Miami-Dade County, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

September 30, 2004

1. General

Miami-Dade County, Florida (the County) is an instrumentality of the State of Florida established by an amendment to the Florida State Constitution adopted May 21, 1957 as the Dade County Home Rule Charter, to carry on a centralized government. The Board of County Commissioners (the Commission), comprised of thirteen elected members, is responsible for the legislative and fiscal control of the County. The County Manager is responsible for the administrative and fiscal control of all County departments through the administration of directives and policies established by the Commission. The Mayor has the authority to appoint and remove the County Manager subject to Commission approval. The Mayor has veto authority over any legislative, quasi-judicial, zoning master plan or land use decision of the Commission, including the budget or any particular component contained therein which is approved by the Commission. The Commission may override a veto with a two-thirds vote of the Commissioners present.

The accompany Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal awards programs and state financial assistance projects of the General Government, Solid Waste Management, and Seaport (General Segment) operations of Miami-Dade County, Florida (the County) for the year ended September 30, 2004. Federal awards programs and state financial assistance projects received directly as well as passed through other government agencies are included on the Schedule.

2. Scope of Single Audit

Federal grant awards have been audited in accordance with the Single Audit Act of 1996, as revised, and the provisions of the Federal Office of Management and Budget (OMB) CircularA-133 (the Single Audit) for program transactions occurring during the year ended September 30, 2004. State awards have been audited in accordance with rules of the Auditor General of the State of Florida 10.550 and Florida Statute 215.97 the State of Florida Single Audit Act.

Federal awards passed through from the State of Florida as well as matching grants from the State of Florida are deemed susceptible to audit in accordance with the provisions of OMB Circular A-133. Final determination that the terms and conditions of the State of Florida grants have been complied with rests solely with the respective Florida grantor agencies.

2. Scope of Single Audit (continued)

During the year ended September 30, 2004, the County expended 36% of its total federal awards under major federal programs. Pursuant to the Single Audit Act, the auditor is responsible for identifying major programs by applying a risk-based approach, which focuses the single audit on higher risk programs.

3. Basis of Presentation

The County records financial transactions for grants in numerous individual funds. The accompanying grant financial activity represents receipts and expenditures recorded by the County during the year ended September 30, 2004, and accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the County's fiscal year. Unless otherwise noted, negative receipts and expenditures reflected within a specific grant financial statement represent a reallocation of financial transactions with similar grants from the same respective grantor agency. The accrued revenues and/or (deferred) revenue balances are presented in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance to reflect the disbursement and receipt of cash during fiscal 2004.

The majority of grant awards administered by the County are operated on a reimbursement basis. Various reimbursement procedures are used for such funds. Consequently, timing differences between expenditures and program reimbursements exist.

Several programs are funded jointly by County, State, and Federal funds. Costs incurred in such programs are applied against Federal grant funds to the extent of grant award provisions and against State and County funds for the balance. Whenever applicable, the expenditures for these grants include the required matching state and local amount, up to the amount of state and county funds received during the fiscal year. Required matching State and County funds are reflected in the Schedules of Expenditures of Federal Awards and State Financial Assistance.

4. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for expenditures accounted for in government funds, and the accrual basis of accounting for expenditures in proprietary funds. Under the modified accrual basis, revenue is recognized if it is both measurable and available for use during the fiscal year and expenditures are recognized in the period liabilities are incurred, if measurable. Under the accrual basis, expenditures are recognized in the period liabilities are incurred.

5. Program Clusters

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

6. Federal Emergency Management Agency (FEMA)

The County experienced various disasters which include: Hurricane Andrew (1992), Hurricane Irene (1999), the No Name Storm (2000) and Hurricanes Charley, Frances and Jeanne (2004). Cost of repairs, renovation and clean up continue to be reimbursed through FEMA and State grants, insurance proceeds and general fund appropriations.

For the year ended September 30, 2004, expenditures were reported for items covered by FEMA, State and local funds. The information reflected for the FEMA grant (grant award, expenditures, and receipts) relates to approved damage survey reports (DSR's) or project worksheets.

The FEMA Office of the Inspector General may conduct audits of certain hurricane related expenditures within three years of closing the project. However, it is management's opinion that no material liabilities will result from any potential audits.

7. Subrecipients

Certain program funds are passed through the County to subrecipient organizations. The Schedules of Expenditures of Federal Awards and State Financial Assistance do not contain separate statements disclosing how the subrecipients outside of the County's control utilized these funds.

8. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of Miami-Dade County, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.