



MIAMI-DADE TRANSIT

Single Audit Reports
in Accordance with OMB Circular A-133 and
the Florida Single Audit Act

Year ended September 30, 2007

MIAMI-DADE TRANSIT

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KPMG LLP
450 East Las Olas Boulevard
Fort Lauderdale, FL 33301

**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 Transit (MDT), an enterprise fund of Miami-Dade County, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008. 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 an 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 19, 2008.

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

KPMG LLP

March 19, 2008
Certified Public Accountants



KPMG LLP
450 East Las Olas Boulevard
Fort Lauderdale, FL 33301

**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 Transit (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 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, 2007. MDT'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 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.

As described in item 2007-01, in the accompanying schedule of findings and questioned costs, MDT did not comply with a requirement regarding Allowable Costs/Cost Principles that is applicable to its Florida Department of Transportation Grant CFS No. 55.017. Compliance with such requirement is necessary, in our opinion, for MDT to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, MDT 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, 2007.

Internal Control over Compliance

The management of MDT 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 MDT's internal control over compliance with the 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 certain deficiencies 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 2007-01 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 or state project will not be prevented or detected by the entity's internal control. The significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs is not considered to be a material weakness.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of Miami-Dade Transit, an enterprise fund of Miami-Dade County, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 19, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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.

MDT's response to the finding identified in our audit is 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.



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

KPMG LLP

May 1, 2008, except for the Schedule of Federal Awards
and State Financial Assistance,
which is as of March 19, 2008
Certified Public Accountants

MIAMI-DADE TRANSIT

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2007

<u>Federal Grants</u>	<u>CFDA #</u>	<u>Grant</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
U.S. Department of Transportation:				
FTA – Bus purchase	20.500	MT0191	FL-03-0191	\$ 493,623
South Miami-Dade Busway	20.500	MT0212	FL-03-0212	5,679,385
FTA – FY2003 Bus Projects	20.500	MT0232	FL-03-0232	448,850
FTA – NE Passenger Activity	20.500	MT0259	FL-03-0259	31,386
FTA – Pedestrian Crossing	20.500	MT0260	FL-03-0260	106,890
FTA – NW 7 Ave PAC	20.500	MT0311	FL-03-0311	159,036
FTA – FY-06 Fixed Guideway	20.500	MT0588	FL-05-0088	180,439
FTA – FY-07 Fixed Guideway	20.500	MT0095	FL-05-0095	14,920,583
				<u>22,020,192</u>
Capital Funding for Busway Construction	20.507	MTX350	FL-90-X350	1,691,467
FY05 Formula Grant	20.507	MT9005	FL-90-X546	27,326
FY06 Formula Grant	20.507	MTX578	FL-90-X578	11,999,752
FY07 Formula Grant	20.507	MTX636	FL-90-X636	44,303,539
				<u>58,022,084</u>
FTA – Passenger Info. Kiosk	20.514	MT7001	FL-26-7001	2,900
FTA – South Dade Busway BRT Demo.	20.514	MT7010	FL-26-7010	(223)
				<u>2,677</u>
Total U.S. Department of Transportation				<u>80,044,953</u>
U.S. Department of Homeland Security:				
Passed through the Florida Department of Community Affairs:				
FY– 05 Homeland Security	97.008	MT07DS	07-DS-4X-13-00-20-017	591,335
				<u>591,335</u>
Total Federal Awards				<u>\$ 80,636,288</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

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Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2007

<u>State Grants</u>	<u>CSFA #</u>	<u>Grant</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
Florida Department of Transportation:				
Transportation Disadvantaged Commission	55.001	MTTD07	AOG13	\$ 7,832,420
Transportation Disadvantaged Commission	55.001	MTTD08	AOT83	2,035,998
				<u>9,868,418</u>
Dade Monroe Express	55.007	MTNU28	ANU28	<u>62,746</u>
CIGP Miami Gardens Park and Ride	55.008	MTOB59	AOB59	<u>68,925</u>
Public Transit Block Grant Program	55.010	411411	AOH81	<u>16,525,296</u>
Park and Ride Facilities	55.011	MTL131	AL-131	42,017
Park and Ride Facilities	55.011	MTOB63	AO563	<u>12,490</u>
				<u>54,507</u>
FY2001 Preextension Feeders	55.012	MTA362	AJ362	5,796
Busway Flyer	55.012	MTK412	AK412	188,095
JPA Intercounty Bus Service	55.012	MTL459	AL459	5,000
Kendall Town Center	55.012	MTNR72	ANR72	439,114
NW 7th Ave Max	55.012	MTOJ05	AOJ05	<u>104,190</u>
				<u>742,195</u>

