	Fiscal Year Ended September 30,					
	2017		2018		2019	
	Regular Riders	School to Recreation Center	Regular Riders	School to Recreation Center	Regular Riders	School to Recreation Center
October	96	1,081	119	1,421	145	2,391
November	108	1,029	125	1,341	122	1,853
December	73	1,020	78	1,174	123	1,572
January	122	935	118	1,178	114	1,980
February	112	1,236	117	1,458	153	2,133
March	140	1,550	166	1,295	123	1,838
April	140	1,076	113	1,759	117	2,441
May	163	1,603	123	1,825	144	2,486
June	75	367	97	272	122	376
July	104	-	112	-	135	-
August	114	576	130	1,023	128	1,068
September	77	851	133	1,858	145	2,036
	<u>1,324</u>	<u>11,324</u>	<u>1,431</u>	<u>14,604</u>	<u>1,571</u>	<u>20,174</u>

Source: West Miami Monthly Ridership Reports

Claimed expenditures primarily included \$226,628 in salary and fringe benefit costs for one full-time driver (Table III). In April 2015, the 2015 Ford F-550 Eldorado Bus, used for Circulator operations, was purchased and financed for six years. Excess Transit-related expenditures of \$107,609 were used to partially satisfy usage of Transportation Proceeds, resulting in no Transit-related carryover credits as of September 30, 2019 (Schedule II).

Table III
Summary of Claimed Transit Expenditures, As Adjusted

Description	Fiscal Year Ended September 30,			All Years
	2017	2018	2019	
Personnel Cost - Bus Driver	\$ 71,182	\$ 77,086	\$ 78,360	\$ 226,628
Bus Fuel, Repairs, and Insurance	9,274	11,910	12,974	34,158
Ineligible Circulator Usage	-	(9,593)	(10,073)	(19,666)
Operating Expenditures	80,456	79,403	81,261	241,120
Bus Purchase Installment Payments	14,374	14,374	14,374	43,122
Total Claimed	94,830	93,777	95,635	284,242
AMS Adjustment to Ineligible <i>Circulator</i> Usage ¹	(11,264)	(2,866)	(2,714)	(16,844)
Expenditures, as Adjusted (Schedule II)	<u>\$ 83,566</u>	<u>\$ 90,911</u>	<u>\$ 92,921</u>	<u>\$ 267,398</u>

Source: West Miami General Ledgers

¹ AMS adjusted additional Circulator usage costs to reflect 14% of actual operating expenditures.

Further, West Miami claimed \$523,344 primarily for MOE, streetlight utilities, sidewalk improvements and a Citywide traffic study that was partially funded by a \$40,000 grant from Miami Dade County (Table IV). After adjusting claimed expenditures for grant reimbursements and other unclaimed costs, Transportation Surtax Proceeds totaling \$472,114 were unspent and available for carryover as of September 30, 2019 (Schedule II).

Table IV
Summary of Claimed Transportation Expenditures, As Adjusted

Description	Fiscal Year Ended September 30,			All Years
	2017	2018	2019	
Street Lighting	\$ 90,122	\$ 83,534	\$ 99,216	\$ 272,872
Sidewalk Repair and Replacement	-	81,910	57,667	139,577
Citywide Traffic Study	-	-	99,492	99,492
Drainage, Curb, Gutters, Swales	-	65,992	25,900	91,892
Administrative Costs	12,356	12,356	12,068	36,780
Street Sweeping	12,089	10,189	13,347	35,625
Roadway, Right of Way and Other	22,088	3,571	4,447	30,106
Total Expenditures	136,655	257,552	312,137	706,344
Interdepartmental Credit - Maintenance of Effort	(61,000)	(61,000)	(61,000)	(183,000)
Total Claimed	75,655	196,552	251,137	523,344
Less: AMS Adjustments:				
Citywide Traffic Study Grant	-	-	(40,000)	(40,000)
Administrative Costs Adjustment ¹	(287)	1,602	1,852	3,167
	(287)	1,602	(38,148)	(36,833)
Expenditures, as Adjusted (Schedule II)	\$ 75,368	\$ 198,154	\$ 212,989	\$ 486,511

Source: West Miami General Ledgers

¹AMS adjusted administrative costs to reflect 5% of Surtax Proceeds.

