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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor, and Chairperson, and
Members of the Board of County Commissioners
Miami-Dade County, Florida:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Miami-Dade County as of and for the year ended September 30, 2005, which collectively comprise Miami-Dade County's basic financial statements, and have issued our report thereon dated April 10, 2006, which was modified to refer to the adoption of Government Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures*, and to include a reference to the reports of other auditors regarding the Miami-Dade Housing Agency Public Housing Division; Miami-Dade County Clerk of the Circuit and County Courts; Miami-Dade Water and Sewer Department; Public Health Trust of Miami-Dade County; Miami-Dade Housing Finance Authority; Jackson Memorial Foundation, Inc.; and the Pension Trust Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Jackson Memorial Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the entities audited by other auditors referred to in the previous paragraph. The findings, if any, of those other auditors are not included herein.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants, and other matters did not include Miami-Dade County Aviation Department and Miami-Dade Transit. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters for these entities. The findings, if any, included in those reports are not included herein.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Miami-Dade County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period

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by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Miami-Dade County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of the County in a separate letter dated April 10, 2006.

This report is intended solely for the information and use of the Honorable Mayor, and Chairperson, Members of the Board of County Commissioners, management, and federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

April 10, 2006
Certified Public Accountants

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Report on Compliance with Requirements Applicable to Each Major Federal Program or State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.550, *Rules of the Auditor General of the State of Florida*

The Honorable Mayor, and Chairperson, and
Members of the Board of County Commissioners
Miami-Dade County, Florida

Compliance

We have audited the compliance of Miami-Dade County, Florida (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2005. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 215.97, Florida Statutes (Section 215.97) and Chapter 10.550, *Rules of the Auditor General of the State of Florida* (Chapter 10.550). Those standards OMB Circular A-133, Section 215.97 and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in items 2005-01, 2005-02, and 2005-03 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding matching, level of effort, earmarking, and subrecipient monitoring that are applicable to its Community Development Block Grants/Entitlement Grants (CFDA No. 14.218). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2005.

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Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, Section 215.97 and Chapter 10.550.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program or state project in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-01, 2005-02, and 2005-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that also are considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-01, 2005-02, and 2005-03 to be material weaknesses.

This report is intended solely for the information and use of the Honorable Mayor and Chairperson and Members of the Board of County Commissioners, County management, federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

June 29, 2006
Certified Public Accountants