



# McGladrey & Pullen

Certified Public Accountants

## **Miami-Dade County Transit Department Miami-Dade County, Florida (An Enterprise Fund of Miami-Dade County, Florida)**

Single Audit Reports in Accordance with  
OMB Circular A-133 and the Florida Single  
Audit Act and Management Letter  
Year Ended September 30, 2008

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# McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's 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 the Members of the Board of County Commission  
Miami-Dade County, Florida

We have audited the financial statements of Miami-Dade County Transit Department ("MDT"), an enterprise fund of Miami-Dade County, Florida (the "County") as of and for the year ended September 30, 2008, and have issued our report thereon dated March 3, 2009. 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered MDT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether MDT'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 noted certain matters that we reported to management of MDT in a separate letter dated March 3, 2009.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT, 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.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
March 3, 2009

# McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report  
on Compliance With Requirements Applicable  
to Each Major Federal Program and State Project  
and on Internal Control Over Compliance in Accordance  
With OMB Circular A-133 and Chapter 10.550,  
*Rules of the Auditor General, State of Florida***

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

## **Compliance**

We have audited the compliance of Miami-Dade County Transit Department ("MDT") 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 Department of Financial Services' State Projects Compliance Supplement, that are applicable to its major federal program and each of its major state projects for the year ended September 30, 2008. MDT's major federal program and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and each major state project is the responsibility of MDT's management. Our responsibility is to express an opinion on MDT'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*; and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, 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 MDT'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 MDT's compliance with those requirements.

In our opinion, MDT complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and each of its major state projects for the year ended September 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and which is described in the accompanying schedule of findings and questioned costs as item CF 2008-1.

### ***Internal Control Over Compliance***

The management of MDT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered MDT'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item IC 2008-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

MDT's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit MDT's response and, accordingly, we express no opinion on it.

### ***Schedules of Expenditures of Federal Awards and State Financial Assistance***

We have audited the basic financial statements of MDT, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated March 3, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT 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.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
March 3, 2009

Miami-Dade County Transit Department

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2008

Federal Grantor/State Agency	CFDA No.	Grant	Grant/Contract Number	Expenditures
Federal Grants:				
U.S. Department of Transportation				
Federal Transit – Capital Investment Grants:				
FTA – FY2003 Bus Projects	20.500	MT0232	FL-03-0232	\$ 505
FTA – NE Passenger Activity	20.500	MT0259	FL-03-0259	44,805
FTA – Pedestrian Crossing	20.500	MT0260	FL-03-0260	249,496
FTA – NW 7 Ave PAC	20.500	MT0311	FL-03-0311	99,112
FTA – FY06 5309 North Corridor	20.500	MT0335	FL-03-0335	9,757,416
FTA – FY06 Bus Related Activities	20.500	MT0016	FL-04-0016	14,968
FTA – FY-06 Fixed Guideway	20.500	MT0588	FL-05-0088	48,755
FTA – FY-07 Fixed Guideway	20.500	MT0095	FL-05-0095	276,129
FTA – FY-08 Fixed Guideway	20.500	MT0100	FL-05-0100	17,185,139
				<u>27,676,325</u>
Federal Transit – Formula Grants:				
Capital Funding for Busway Construction	20.507	MTX350	FL-90-X350	1,737,390
FY05 Formula Grant	20.507	MTX9005	FL-90-X546	46,803
FY06 Formula Grant	20.507	MTX578	FL-90-X578	5,470,473
FY07 Formula Grant	20.507	MTX636	FL-90-X636	2,549,124
FY08 Formula Grant	20.507	MTX674	FL-90-X674	46,517,576
Bridge Inspection FY07-08 Bicycle Enhancements	20.507	MTX015	FL-90-X015	1,500,000
				<u>57,821,366</u>
Hurricane Katrina Relief	20.000	MT48X1	FL-48-X001	223,307
FTA – Passenger Info. Kiosk	20.514	MT7001	FL-26-7001	140,443
				<u>85,861,441</u>
<b>Subtotal Direct Programs</b>				
Passed-through the Florida Department of Transportation				
Highway Planning and Construction:				
LAP Dadeland Bike Path Improvements	20.205	MTO690	AO690	124,294
				<u>85,985,735</u>
<b>Total U.S. Department of Transportation</b>				
U.S. Department of Homeland Security:				
Passed-through the Florida Department of Community Affairs				
Urban Areas Security Initiatives:				
FY-05 Homeland Security	97.008	MT07DS	07-DS-4X-13-00-20-017	770,465
FY-06 Homeland Security	97.008	MT0485	07-DS-6B-11-23-20-485	302,839
FY-07 Homeland Security	97.008	MT08DS	08-DS-66-13-00-20-297	753,931
				<u>1,827,235</u>
<b>Total U.S. Department of Homeland Security</b>				
<b>Total Federal Awards</b>				
				<u>87,812,970</u>