Recommendation

Within 90 days, West Miami should submit an updated Five-Year Transportation Plan reflecting how unspent Transportation Proceeds will be used, as required by *CITT Resolution No. 09-055*.

Compliance Reporting

West Miami submitted Annual Certification Letters and other Compliance Reports; however, some were forwarded after the applicable due dates.

Recommendation

Prospectively, West Miami should submit Compliance Reports when due.

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
Yolanda Aguilar, City Manager, City of West Miami

**Charter County Transportation System Surtax Review - City of West Miami
Transportation Surtax Fund**

Balance Sheets			
Description	As of September 30,		
	2017	2018	2019
Assets:			
Cash - Restricted	\$ 116,507	\$ 291,927	\$ 407,352
Receivables ¹	80,962	93,341	98,079
Due From Other Funds	113,609	81,625	46,734
	<u>\$ 311,078</u>	<u>\$ 466,893</u>	<u>\$ 552,165</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ -	\$ 66,428	\$ 50,206
Due to Other Funds	42,649	42,649	43,524
	<u>42,649</u>	<u>109,077</u>	<u>93,730</u>
Fund Balance:			
Restricted for Transportation	268,429	357,816	458,435
	<u>\$ 311,078</u>	<u>\$ 466,893</u>	<u>\$ 552,165</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance			
Description	For the Fiscal Year Ended September 30,		
	2017	2018	2019
Revenues:			
Surtax Proceeds ¹ (Table I)	\$ 241,373	\$ 279,166	\$ 278,407
Miami Dade County Grant - Citywide Traffic Study	-	-	40,000
Interest	-	550	116
	<u>241,373</u>	<u>279,716</u>	<u>318,523</u>
Expenditures:			
Salaries and Wages	58,223	62,073	61,662
Personnel Benefits	25,316	27,368	28,765
Other	72,572	38,612	158,404
Capital Outlay	-	147,902	83,567
Debt Service	14,374	14,374	14,374
Total Expenditures (Table I)	<u>170,485</u>	<u>290,329</u>	<u>346,772</u>
Excess (Deficiency) of Revenues over Expenditures	70,888	(10,613)	(28,249)
Other Financing Sources:			
Operating Transfers In ²	100,000	100,000	128,868
Net Change in Fund Balance	170,888	89,387	100,619
Fund Balance, Beginning	<u>97,541</u>	<u>268,429</u>	<u>357,816</u>
Fund Balance, Ending	<u>\$ 268,429</u>	<u>\$ 357,816</u>	<u>\$ 458,435</u>

Source: City of West Miami Comprehensive Annual Financial Reports and General Ledgers

¹ Accounts receivable are primarily Surtax payments due from Miami-Dade County. Revenue amounts do not agree with Schedule III due to timing differences.

² Operating Transfers were made to resolve the cash shortfall as of September 30, 2016.

