MIAMI-DADE COUNTY, FLORIDA

MIAMI-DADE

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June 1, 1999

Honorable **Alex Penelas,** Mayor,
Honorable **Gwen Margolis**, Chairperson and
Members of the Board of County Commissioners
Honorable **Harvey Ruvin**, Clerk
Board of County Commissioners
Mr. Merrett R. Stierheim, County Manager

Miami-Dade County, Florida

Ladies and Gentlemen:

The General Purpose Financial Statements, the Schedule of Expenditures of Federal and State Awards, the Schedule of Passenger Facility Charges and the single audit reports required by the Single Audit Act Amendment of 1996 and OMB Circular A-133, are hereby submitted for the fiscal year ended September 30, 1998. These reports, which have been prepared in conformity with generally accepted accounting principles, includes financial and compliance data on grants administered by Miami-Dade County (the "County"), in accordance with the standards identified in OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The notes to the financial statements, which are an integral part of this report, summarize the County's significant accounting policies, identify the entities included within this report and disclose additional information which is considered necessary for a fair presentation of the accompanying financial statements.

BACKGROUND

In response to Congressional concerns over the ineffectiveness of the costly, ever burgeoning administrative regulations enacted to monitor grant programs administered by state and local governments, the Federal Office of Management and Budget (OMB) issued Circular A-102, Attachment P, commonly referred to as the "Single Audit Concept" in October 1979. The Attachment established a mechanism whereby state and local governments would secure financial audits of all grant programs administered by the entity on an organizational-wide basis. It was contemplated that this comprehensive audit philosophy would potentially eliminate federal statutory and regulatory inconsistencies that have previously hindered audit coordination between the federal, state and local governments. Additionally, this concept would standardize the audit instructions and guidelines between Federal agencies in order that a cost effective, efficient and timely audit could be performed to the satisfaction of federal grant managers. The lack of effective implementation of the single audit concept led Congress to pass the Single Audit Act of 1984 (the "Act").

In 1985, the Office of Management and Budget issued OMB Circular A-128, Audits of State and Local Governments, which superseded Attachment P to OMB Circular A-102. OMB Circular A-128 established specific audit requirements for state and local governments that receive federal financial assistance, and defined federal responsibilities for implementation and monitoring these requirements. In 1990, OMB issued OMB Circular A-133 which administratively extended the single audit process to non-profit organizations. On July 5, 1996, the Single Audit Act was amended. This amendment extended the statutory audit requirement to non-profit organizations and substantially revised various provisions of the Act. OMB Circular A-133 implemented the 1996 Amendments, extend OMB Circular A-133's coverage to states, local governments, and Indian tribal governments, and rescinded OMB Circular A-128.

IMPACT

Effective for the fiscal year ended September 30, 1997, and thereafter, the County has adopted the Single Audit Amendment Act of 1996 and OMB Circular A-133. The accompanying Schedules of Expenditures of Federal and State Awards and the Schedule of Passenger Facility Charges represent the seventeenth successful completion of the Single Audit process, with the prior sixteen reports formally accepted by the federal cognizant agency as having met the requirements of OMB Circular A-102, Attachment P or OMB Circular A-128.

Reported within this single comprehensive document are the results of the simultaneous financial and compliance audits of 697 grant projects of approximately $587,000,000 in expenditures received from no fewer than 41 federal and state agencies. The federal agencies funded 110 Catalog of Federal Domestic Assistance programs, consisting of 347 federal grants. We believe that the County's systems of internal accounting and administrative controls used in administering federal and state awards are operating effectively in accordance with the provisions of OMB Circular A-133, and this report will continue to confirm the County's ability to maintain financial and managerial responsibility in the area of grant program administration.

Beginning in November 1994, the Miami-Dade County Aviation Department was authorized by the Federal Aviation Administration ("FAA") to impose a Passenger Facility Charge ("PFC") of three dollars per passenger. The net receipts from PFCs are restricted to be used on FAA "approved projects." For the fiscal year ended September 30, 1998, the County expended approximately $29,728,744 from PFC collections.

AUDIT COORDINATION

Several independent certified public accounting firms participated in the County's annual audit for the fiscal year ended September 30, 1998. The County's principal auditor, KPMG LLP, relied upon its own audit of the County's records as well as the reports of other auditors to form an unqualified opinion on the County's general purpose financial statements. For those component units of the County which received grant funds, and contracted for separate annual audits, separately issued reports regarding compliance with federal and state grantor requirements and internal control considerations were issued by the individual auditing firm assigned to that component unit and are included herein. Exhibit I identifies the accounting firms involved in this year's Single Audit and the supplementary grant financial statements which they examined.

ACKNOWLEDGMENTS

The preparation and completion of this supplementary report of financial and compliance aspects of grant programs is the culmination of numerous processes performed by accountants throughout the County and is also a result of the continued excellent cooperation and assistance of the independent certified public accountants and the federal cognizant agency, the U.S. Department of Transportation. In particular, I wish to express my appreciation to the entire staff of the Finance Department who were responsible for collating the data comprising this report and for formatting the financial presentation included herein for which the County has received recognition as a leader in governmental fiscal responsibility and financial reporting.

Sincerely,

Rachel Baum
Finance Director