(Continued)

Miami-Dade County Transit Department

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
 Year Ended September 30, 2008

Federal Grantor/State Agency	CSFA No.	Grant	Grant/Contract Number	Expenditures
Florida Department of Transportation				
Transportation Disadvantaged Commission:				
Fiscal Year 08	55.001	MTTD08	AOT83	\$ 5,484,915
Fiscal Year 09	55.001	MTTD09	AP681	1,825,423
				<u>7,310,338</u>
Commuter Assistance – Dade Monroe Express	55.007	MTNU28	ANU28	<u>422,254</u>
County Incentive Grant Prog – Miami Gardens	55.008	MTOB59	AOB59	<u>22,767</u>
Public Transit Block Grant Program	55.010	411411	AOV16	<u>17,907,868</u>
Park and Ride Lot Program:				
Busway and 296th Street	55.011	MTOB63	AO563	<u>243,755</u>
Public Transit Service Development Program:				
Kendall Town Center	55.012	MTNR72	ANR72	5,000
NW 7th Ave Max	55.012	MTOJ05	AOJ05	311,410
Beach Max	55.012	MTO637	AO637	230,000
				<u>546,410</u>
Transit Corridor Program:				
South Miami-Dade Busway	55.013	MTE199/MTJ309	AE-199	206,395
Flagler Max Bus Route	55.013	MTK441	AK441	449,999
South Dade Busway Routes	55.013	MTO599	AO559	570,619
				<u>1,227,013</u>
Intermodal Development Program:				
South Miami Pedestrian Overpass	55.014	MTNK27	ANK27	<u>89,898</u>
New Starts Transit Program:				
Construction Phase I – Bus Bay	55.017	MTNP58	ANP58	(10,100)
Earlington Heights MIC	55.017	MTNW95	ANW95	12,247,156
Urban Capital Facility Improvement	55.017	MTNX67	ANX67	(184,319)
				<u>12,052,737</u>
				<u>39,823,040</u>
<b>Total State Financial Assistance</b>				
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>				<u><u>\$ 127,636,010</u></u>

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

## Miami-Dade County Transit Department

### Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2008

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#### 1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal awards and state projects of the Miami-Dade County Transit Department ("MDT") for the year ended September 30, 2008. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. MDT's reporting entity is described in Note 1 to the financial statements.

#### 2. Basis of Presentation

The Schedule has been prepared on the accrual basis of accounting. This basis of accounting is described in Note 2(a) to MDT's financial statements.

**Miami-Dade County Transit Department**

**Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Projects**

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**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes                            X       No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes                            X       No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes                            X       No

Federal Awards

Internal control over major program:

Material weakness(es) identified? \_\_\_\_\_ Yes                            X       No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?       X       Yes                      \_\_\_\_\_ None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?       X       Yes                      \_\_\_\_\_ No

Identification of major program:

Federal CFDA No.  
20.500/20.507

Name of Federal Program  
Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$2,634,389

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes                            X       No

**Miami-Dade County Transit Department**

**Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Projects (Continued)**

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State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?                      Yes           X           No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?                      Yes           X           None reported

Type of auditor's report issued on compliance for major projects:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?

Yes                                X           No

Identification of major projects:

State CSFA No.

Name of State Projects

55.001  
55.010  
55.017

Florida Department of Transportation:  
Transportation Disadvantaged  
Public Transit Block Grant Program  
New Starts Transit Program

Dollar threshold used to distinguish between type A and type B programs:

\$1,194,691

Miami-Dade County Transit Department

Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Projects (Continued)

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Section II – Financial Statement Findings

None reported

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

A. Internal Control Over Compliance

IC 2008-01

U.S. Department of Transportation –  
Federal Transit Cluster (CFDA No. 20.500 & 20.507)

Criteria: MDT should have adequate internal control policies and procedures in place to provide reasonable assurance that personnel preparing the Disadvantaged Business Enterprise (“DBE”) program semi-annual progress report maintain the supporting documentation and sources of information used for the report.