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

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

Description	Fiscal Year Ended September 30,			All Years
	2017	2018	2019	
Revenues (Schedule I):				
Surtax Proceeds	\$ 241,373	\$ 279,166	\$ 278,407	\$ 798,946
Interest Income	-	550	116	666
Total Revenues	<u>\$ 241,373</u>	<u>\$ 279,716</u>	<u>\$ 278,523</u>	<u>\$ 799,612</u>
Surtax Uses:				
Eligible Transit Expenditures (Table III)	\$ 83,566	\$ 90,911	\$ 92,921	\$ 267,398
Eligible Transportation Expenditures	\$ 136,368	\$ 259,154	\$ 273,989	\$ 669,511
Less Maintenance of Effort (Table I)	(61,000)	(61,000)	(61,000)	(183,000)
Expenditures Available For Surtax Use (Table IV)	<u>\$ 75,368</u>	<u>\$ 198,154</u>	<u>\$ 212,989</u>	<u>\$ 486,511</u>
AMS Analysis:				
Transit-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 83,566	\$ 90,911	\$ 92,921	\$ 267,398
Less 20% Minimum Amount ¹	(48,275)	(55,833)	(55,681)	(159,789)
Decrease in Rollover Amounts	<u>\$ 35,291</u>	<u>\$ 35,078</u>	<u>\$ 37,240</u>	<u>\$ 107,609</u>
Analysis of Unspent Rollover:				
Beginning Balance ²	\$ -	\$ -	\$ -	\$ -
Decrease In Unspent Amounts	(35,291)	(35,078)	(37,240)	(107,609)
Excess Amounts Applied to Transportation	35,291	35,078	37,240	107,609
Remaining Unspent Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation-Related Expenditures:				
Expenditures Available for Surtax Use	\$ 75,368	\$ 198,154	\$ 212,989	\$ 486,511
Excess Transit Expenditures Applied	35,291	35,078	37,240	107,609
Less Remaining 80% Amount ¹	(193,098)	(223,333)	(222,726)	(639,157)
Less Interest Income	-	(550)	(116)	(666)
(Increase) Decrease in Rollover Amounts	<u>\$ (82,439)</u>	<u>\$ 9,349</u>	<u>\$ 27,387</u>	<u>\$ (45,703)</u>
Analysis of Unspent Rollover:				
Beginning Balance ²	\$ 426,411	\$ 508,850	\$ 499,501	\$ 426,411
Increase (Decrease) In Unspent Amounts	82,439	(9,349)	(27,387)	45,703
Remaining Unspent Amount	<u>\$ 508,850</u>	<u>\$ 499,501</u>	<u>\$ 472,114</u>	<u>\$ 472,114</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.

³ Per the November 20, 2017 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	
City of Miami ¹	\$ 163,251,890	\$ 16,889,133	\$ 16,523,990	\$ 18,187,632	\$ 19,212,362	\$ 234,065,007
City of Hialeah	94,519,774	9,243,159	9,346,775	9,873,020	10,107,558	133,090,286
City of Miami Beach	37,554,491	3,670,335	3,678,499	3,925,123	3,963,754	52,792,202
City of Miami Gardens ²	22,375,665	4,336,722	4,409,954	4,737,286	4,846,211	40,705,838
City of North Miami	24,592,952	2,454,241	2,473,804	2,665,998	2,700,412	34,887,407
City of Homestead	20,867,813	2,669,792	2,788,854	2,969,698	3,152,022	32,448,179
City of Coral Gables	18,755,177	1,955,854	1,981,236	2,091,593	2,132,315	26,916,175
City of North Miami Beach	17,154,830	1,733,203	1,746,039	1,882,765	1,945,188	24,462,025
City of Aventura	12,992,928	1,494,036	1,502,980	1,590,870	1,613,705	19,194,519
City of Doral ²	9,003,402	2,120,606	2,232,433	2,508,437	2,747,033	18,611,911
Town of Miami Lakes ¹	11,086,213	1,209,319	1,211,635	1,288,227	1,309,407	16,104,801
Town of Cutler Bay ²	8,525,502	1,721,858	1,769,140	1,899,220	1,935,984	15,851,704
Village of Palmetto Bay	10,074,295	952,951	956,304	1,013,542	1,033,365	14,030,457
City of Hialeah Gardens	8,635,855	904,713	922,372	986,599	1,007,122	12,456,661
City of Sunny Isles Beach	7,759,606	869,990	866,019	933,221	951,809	11,380,645
Village of Pinecrest	7,840,962	737,876	738,316	777,521	790,584	10,885,259
City of Miami Springs	5,682,283	562,418	565,087	601,223	608,639	8,019,650
City of Sweetwater ¹	5,070,356	273,778	133,332	466,662	166,116	6,110,244
City of South Miami	4,767,184	546,219	547,720	546,151	541,343	6,948,617
City of Opa-locka ¹	6,329,004	90,323	195,000	210,000	165,000	6,989,327
Village of Key Biscayne	4,809,375	502,197	508,734	540,692	550,288	6,911,286
City of Florida City	4,132,139	498,385	504,443	542,769	557,265	6,235,001
Miami Shores Village	4,308,419	419,557	420,697	443,831	447,113	6,039,617
North Bay Village	2,808,576	314,789	328,007	378,523	384,140	4,214,035
City of West Miami	2,445,250	241,053	241,373	279,166	307,465	3,514,307
Town of Surfside	2,314,098	229,428	228,739	234,500	248,902	3,255,667
Town of Bay Harbor Islands	2,209,631	231,953	222,682	234,375	249,414	3,148,055
Village of Biscayne Park	1,342,176	125,900	126,220	135,905	135,965	1,866,166
Bal Harbour Village	1,262,745	114,472	111,421	114,881	125,178	1,728,697
Village of El Portal ³	1,012,447	6,467	174,873	90,094	89,175	1,373,056
Village of Virginia Gardens	973,380	96,229	96,903	102,910	103,132	1,372,554
Town of Medley	429,285	34,442	33,529	35,277	35,617	568,150
Town of Golden Beach ¹	365,820	36,766	37,221	39,423	39,386	518,616
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>\$ 766,699,725</u>