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Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2007

<u>State Grants</u>	<u>CSFA #</u>	<u>Grant</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
South Miami-Dade Busway	55.013	MTE199/MTJ309	AE-199	255,099
Flagler Max Bus Route	55.013	MTK441	AK441	450,000
South Dade Busway Routes	55.013	MTO599	AO559	329,381
				<u>1,034,480</u>
South Miami Pedestrian Overpass	55.014	MTNK27	ANK27	<u>58,731</u>
Construction Phase I – Bus Bay	55.017	MTNP58	ANP58	359,039
Metromover Canopies	55.017	MTNR75	ANR75	626
Earlington Heights MIC	55.017	MTNW95	ANW95	2,830,337
Urban Capital Facility Improvement	55.017	MTNX67	ANX67	530,787
				<u>3,720,789</u>
Total State Financial Assistance				<u><u>\$ 32,136,087</u></u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

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

Year ended September 30, 2007

(1) General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state projects of Miami-Dade Transit (MDT) for the year ended September 30, 2007. The MDT's reporting entity is described in note 1 to the financial statements. All federal and state financial assistance received directly from federal and state agencies are included in the Schedule.

(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 the MDT's financial statements.

MIAMI-DADE TRANSIT
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2007

Section I – Summary of Auditors’ Results

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

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

Identification of major programs/projects:

Federal programs	Federal CFDA No.
U.S. Department of Transportation: Federal Transit Cluster	20.500/20.507

The threshold for distinguishing Type A and Type B programs was \$2,419,089 for federal programs.

Auditee qualified as low risk auditee. _____ Yes X No

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Schedule of Findings and Questioned Costs
Year ended September 30, 2007

State projects:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes _____ X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ X Yes _____ No

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? _____ X Yes _____ No

Identification of major programs/projects:

State projects	State CSFA No.
Florida Department of Transportation:	
Public Transit Block Grant Program	55.010
South Dade Busways	55.013
Urban Capital Grant	55.017

The threshold for distinguishing Type A and Type B projects was \$964,082 for major state projects.

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Schedule of Findings and Questioned Costs
Year ended September 30, 2007

Section II – Financial Statements

None

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Section III – Federal Awards Findings and Questioned Costs

None

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Year ended September 30, 2007

Section IV – State Assistance Findings and Questioned Costs

2007-01 Florida Department of Transportation, CFSA No. 55.017 Contract ANP58, ANR75, ANW95, ANX67

Criteria – Allowable Costs/Cost Principles

An entity shall have an effective internal control system in place to ensure that project costs are allowable under the terms of the grant agreement.

Condition Found

As part of our testing, we noted that seven (7) disbursements totaling \$170,684 in our sample of 30 totaling \$3,589,964 did not meet the approval criteria required by the Florida Department of Transportation.

Questioned Costs

\$170,684

Perspective

The finding is considered systemic in nature.

Cause

Management did not design their controls properly to ensure that expenditures received proper approvals from the Florida Department of Transportation prior to being incurred and submitted to the grantor for reimbursement.

Effect

The lack of effective controls may lead to improper expenditures incurred by MDT and disallowed by the grantor. Such expenditures could result in noncompliance with program requirements.

Recommendation

MDT should enhance their policies and procedures, including obtaining all required approvals prior to incurring expenditures. Further, such processes should also consider the review process to ensure that only approved expenditures are submitted for reimbursement.

Management's Response

Management concurs with this finding. Procedures have been put in place to ensure that only eligible expenditures are charged to the grant and subsequently billed to the state during the reimbursement process.