The Master Agreement (the “Agreement”) between the federal agency and MDT requires the establishment and implementation of a Disadvantaged Business Enterprise (“DBE”) program. In order to monitor the progress of the DBE program, MDT is required to submit semi-annual reports based on a record keeping system.

Condition: We noted that supporting documents and other basis of information reported in the DBE’s program semi-annual progress report, such as current period and cumulative amount of contracts and expenditure incurred and paid to DBE, were not maintained as required by the Agreement.

Questioned costs: Undeterminable.

Context: We identified the different reports which Transit is required to submit to federal agencies on an annual, quarterly and monthly basis. In addition, we performed procedures to ensure the accuracy of information reported in the DBE program semi-annual progress report to Federal Transit Agency (“FTA”) related to Disadvantaged Business Enterprise. As of September 30, 2008, cumulative amount of DBE payments was \$3.4 million out of the total \$86 million of grant fund expenditures.

Effect: Lack of maintenance and safekeeping of supporting documents and other references for information reported to grantor could affect the propriety and validity of information, and therefore jeopardize grants’ funding.

Cause: MDT does not have a formal policy and procedure on maintenance and safekeeping of supporting documents used as basis for reporting transactions and performance related to the DBE program.

Recommendation: We recommend that MDT establish a formal policy and procedure on maintenance and safekeeping of supporting documents used as basis for reporting transactions and performance related to the Disadvantaged Business Enterprise program in order to facilitate the review, inspection and verification by management and grantor agencies.

View of responsible officials and planned corrective action: Management concurs with the auditor’s observations and recommendations. MDT will establish a formal policy and procedure to ensure the safekeeping of supporting documents and other references for information reported to grantor agencies.

**Miami-Dade County Transit Department**

**Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Projects (Continued)**

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**B. Compliance Findings**

**U.S. Department of Transportation –  
Federal Transit Cluster (CFDA No. 20.500 & 20.507)**

**CF 2008-01 – Reporting**

See IC 2008-01

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2008-01 for detailed views of responsible officials and planned corrective actions.

**Miami-Dade County Transit Department**

**Summary Schedule of Prior Audit Findings  
Fiscal Year Ended September 30, 2008**

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**I – Findings Required to be Reported in Accordance With Generally Accepted Governmental Accounting Standards**

**A. Internal Control**

None reported.

**B. Compliance Findings**

None reported.

**Miami-Dade County Transit Department**

**Summary Schedule of Prior Audit Findings  
Fiscal Year Ended September 30, 2008**

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**II – Findings and Questioned Costs for Federal Award Programs and State Financial Assistance Projects**

**Internal Control and Compliance Finding**

**CF 2007-01 Florida Department of Transportation, CFSA No. 55017 Contract ANP58, ANR75, ANW95, ANX67**

**Allowable Costs/Cost Principles**

Current Year's Status: Finding was corrected.

# McGladrey & Pullen

Certified Public Accountants

## Management Letter

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

This letter includes the recommendation with respect to matters that came to our attention in connection with our audit of the financial statements of Miami-Dade County Transit Department ("MDT"), an enterprise fund of Miami-Dade County, Florida (the "County"), as of and for the year ended September 30, 2008 and have issued our report thereon dated March 3, 2009. The recommendation is provided to improve financial management, accounting procedures, and internal controls. In connection with our audit, see Appendix A for our recommendation.

This report is intended solely for the information and use of the Honorable Mayor and the Members of the Board of Commissioners of the County, and management of MDT and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Fort Lauderdale, Florida  
March 3, 2009

**Miami-Dade County Transit Department**

**Appendix A – Current Year’s Recommendation to Improve Financial Management,  
Accounting Procedures and Internal Controls  
Fiscal Year Ended September 30, 2008**

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**ML 08-01 – New Accounting Standards**

**GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations**

Condition: GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, is effective for MDT beginning with its fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

Recommendation: We recommend that MDT perform an assessment to ascertain the extent of potential exposure they have relative to pollution-type activities. MDT should then take the necessary steps required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability.

Views of responsible officials and planned corrective actions: Management already has such process in place. Once a contamination is encountered, an estimated cost of remediation is normally provided by the consulting firm upon completion of all preliminary environmental assessments. For any potential exposure relating to pollution remediation, such obligations will be properly recorded during the required time frame.