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

¹ Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$2.1 million from the City of Sweetwater, \$21,058 from the Town of Golden Beach, \$2.3 million from the City of Opa-locka, and \$3.3 million from the City of Miami, due to specific instances of noncompliance. Partial amounts were released of \$1.3 million to Sweetwater on 11/27/2019 and \$901,927 to Opa-locka on 3/9/2020 due to resolution of audit findings.

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 - City of West Miami
Status of Prior Audit Findings ¹**

Finding	Recommendation	Auditee Response	Current Status
Use of Surtax Proceeds			
<p>West Miami had \$426,411 in unspent Transportation Surtax Proceeds as of September 30, 2016, although Audited Financial Statements reflect only \$26,592 in Restricted Cash.</p> <p>Ineligible personnel costs and parking meter purchases were identified, totaling \$45,196. We disallowed 40% (\$26,366) in claimed Personnel Costs for one full-time Maintenance Worker, representing the time spent on ineligible Surtax activities.</p>	<p>Within 90 days, West Miami should work with OCITT to resolve the cash deficiency and submit an updated Five-Year Transportation Plan reflecting how unspent Transportation Proceeds will be used, as required by <i>CITT Resolution No. 09-055</i>.</p> <p>Prospectively, greater diligence should be exercised in assuring that only eligible expenditures are paid with Surtax Proceeds. Further, West Miami should maintain timesheets to document time spent by employees when working on non-Surtax related activities.</p>	<p>West Miami has started to replenish the required reserves and has made arrangements to transfer the remaining balances during FY 2019.</p>	<p><u>Resolved</u> The \$399,819 cash shortfall as of September 30, 2016 was resolved.</p>
Compliance Reporting			
<p>West Miami submitted Annual Certification Letters and other Compliance Reports; however, some were forwarded after the applicable due dates.</p>	<p>Prospectively, West Miami should submit Compliance Reports when due, or an extension should be requested from OCITT.</p>	<p>None</p>	<p><u>Unresolved</u> <i>See Page 4 of the Audit Report.</i></p>

¹ See the November 20, 2017 Audit Report and West Miami Response dated May 11, 2018 for the full text.



YOLANDA AGUILAR
City Manager

April 6th, 2021

Cathy Jackson, Audit and
Management Service Department Director
Miami Dade County
701 NW 1 Court, Suite 8-175
Miami, Florida 33136

RE: City of West Miami Charter County Transportation System Surtax Review Response

Dear Ms. Jackson,

Please accept this letter as the City's response to the recent audit conducted by your office pertaining to the City's use of the Surtax/PTP funds.

Please be advised that we concur with all the findings of the audit as documented in your "Draft" letter to the City dated March 18th, 2021.

As further discussed with Gerardo Suarez from your Internal Audit Team, the City will submit the Certification in a timely fashion moving forward.

We will be submitting the updated Five-Year Transportation Plan to include the proposed use of the Unspent PTP/Surtax proceeds towards future projects the Mayor and City Commission at the April 21st, City Commission meeting.

If you have any questions, please feel free to contact this office.

Sincerely,


Yolanda Aguilar
City Manager

Cc: Mercedes Leon, Finance Director
Rita Rodriguez, Assistant Finance Director
Gerardo Suarez, MDC Audit Manager
Javier Betancourt, Executive Director, MDC Office of the CITT
Nestor Toledo, MDC Office of the CITT
Juan Pena, Director of Public Works
Surtax/PTP File
City Manager file

CITY OF WEST MIAMI

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